

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION AND YOUR BUSINESS ADDRESS.

A. My name is Daniel E. Gimble. I am a special projects manager with the Office of Consumer Services. My business address is 160 E. 300 S. Rm. 201, Salt Lake City, Utah.

Q. PLEASE DISCUSS YOUR EDUCATION AND QUALIFICATIONS.

A. I have a B.A. degree with honors in economics and history from Western Michigan University. I also have an M.A degree in economics from the same university. I completed course work towards a Ph.D. in economics at the University of Utah. In 1987, I joined the Utah Public Service Commission (Commission) Staff and in 1990 was hired by the Office of Consumer Services (Office). In my time with the Office, I have worked in various capacities and have been a manager since 2003.

Q. HAVE YOU APPEARED AS A WITNESS BEFORE THIS COMMISSION IN PRIOR CASES INVOLVING ROCKY MOUNTAIN POWER (RMP OR COMPANY) OR OTHER UTILITIES?

A. Yes. Since 1991 I have testified numerous times in major cases involving RMP and utilities providing service in Utah. These cases include general rate cases, merger and acquisition dockets, excess net power costs, avoided cost rates, gas pass-through proceedings, and the sale of Qwest's Dex (Yellow Pages) asset.

31 Q. ARE YOU FAMILIAR WITH THE COMPANY'S RECENT GENERAL  
32 RATE CASE FILINGS AND THE COMMISSION'S ORDERS ON COST-  
33 OF-SERVICE (COS), RATE SPREAD AND RATE DESIGN IN EACH  
34 CASE?

35

36 A. Yes. In Dockets 07-035-93 and 08-035-38, I analyzed the Company's rate  
37 spread and residential rate design proposals, including the information  
38 upon which these proposals were based. I also provided testimony in the  
39 areas of rate spread and rate design in the former case and in the area of  
40 rate spread in the latter case. Finally, I have reviewed the Commission's  
41 recent orders that address COS, rate spread and rate design issues.

42

43 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?

44 A. My testimony presents the Office's rate spread proposal for this case,  
45 critiques the Company's rate spread proposal and sets forth policy  
46 recommendations regarding certain COS issues.

47

48 Q. ARE YOUR RECOMMENDATIONS SUPPORTED BY A CONSULTANT  
49 RETAINED BY THE OFFICE TO PERFORM A TECHNICAL  
50 ASSESSMENT OF THE COMPANY'S COS STUDY?

51 A. Yes. Mr. Paul Chernick, a principal with Resource Insights, Inc., has filed  
52 expert testimony in this case which addresses the reasonableness of  
53 RMP's COS Study.

54

55 II. OFFICE'S RATE SPREAD PROPOSAL

56 Q. WHAT IS THE OFFICE'S RATE SPREAD PROPOSAL FOR THIS CASE?

57 A. As described in the testimony of Office witness Ms. Donna Ramos, the  
58 Office recommends that RMP's present Utah revenue requirement level  
59 be reduced by approximately (\$5.9) million. A revenue requirement  
60 reduction of (\$5.9) million results in a jurisdictional average rate decrease

61 of (0.43%). At this recommended revenue requirement level, the Office  
 62 supports the rate spread proposal set forth in Table 1 below.

63  
 64 Table 1

65

Retail Classes	Schs.	Rate Spread
Residential	1, 2, 3	(1.5%)
Small Commercial	23	(0.40%)
Large Commercial	6	(0.40%)
Gen. Serv. (> 1 MW)	8	0%
Large Industrial	9	3.0%
Irrigation	10	(0.43%)

66  
 67 The Office believes that its rate spread proposal will result in moving  
 68 customer classes closer to paying rates that cover the costs of serving  
 69 them.  
 70  
 71 Q. PLEASE EXPLAIN THE BASIS FOR THE OFFICE’S RATE SPREAD  
 72 RECOMMENDATION IN THIS PROCEEDING?  
 73 A. The Office considered three factors in developing the Office’s rate spread  
 74 recommendation. First, the Office examined the rate of return  
 75 performance for each class as presented by the Company in this case to  
 76 determine which classes were paying rates that closely matched their  
 77 allocated costs and which classes were paying rates that were above or  
 78 below the costs to serve them. Second, the Office examined the returns  
 79 for individual rate schedules dating back to the Company’s 2003 rate case

