

REBUTTAL TESTIMONY

of

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Illinois Commerce Commission

Illinois Power Company

Proposed Rate Increase for Gas Service

Docket No. 04-0476

December 28, 2004

1 **Introduction**

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Q. Please state your name and business address.

A. My name is Peter Lazare. My business address is 527 East Capitol Avenue,
Springfield, Illinois, 62701.

Q. Are you the same Peter Lazare who provided direct testimony in this case?

A. Yes, I am.

Q. What is the purpose of your rebuttal testimony?

A. I respond to arguments made by Company witnesses Althoff and Jones in their
rebuttal testimony.

Response to Althoff

**Q. What issues does Company witness Althoff raise in response to your direct
testimony?**

A. Ms. Althoff responds to three recommendations presented in my testimony. They
include: (1) my proposal to replace IP's Average and Excess (A&E) allocator for
transmission and distribution (T&D) costs with an Average and Peak (A&P)
approach; (2) my proposed revision to the Company's services costs allocator;
and (3) my proposal to determine rates in this case on the Staff cost of service
study rather than the Company's proposed study.

25

26 **Q. Please summarize Ms. Althoff's discussion of the T&D allocator.**

27 A. Ms. Althoff begins with a defense of the Company's proposed A&E approach,
28 arguing that the A&E offers the advantage of incorporating demand diversity into
29 the allocation of T&D costs (IP Ex. 5.6, pp. 3-4). Nevertheless, she states that in
30 light of recent Commission decisions on this issue the Company will adopt Staff's
31 proposed A&P approach with one modification. IP proposes to exclude peak
32 demand data for grain dryer and asphalt customers in the proposed SC 66 class
33 from the calculation because they do not use gas during the peak winter month
34 (IP Ex. 5.6, p. 4).

35

36 **Q. Do you find the Company's proposed revision to Staff's A&P allocator**
37 **acceptable?**

38 A. Yes. Any customer classes that fail to use gas during the peak day should not be
39 factored into the peak demand component of the A&P allocator.

40

41 **Q. Have you incorporated the Company's revised allocator into your proposed**
42 **cost of service study?**

43 A. Yes, I have developed a set of cost of service study results based upon IP's
44 revised A&P allocator. The results are presented in the attached Schedule 16.01.

45

46 **Q. How does Ms. Althoff respond to your proposed allocation of services?**

47 A. She begins by acknowledging problems with the Company's proposed allocator
48 for these costs. She then rejects my proposed alternative and develops a revised
49 allocator, which she contends adequately addresses the shortcomings in IP's
50 original approach.

51
52 Ms. Althoff responds specifically to Staff's argument that the Company's
53 breakdown of services between steel and plastic did not correspond with data
54 submitted to the US Department of Transportation. She seeks to explain how the
55 discrepancy arose and contends that service lines the Company originally
56 classified as having diameters of "zero" inches were not appropriately factored
57 into the allocation process. The Company has incorporated these "zero" sized
58 services into a revised allocator, which Ms. Althoff assures, "corrects this
59 problem" (IP Ex. 5.6, p. 15).

60

61 **Q. Do you share Ms. Althoff's confidence in this revised approach?**

62 A. No, the Company's poor track record on this issue makes it difficult to have
63 confidence in the current numbers. The fact that the Company committed errors
64 in utilizing its database in Direct raises questions whether it can use it
65 appropriately for the allocator developed in Rebuttal.

66

67 **Q. Does Ms. Althoff continue to defend the relative cost numbers IP uses for**
68 **steel and plastic pipe?**

69 A. Yes. Ms. Althoff seeks to buttress the Company's assumption of significantly
70 higher costs for steel over plastic with the following argument:

71
72 The costing information utilized in the Services allocator was based on current
73 costs for these types of materials. As I noted earlier, price changes for steel
74 material have recently been upward as compared to plastic. IP Ex. 5.6, pp. 15-
75 16.

76

77 **Q. Are there problems with this argument?**

78 A. Yes, there are at least two problems. First, Ms. Althoff focuses her discussion
79 solely on the prices of the materials, rather than the costs of installing steel and
80 plastic. For example, Ms. Althoff identifies material costs for 3-inch pipe of \$3.69
81 and \$1.06 per foot for steel and plastic, respectively. That amounts to a
82 difference between the two of \$2.63/ft. However, in developing its services
83 allocator, IP assumes installed costs for steel and plastic of \$32.63 and \$11.45
84 per foot, respectively (IP Workpapers WPE-6.331-6.334). This amounts to a
85 difference of \$21.18 in installed cost for steel and plastic.

86

87 **Q. How does Ms. Althoff explain this cost difference?**

88 A. Ms. Althoff provides an explanation for \$2.63 of this gap based on differences in
89 material prices. However, she has failed to justify the remaining difference of
90 \$18.55 in the Company's calculation of steel and plastic costs. Thus, the
91 Company's relative numbers are unreliable as they remain largely unsupported.

92

93 **Q. What is the second problem with Ms. Althoff's discussion of steel and**
94 **plastic prices?**

95 A. It is inappropriate to focus the argument solely on current material prices. While
96 steel may be more expensive than plastic today, the fact remains that the large
97 majority of services on the IP system were not installed this month or even this
98 year. Most were installed five, ten or twenty years ago, and the capital cost of
99 those services reflects the material costs at the time of installation. If the price of
100 steel rises over the latter half of 2004, the installed costs of embedded services
101 on the IP system do not change. Therefore, the allocation of services costs
102 should not be solely based on the current relationship between steel and plastic
103 material costs.

104

105 **Q. What do you therefore conclude about the Company's revised services**
106 **allocator?**

107 A. The Company's revised allocator rests upon unreliable data and flawed
108 assumptions. As such, the Company's revised services allocator would be a step
109 back rather than an improvement upon the Staff proposed allocator. Staff
110 continues to recommend adoption of its proposed allocator in this proceeding.

111

112 **Q. How does Ms. Althoff respond to your proposal that Staff's cost of service**
113 **study provide the foundation for ratemaking in this case?**

114 A. Not surprisingly, Ms. Althoff expresses a lack of enthusiasm for the proposal and,
115 argues instead for using the Company study.

116

117 She responds to my criticisms of the Company study. She maintains that it is not
118 burdensome to require parties to sign confidentiality agreements to receive
119 verifiable, working copies of IP's cost of service study. The fact that Staff had to
120 request a second copy just to be able to see how the Company study actually
121 works does not concern Ms. Althoff. And while it took a full six weeks to receive a
122 transparent copy of the study, Ms. Althoff sees a silver lining, stating "Staff still
123 had ten weeks in which to perform their review" (IP Ex. 5.6, p. 19).

124

125 Ten weeks is not enough time to effectively perform a full review of the
126 Company's cost study. The cost study is not a simple spreadsheet, but rather a
127 complicated series of formulas and calculations that consume almost 2,000 lines
128 of an Excel spreadsheet. Furthermore, the study plays a critical role in the case,
129 serving as the foundation for revenue allocation and rate design. To limit the time
130 available for review clearly impedes Staff's ability to verify the results obtained.

131

132 **Q. Does Ms. Althoff address your claim that the Company study was limited**
133 **and incomplete?**

134 A. Yes. She contends that providing a model with hidden formulas does not
135 constitute an incomplete model because it contains all the cost data required to
136 develop a cost of service study (IP Ex. 5.6, p. 20).

137

138 **Q. What is your response?**

139 A. If the only purpose of the model was to transform a set of inputs into outputs then
140 Ms. Althoff's statement might have some validity. However, any cost study
141 submitted in a regulatory proceeding cannot be assumed a priori to be accurate
142 and reasonable. Rather, it must be open to verification by all parties to the
143 proceeding. When individual formulas are hidden, verification is not possible.
144 Thus, from the standpoint of the regulatory process such a study is, by nature,
145 incomplete.