80 (Docket No. 03-2035-02) to determine which classes consistently  
81 produced returns reasonably close to COS and which classes tended to  
82 generate returns above or below COS. Stated differently, the past six  
83 COS studies were reviewed to see which classes consistently returned  
84 sufficient revenue to meet the cost-of-service and which classes did not.  
85 Third, the Office reviewed the Company's irrigation load data and found it  
86 to be highly inaccurate and, therefore, unsuitable for use in the Company's  
87 COS Study.

88

89 Q. DID THE COMPANY PREPARE A SUMMARY EXHIBIT THAT SHOWS  
90 RATE OF RETURN AT THE CLASS LEVEL AND THE RATE CHANGES  
91 NECESSARY TO BRING INDIVIDUAL CLASSES TO THEIR  
92 RESPECTIVE CALCULATED COST OF SERVICE?

93 A. Yes. In this proceeding, Company witness Mr. Craig Paice prepared RMP  
94 Exhibit (CCP-1), Page 2 of 2, which shows the rate of return for all retail  
95 rate schedules and special contracts (Column E) and the rate changes  
96 necessary to bring specific classes (and special contract customers) to  
97 cost of service (Column M). Table 2 below indicates the returns for the  
98 major rate schedules and the required rate increases to move individual  
99 classes to the calculated cost of service, as represented in RMP Exhibit  
100 (CCP-1), Page 2 of 2. Table 2 also compares the rate increases shown in  
101 Mr. Paice's Exhibit (CCP-1) with the Company's rate spread proposal for  
102 this case, which is presented in Mr. Griffith's direct testimony at page 3.

103

104

105

106

107

108

109

110

111  
112

Table 2

Retail Classes	Schs.	ROR	Rate Changes per COS Study	RMP Spread Proposal
Residential	1, 2, 3	1.16	0.6%	4.0%
Small Commercial	23	1.01	4.60%	5.0%
Large Commercial	6	1.03	3.99%	5.0%
Gen. Serv. (> 1 MW)	8	0.94	6.11%	6.0%
Large Industrial	9	0.69	11.87%	6.0%
Irrigation	10	0.43	21.68%	6.0%

113  
114  
115  
116  
117  
118  
119  
120  
121  
122  
123  
124  
125  
126  
127

- Q. PLEASE DESCRIBE WHAT THE RETURN OF RETURN INDEX IN MR. PAICE’S EXHIBIT CCP-1 REPRESENTS.
- A. The rate of return index measures whether a specific class is generating adequate revenues to cover costs allocated to that class. A rate of return of 1.00 indicates that a class is generating revenues that match costs. A return below 1.00 indicates a class is failing to produce adequate revenues to match costs and a return above 1.00 indicates a class is producing revenues above costs. As shown in Table 2, certain classes are performing satisfactorily in the current COS Study, while other classes are clearly paying more than their cost of service (e.g., Residential Schedules) or less than their cost of service (e.g., Large Industrial Schedule 9).

128 Q. HOW DO THE CLASS-SPECIFIC RATE CHANGES DETERMINED IN  
129 THE COMPANY'S COS STUDY COMPARE WITH THE COMPANY'S  
130 RATE SPREAD PROPOSAL PRESENTED IN MR. GRIFFITH'S  
131 TESTIMONY?

132 A. Table 2 shows that the Company's proposed rate spread deviates  
133 considerably from the levels of class rate increases indicated by its own  
134 COS study results. I address Mr. Griffith's rate spread proposal in greater  
135 detail later in my testimony.

136  
137 Q. HOW DID THE OFFICE EVALUATE THE CLASS RETURNS?