146

147 **Q. Does Ms. Althoff seek to justify the Company's study in the context of Part**
148 **285 requirements?**

149 A. Ms. Althoff seeks to support the Company study by arguing that it meets the
150 standards of Part 285 filing requirements. If Staff has an issue, she suggests, it is
151 with the Part 285 requirements, rather than the Company study (IP Ex. 5.6, p.
152 20).

153

154 **Q. Do you consider this argument reasonable?**

155 A. No, I do not. Staff's objective in the regulatory process is to determine whether
156 the Company's cost study works accurately as a cost allocation tool. Staff needs
157 an answer to the basic question of whether costs are allocated in an appropriate
158 manner. To answer that question, Staff must be able to review the formulas and
159 equations that drive the model. If the formulas used to allocate costs are hidden,
160 Staff cannot perform its review.

161

162 The fact remains that the cost study IP distributed with its filing contained hidden
163 formulas. This limited study fell woefully short as a ratemaking tool. Thus, the
164 Commission has good justification to put IP on notice that a proprietary study
165 with hidden formulas will not be welcomed in future rate proceedings.

166

167 **Q Does Ms. Althoff also try to turn the tables by criticizing the Staff study in**
168 **this case?**

169 A. Yes. Ms. Althoff expresses concern because certain cells in the Staff study
170 pertaining to SC 63 contain some extraneous range names which, she believes,
171 could suggest that the class is somehow treated differently from other classes (IP
172 Ex. 5.6, p. 21). In fact, the class is treated in the same manner as other classes
173 and the Company provides no evidence to the contrary.

174

175 Ms. Althoff also complains that the Staff study relies on cost data from the
176 Company's own cost study to produce results (IP Ex. 5.6, p. 21). The implication
177 of her argument is that the Staff study should be based somehow on

178 independent cost data. Considering that I am developing rates for IP, I have no
179 choice but to work from the same set of costs as Ms. Althoff. Besides, the rate
180 design issues in this case focus not on the set of costs to use for ratemaking but
181 rather on the appropriate way to allocate, classify and recover those costs. For
182 the reasons stated previously, the Staff study provides a more appropriate
183 foundation for this process.

184

185 In sum, the criticisms levied by Ms. Althoff against the Staff study clearly lack
186 merit. The lack of substance to her complaints may be construed as further
187 reason to use the Staff study for allocating revenues and designing rates in this
188 case.

189

190 **Response to Company Witness Jones**

191

192 **Q. What issues does Mr. Jones raise in response to your testimony?**

193 A. Mr. Jones raises issues related to my recommended facilities charges for non-
194 residential customers. First, Mr. Jones criticizes my recommended facilities
195 charges because they are different for similarly sized bundled and transportation
196 customers (IP Ex. 7.19, p. 3). Second, as Mr. Jones notes, I have not developed
197 separate customer charges for customers using more than 10,000 therms per
198 day while the Company recommends a separate, higher facilities charge for
199 these customers.

200

201 **Q. How do you respond to Mr. Jones on these customer charge issues?**

202 A. I find his first argument, concerning facilities charges for similarly sized sales and
203 transportation customers, to be reasonable. The issue of who supplies the gas
204 should not impact the facilities-related costs the utility incurs for customers.
205 Therefore, similarly-sized customers should pay the same customer charges.

206
207 With respect to the largest customers on the system, Mr. Jones claims that IP Ex.
208 7.12, p. 5, presents clear evidence that facilities costs are higher for customer
209 using in excess of 10,000 therms per day than for customers in the 1,000 –
210 10,000 range. I have revisited the evidence and find it persuasive.

211

212 **Q. What schedules have you updated in your rebuttal testimony?**

213 A. First, as previously noted, I updated my proposed cost of service study in
214 Schedule 16.01. The study incorporates the Company's proposed A&P allocator
215 for T&D costs and is updated to reflect IP's proposed rebuttal revenue
216 requirement.

217

218 Second, I have updated in Schedule 16.02 my proposed revenue allocation to
219 reflect the Company's rebuttal revenue requirement.

220

221 Third, I have developed a revised set of rates in Schedule 16.03 that reflect the
222 revised cost study and revenue allocation. The revised rates also incorporate
223 revisions to non-residential facilities charges discussed in my testimony.

224 Specifically, I have equalized facilities charges for corresponding sales and
225 transportation customers on SC 63 and SC 64. In addition, I have developed a
226 separate, higher facilities charge for customers using over 10,000 therms per
227 day.

228

229 **Q. Have you also developed a set of rates to conform to Staff's Rebuttal**
230 **revenue requirement?**

231 A. Yes, those rates are presented in Schedule 16.04. They were developed by
232 adjusting each of the proposed rates in Schedule 16.03 downwards on an equal
233 percentage basis to reflect the revenue requirement Staff proposes in Rebuttal.

234

235 **Developing Final Rates**

236

237 **Q. What is the final step in designing rates for this case?**

238 A. At the conclusion of this proceeding, whatever rate design the Commission
239 accepts has to be adjusted to conform to the approved revenue requirement.

240

241 **Q, What adjustment process does the Company propose for rates?**

242 A. Company witness Jones explains in almost two full pages of testimony how the
243 adjustment process would be made (IP Ex. 7.19, pp. 27-29). First, the Company
244 would rerun its cost of service study. Then it would implement a number of
245 different steps, some cost-based and some not, to design final rates for the case.
246 What IP proposes is a detailed and complex process to develop final rates for

247 this proceeding.

248

249 This additional round of ratemaking is unwise and unneeded. It is important to set
250 rates within a cost framework. However, once that framework has been erected it
251 does not need to be dismantled and rebuilt over and over again. That would be a
252 clear and obvious waste of time for all concerned with this proceeding.

253 Furthermore, it would create the opportunity for errors in the final stage of the
254 ratemaking process.

255

256 **Q. How would you propose that the Commission adjust your rates in the event**
257 **that the final revenue requirement differs from the level currently proposed**
258 **by Staff?**

259 A. I recommend that the Commission make the minimal cost of service and rate
260 design changes necessary to conform my proposals to its final rate order.

261

262 If the Commission accepts my proposed cost of service and rate design, it should
263 prorate the rates developed in Schedule 16.03 up or down on an equal
264 percentage basis to conform to the final revenue requirement that is adopted.

265

266 If the Commission approves changes in my proposed cost of service study, then I
267 should revise the study and develop new fully cost-based, class revenue
268 allocations that conform to those study results. If the Commission adopts no
269 further changes to my proposed rate design, then all base rates for each

270 individual rate class should be prorated up or down to conform to the revised
271 class revenues.

272

273 If the Commission adopts changes to individual rate charges for a rate class,
274 then I propose to prorate all remaining charges for that class up or down to
275 produce the accepted level of revenues for the class.

276

277 **Q. What are the advantages of your proposal to conform your rate proposals**
278 **to the final order?**

279 A. This approach offers a number of advantages. First, it is simple and transparent.
280 To the extent possible it relies on simple prorations of rates that have already
281 been calculated and, unless otherwise required, it avoids the complications that
282 result from a recalculation of the cost of service at the conclusion of this
283 proceeding. Rerunning the study is far from an effortless task. Any changes to be
284 made must be entered into the appropriate location within the study and then
285 flowed through to class revenue allocations and individual rate designs. These
286 results must be reviewed in the compressed time frame accorded to compliance
287 filings. Each of these steps takes time and creates the potential for error.

288

289 It should be remembered that cost of service studies are an art, not a science.

290 The results obtained are only estimates of the responsibility of customer classes
291 for individual costs often based on imperfect data. Any incremental accuracy a
292 further cost study update may provide would not justify the attendant investment

293 of time and energy.