138 A. Since determining cost of service is not an exact science, the Office  
139 reviewed the returns to see if each class performed within a band of  
140 approximately +/- 5% of 1.0. Our review showed that Schedules 6 and 23  
141 customers are paying rates that cover costs, Schedule 1 customers are  
142 paying rates that greatly exceed costs, Schedule 8 customers are paying  
143 rates that are slightly below costs and Schedules 9 and 10 customers are  
144 paying rates that are significantly below costs.

145  
146 Q. IS A PERFORMANCE BAND AN APPROPRIATE TOOL FOR  
147 EVALUATING CLASS RETURNS IN THIS CASE?

148 A. Given that a key ratemaking objective is to establish a class rate structure  
149 that is fair and cost-based, a performance band is a widely accepted tool  
150 for (a) evaluating whether individual classes are generating sufficient  
151 revenue to cover costs and (b) developing rate spread proposals designed  
152 to move individual classes towards COS.<sup>1</sup>

153

---

<sup>1</sup> The Office notes the Company and other parties have relied on performance bands in past cases to aid in developing rate spread proposals. For example, the Company relied on a 5% performance band as a tool to assist in developing its rate spread proposal in the 2004 rate case. In the last case, the Company used a 4% performance band around the jurisdictional average return, which was somewhat of a departure from a performance band related to a class return index.

154 Q. HAVE YOU PREPARED A TABLE THAT SHOWS THE INDIVIDUAL  
 155 CLASS RETURNS FOR THE PAST SIX RATE CASES?

156 A. Yes. The returns for individual classes for the last six rate cases,  
 157 beginning with Docket 03-2035-02 and continuing through the current rate  
 158 case, Docket 09-035-23, is shown in Table 3 below. The individual class  
 159 returns are taken directly from the Company's Summary COS Exhibit in  
 160 each case, which show COS results by rate schedule.

161

162

Table 3

Rate Schedule	2003	2004	2006	2007	2008	2009
Sch. 1	1.11	1.17	1.00	1.03	1.23	1.16
Sch. 23	1.28	1.09	1.18	0.84	1.15	1.01
Sch. 6	0.99	0.94	1.31	1.20	0.90	1.03
Sch. 8	NA	0.99	1.00	1.01	0.97	0.94
Sch. 9	0.86	0.98	0.62	0.84	0.68	0.69
Sch.10	0.33	0.48	0.29	0.17	0.32	0.43

163

164 Q. WHAT PRIMARY OBSERVATION CAN BE MADE FROM TABLE 3?

165 A. Table 3 clearly illustrates that Schedule 1 has been a strong performer in  
 166 the Company's COS studies since 2003 and residential customers have  
 167 typically been paying rates in excess of costs. Table 3 also shows that  
 168 Schedule 9 has produced relatively poor returns when compared to all  
 169 major rate schedules and industrial customers have been paying rates  
 170 that are substantially below costs. The deterioration in Schedule 9's return  
 171 began in the 2006 rate case; a recent trend that has continued through to  
 172 the current case. The last time Schedule 9's return exceeded 0.90 was in  
 173 the 2004 rate case. This evidence not only supports giving Schedule 9 a  
 174 relatively large rate increase in this case, but also underscores the need to  
 175 develop a constructive rate plan for moving Schedule 9's return back  
 176 within an acceptable range over a specified time period. In particular, the

177 Office strongly urges the Commission to adopt a rate plan that rebalances  
178 the COS relationship between Schedules 1 and 9 within a reasonable  
179 period of time.

180

181 Q. WHAT ADDITIONAL OBSERVATIONS CAN BE MADE FROM TABLE 3?

182 A. Table 3 indicates the return for Schedule 6 has varied over the past few  
183 cases and consequently that class has received increases both above and  
184 below the jurisdictional average rate change in recent rate spread  
185 settlements. Schedule 23 has been a strong performer in past COS  
186 studies and has received rate increases below the jurisdictional average  
187 increase in three out of the last six rate cases.<sup>2</sup> Schedule 8 has produced  
188 returns close to COS since its implementation and inclusion in the 2004  
189 COS study.