294

295 **Q. Does this conclude your rebuttal testimony?**

296 **A. Yes.**

GasWorks 1.0
 by
 Harvill, Elliott & Lazare

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		Illinois Commerce	Commissioner	RESIDENTIAL	SMALL VOLUME	INTERMEDIATE	SEASON	LARGE VOLUME	TRANSPORT	SPECIAL
Description	AF / OUT	AF / IN	TOTAL	RATE 51 STANDARD	RATE 63 STANDARD	VOLUME RATE 64	GAS USE RATE 66	FIRM GAS RATE 65	RATE 76	CONTRACT
SUMMARY OF COST ALLOCATION										
DEVELOPMENT OF RATE BASE										
Natural Gas Plant in Service			869,154	577,107	165,392	37,093	6,936	22,679	50,929	9,020
Less: Reserve for Depreciation			426,668	283,290	81,234	18,269	3,463	10,940	25,386	4,087
Net - Plant in Service			442,486	293,817	84,158	18,824	3,473	11,739	25,543	4,933
Rate Base Additions			68,317	47,012	13,873	3,695	189	2,812	627	110
Rate Base Deductions			81,393	54,195	15,522	3,463	646	2,091	4,688	788
TOTAL - RATE BASE			429,410	286,634	82,508	19,056	3,017	12,460	21,482	4,254
DEVELOPMENT OF RETURN										
OPERATING REVENUES			149,038	103,151	27,906	5,844	1,005	3,443	6,448	1,241
OPERATING EXPENSES										
Operation and Maintenance Expense			64,282	46,777	11,601	2,082	376	1,064	2,145	236
Depreciation and Amortization Expense			23,798	15,708	4,620	1,087	211	632	1,378	162
Taxes Other Than Income Tax			6,126	4,202	1,183	236	44	133	282	46
Other Ratemaking Expense			0	0	0	0	0	0	0	0
TOTAL - OPERATING EXPENSES			94,206	66,687	17,404	3,405	632	1,830	3,805	444
PRE-TAX OPERATING INCOME			54,832	36,464	10,502	2,439	373	1,613	2,643	797
PRE-TAX RATE OF RETURN			12.77%	12.72%	12.73%	12.80%	12.38%	12.94%	12.31%	18.74%
PRE-TAX INDEXED RATE OF RETURN			1.00	1.00	1.00	1.00	0.97	1.01	0.96	1.47
Income Tax Expense										
Income Taxes			16,332	10,866	3,135	736	105	498	731	260
Deferred Income Taxes			0	0	0	0	0	0	0	0
Investment Tax Credit Deferred - Net			(662)	(440)	(126)	(28)	(5)	(17)	(39)	(7)
TOTAL - INCOME TAX EXPENSE			15,670	10,427	3,009	708	100	481	692	253
NET OPERATING INCOME			39,162	26,037	7,493	1,731	274	1,131	1,952	544
AFTER-TAX RATE OF RETURN			9.12%	9.08%	9.08%	9.08%	9.08%	9.08%	9.08%	12.79%
AFTER-TAX INDEXED RATE OF RETURN			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.40

**Staff-Proposed
Class Revenue Allocations
(IP Proposed Revenue Requirement)**

	Current	Staff Proposed	Increase	Percent Increase
SC 51	89,094	99,599	10,505	11.79%
SC 63	20,009	27,477	7,468	37.32%
SC 64	4,203	5,834	1,631	38.81%
SC 65	2,441	3,420	979	40.11%
SC 66	605	1,002	397	65.64%
SC 76	5,570	6,396	826	14.82%
SC 90	1,241	1,241	0	0.00%
	123,163	144,969	21,806	17.70%

**Comparison of Company and Staff-Proposed
Class Revenue Allocations**

	Company Proposed	Staff Proposed	Difference	Percent Difference
SC 51	100,274	99,599	(674)	-0.67%
SC 63	26,101	27,477	1,375	5.27%
SC 64	6,019	5,834	(185)	-3.08%
SC 65	3,165	3,420	255	8.05%
SC 66	1,202	1,002	(200)	-16.62%
SC 76	6,966	6,396	(570)	-8.19%
SC 90	1,241	1,241	(0)	-0.01%
	144,969	144,969	0	0.00%

**Staff Proposed Rates
Based on IP's Proposed Revenue Requirement**

	Billing Determinants	Cost Classification Total	Unit Costs	Proposed Charges	Revenues
SC 51					
Facilities Charges					
Standard	4,534,937	50,334,495	11.07	11.07	50,201,753
Non-Standard	3,978	-		35.00	139,230
Total Customer-Related	4,538,915	50,334,495			50,340,983
Delivery Charges-Demand	342,072,874	49,261,505	0.1440	0.1440	49,258,494
Total		99,596,000			99,599,476
SC 63					
Facilities Charges					
Standard	399,069	12,575,395	31.51	31.51	12,574,664
Non-Standard	11,709	-	90.00	90.00	1,053,810
	410,778				13,628,474
Rider OT					
Administrative Charge					
Single Meter	130	2,600	-	-	-
Additional meter	121	1,029	-	-	-
Electronic Meter Equip Fee	251	10,040	-	44.00	11,044
Total Customer-Related		13,640,249			13,639,518
Delivery Charges	101,509,991	13,840,524	0.1363	0.1363	13,835,812
Excess MDQ Charge					
<=60 PSIG	675	-		1.818	1,227
>60 PSIG				0.8955	
Total Demand-Related		13,841,751			13,837,039
Total		27,482,000			27,476,557
SC 64					
Facilities Charge	8,699	1,801,683	207.11	207.11	1,801,650
Rider OT					
Administrative Charge					
Single Meter	186	-	-	-	-
Additional meter	144	-	-	-	-
	330				
Electronic Meter Eq. Fee	330	-	-	44.00	14,520
Total Customer-Related		1,816,203			1,816,170
Delivery Charge	37,379,639	4,011,694	0.1073	0.1073	4,010,835
Excess MDQ Charge					
<=60 PSIG	3,907	6,898	1.7655	1.818	7,103
>60 PSIG			0.6843	0.8955	
Total Demand-Related		4,018,797			4,017,938
Total Revenues		5,835,000			5,834,108

**Staff Proposed Rates
 Based on IP's Proposed Revenue Requirement**

SC 65	Billing	Cost Classification		Proposed	Revenues
	Determinants	Total	Unit Costs	Charges	
Facilities Charge	997	567,964	569.67	569.67	567,961
Rider OT					
Administrative Charge					
Single Meter	550	-	0.00	0.00	-
Additional meter	47	-	0.00	0.00	-
	597				
Electronic Meter Equipmer	1,000	-	-	44.00	44,000
Total Customer-Related		611,964			611,961
Delivery Charge	45,090,274	-	0.0000	0.0170	766,535
Demand Charge					
<=60 PSIG	1,482,582	1,134,882	0.6060	0.7655	1,134,917
>60 PSIG	1,260,419	559,013	0.2985	0.4435	558,996
	2,743,001	1,693,895			
Excess MDQ Charge					
<=60 PSIG	42,672	-	-	1.818	77,578
>60 PSIG	51,968	-	-	0.8955	46,537
	94,640				
Excess MDQ Charge					
<=60 PSIG	76,839	-	-	1.818	139,693
>60 PSIG	93,577	-	-	0.8955	83,798
	170,416				
Total Demand-Related		2,808,036			2,808,054
Total Revenues		3,420,000			3,420,015

**Staff Proposed Rates
 Based on IP's Proposed Revenue Requirement**

	Billing Determinants	Cost Classification		Proposed	Revenues
		Total	Unit Costs	Charges	
SC 67 & 68 / 66					
Facilities Charge					
MAOP<60					
MDQ<3250	264	70,076	265.44	265.44	70,076
3250<MDQ<7000	132	85,092	644.64	644.64	85,092
MDQ>7000	60	81,907	1,365.12	1,365.12	81,907
MAOP>60					
MDQ<3250	312	82,817	265.44	265.44	82,817
3250<MDQ<7000	144	92,828	644.64	644.64	92,828
MDQ>7000	36	49,144	1,365.12	1,365.12	49,144
SC 68					
MAOP<60					
MDQ<3250	-	-	265.44	265.44	-
3250<MDQ<7000	24	15,471	644.64	644.64	15,471
MDQ>7000	12	16,381	1,365.12	1,365.12	16,381
MAOP>60					
MDQ<3250	12	3,185	265.44	265.44	3,185
3250<MDQ<7000	36	23,207	644.64	644.64	23,207
MDQ>7000	-	-	1,365.12	1,365.12	-
	1,032	520,109			520,111
	24				
Rider OT SC 67					
Administrative Charge					
Single Meter	276	-	-	-	-
Additional Meters	96	-	-	-	-
	372				
Electronic Meter Equipmer	96	-	-	44.00	4,224
Rider OT SC 68					
Administrative Charge					
Single Meter	60	-	-	-	-
Additional Meters	17	-	-	-	-
	77				
Electronic Meter Equipmer	96	-	-	44.00	4,224
Total Customer-Related		528,557			528,559
Delivery Charge SC 67	5,266,296	357,908	0.0680	0.0680	357,908
Delivery Charge SC 68	1,469,420	99,865	0.0680	0.0680	99,865
Non-Asphalt Season Char	1,537	1,537	1.00	1.00	1,537
Excess MDQ Charge SC 67					
<=60 PSIG	7,829	13,822	1.7655	1.818	14,233
>60 PSIG			0.8955	0.8955	
Total Demand-Related		473,543			473,543
Total		1,002,100			1,002,102

**Staff Proposed Rates
 Based on IP's Proposed Revenue Requirement**

SC 76	Billing	Cost Classification		Proposed	Revenues
	Determinants	Total	Unit Costs	Charges	
Facilities Charge					
<200 therms/day Std.	196	4,575	23.34	31.51	6,176
<200 therms/day Non-Std.	212	16,048	75.70	90.00	19,080
200 to <1000	699	132,281	189.24	207.11	144,770
1000 to <10,000	984	1,055,220	1,072.38	838.11	824,700
>=10,000	201	215,548	1,072.38	1,442.33	289,908
	2,292				
Electronic Meter Equipmer	2,327	-		44.00	102,388
Administrative Charge	2,292	-			-
Total Customer-Related		1,387,026			1,387,022
Delivery Charge	172,851,439	-	0.0000	0.0000	-
Delivery Capacity Reservation Charge					
<=60 PSIG	3,888,363	1,956,235	0.5031	0.4616	1,794,868
>60 PSIG	20,721,530	3,273,595	0.1580	0.1431	2,964,655
	24,609,893				
Excess MDQ Charge					
<=60 PSIG	133,002	181,348	1.364	1.454	193,385
>60 PSIG	123,330	48,210	0.391	0.451	55,622
	256,332				
Total Demand-Related		5,007,974			5,008,530
Total		6,395,000			6,395,552
SC 90					
Delivery Capacity Reserva	12		50,000.00	50,000.00	600,000
Delivery Charge	78,155,853		0.0082	0.0082	640,878
		1,240,878			1,240,878
Total					144,968,688

**Staff Proposed Rates
 Based on Staff's Proposed Revenue Requirement**

	Prop. Charges IP Rev Req	Prop. Charges Staff Rev Req	Difference	Percent Difference
SC 51				
Facilities Charges				
Standard	11.07	10.20	(0.87)	-7.86%
Non-Standard	35.00	32.26	(2.74)	-7.83%
Delivery Charges	0.1440	0.1327	(0.01)	-7.85%
SC 63				
Facilities Charges				
Standard	31.51	29.04	(2.47)	-7.84%
Non-Standard	90.00	82.95	(7.05)	-7.83%
Rider OT Admin Charge				
Single Meter	-	-	-	
Additional meter	-	-	-	
Electronic Meter Equip Fee	44.00	40.56	(3.44)	-7.82%
Delivery Charge	0.1363	0.1256	(0.01)	-7.85%
Excess MDQ Charge				
<=60 PSIG	1.818	1.6757	(0.14)	-7.83%
>60 PSIG	0.8955	0.8254	(0.07)	-7.83%
SC 64				
Facilities Charge	207.11	190.90	(16.21)	-7.83%
Rider OT Admin Charge				
Single Meter	-	-	-	
Additional meter	-	-	-	
Electronic Meter Eq. Fee	44.00	40.56	(3.44)	-7.82%
Total Customer-Related				
Delivery Charge	0.1073	0.0989	(0.01)	-7.83%
Excess MDQ Charge				
<=60 PSIG	1.818	1.6757	(0.14)	-7.83%
>60 PSIG	0.8955	0.8254	(0.07)	-7.83%

**Staff Proposed Rates
Based on Staff's Proposed Revenue Requirement**

	Prop. Charges IP Rev Req	Prop. Charges Staff Rev Req	Difference	Percent Difference
SC 65				
Facilities Charge	569.67	525.07	(44.60)	-7.83%
Rider OT Admin Charge				
Single Meter	0.00	-	-	
Additional meter	0.00	-	-	
Electronic Meter Equipmer	44.00	40.56	(3.44)	-7.82%
Delivery Charge	0.0170	0.0157	(0.00)	-7.65%
Demand Charge				
<=60 PSIG	0.7655	0.7056	(0.06)	-7.82%
>60 PSIG	0.4435	0.4088	(0.03)	-7.82%
Excess MDQ Charge				
<=60 PSIG	1.818	1.6757	(0.14)	-7.83%
>60 PSIG	0.8955	0.8254	(0.07)	-7.83%
Excess MDQ Charge				
<=60 PSIG	1.818	1.6757	(0.14)	-7.83%
>60 PSIG	0.8955	0.8254	(0.07)	-7.83%
SC 66				
Facilities Charge				
MDQ<3250	265.44	244.6585	(20.78)	-7.83%
3250<MDQ<7000	644.64	594.1706	(50.47)	-7.83%
MDQ>7000	1,365.12	1,258.2436	(106.88)	-7.83%
Rider OT Admin Charge				
Single Meter	-	-	-	
Additional Meters	-	-	-	
Electronic Meter Equipmer	44.00	40.56	(3.44)	-7.82%
Delivery Charge	0.0680	0.0626	(0.01)	-7.89%
Non-Asphalt Season Char,	1.00	0.92	(0.08)	-8.00%
Excess MDQ Charge SC 67				
<=60 PSIG	1.818	1.6757	(0.14)	-7.83%
>60 PSIG	0.8955	0.8254	(0.07)	-7.83%

**Staff Proposed Rates
 Based on Staff's Proposed Revenue Requirement**

	Prop. Charges IP Rev Req	Prop. Charges Staff Rev Req	Difference	Percent Difference
SC 76				
Facilities Charge				
<200 therms/day Std.	31.51	29.04	(2.47)	-7.84%
<200 therms/day Non-Std.	90.00	82.95	(7.05)	-7.83%
200 to <1000	207.11	190.90	(16.21)	-7.83%
1000 to <10,000	838.11	772.49	(65.62)	-7.83%
>=10,000	1,442.33	1,329.41	(112.92)	-7.83%
Electronic Meter Equipmer	44.00	40.56	(3.44)	-7.82%
Administrative Charge				
Total Customer-Related				
Delivery Capacity Reservation Charge				
<=60 PSIG	0.4616	0.4255	(0.04)	-7.82%
>60 PSIG	0.1431	0.1319	(0.01)	-7.81%
Excess MDQ Charge				
<=60 PSIG	1.454	1.3402	(0.11)	-7.83%
>60 PSIG	0.451	0.4157	(0.04)	-7.83%
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Company Proposed Revenue Requirement Retail Rates			144,968,558	
Less SC 90 Revenues			1,240,878	143,727,680
Staff-Proposed Revenue Requirement			137,783,000	
Less Miscellaneous Revenues			4,067,000	
Staff-Proposed Revenue Requirement Retail Rates			133,716,000	
Less SC 90 Revenues			1,240,878	132,475,122
Percent Change				-7.83%