190 Lastly, Table 3 shows that Schedule 10 has not performed well in  
191 any of the last six COS studies. The Office submits that the chronically  
192 low return for Schedule 10 largely stems from the quality of the irrigator  
193 load data used in past COS studies. In his testimony, Mr. Chernick  
194 discusses problems with the irrigator load data used by the Company in  
195 the current COS study.

196

197 Q. DOES THE OFFICE RECOMMEND A GENERAL SET OF CRITERIA TO  
198 GUIDE THE COMMISSION'S DETERMINATION OF RATE SPREAD  
199 FOR THE CLASSES IT REPRESENTS IN THIS PROCEEDING?

200 A. Yes. The Office has several general principles that it recommends the  
201 Commission utilize in determining the rate spread.in this proceeding.

202

203 First, the rate increase for the Residential Schedules (1, 2 and 3) should  
204 be capped at 1.0%. The cost-of-service results simply do not support any  
205 higher rate increase for the Residential Schedules. Further, if the revenue

---

<sup>2</sup> In Dockets No. 03-2035-02 and 04-035-42, Schedule 23 received rate increases that were 50% below the jurisdictional average rate increase in each instance.



206 requirement increase in this case is below \$10 million, then the  
207 Residential Schedules should not receive any rate increase. At this lower  
208 revenue requirement level, the majority of the increase should be spread  
209 only to the classes that are currently underperforming.

210

211 Second, at any revenue requirement increase level, Rate Schedule 23  
212 should receive a rate increase at or near the jurisdictional average rate  
213 increase. This rate class has shown to be paying rates that closely  
214 approximate costs. Giving this class a rate increase at or near the  
215 jurisdictional average increase should continue this appropriate  
216 relationship between rates and costs.

217

218 Third, Schedule 25 (Mobile Home Parks) should receive the same level of  
219 rate increase as Schedule 23. The Office's proposed increase for  
220 Schedule 25 will be discussed further in a later section of my testimony  
221 addressing other policy issues.

222

223 Finally, Schedule 10 should receive the jurisdictional average rate  
224 increase. Until accurate and reliable irrigation load data is available for  
225 use in the Company's COS studies, the irrigation class should receive a  
226 rate change at the jurisdictional average.

227

228

229

230

231

232

233

234

235

236

237

238 III. CRITIQUE OF THE COMPANY’S RATE SPREAD PROPOSAL

239 Q. PLEASE SUMMARIZE RMP’S RATE SPREAD PROPOSAL.

240 A. Noting that the Company requested revenue requirement increase of  
 241 approximately \$67 million produces a jurisdictional average increase of  
 242 4.8%<sup>3</sup>, Company witness William Griffith proposes the following rate  
 243 spread for the major rate schedules:

244

245 Schedule 1: 4.0%

246 Schedules 23, 6: 5.0%

247 Schedules 8, 9, 10: 6.0%

248

249 Q. IS THE COMPANY’S RATE SPREAD PROPOSAL CONSISTENT WITH  
 250 THE COS STUDY RESULTS FOR THESE SIX RATE CLASSES?

251 A. No. Table 4 below juxtaposes the Company’s proposed rate increases for  
 252 the major classes with the rate changes shown in Column M of the COS  
 253 Study Summary Page.<sup>4</sup> The comparisons are made at the Company’s  
 254 requested revenue requirement increase of \$67 million (average rate  
 255 change =4.8%).

256

257

Table 4

258

Rate Schedules	RMP Proposed Rate Spread	Rate Changes per RMP COS Results
Schedule 1	4.0%	0.6%
Schedule 23	5.0%	4.60%
Schedule 6	5.0%	3.99%
Schedule 8	6.0%	6.11%
Schedule 9	6.0%	11.87%
Schedule 10	6.0%	21.68%

<sup>3</sup> Griffith Direct, Page 2, line 42. The 4.8% reflects the jurisdictional average rate increase for retail classes (excluding special contracts).

<sup>4</sup> Company witness Craig Paice’s Exhibit (CCP-1), Page 2 of 2, Column M.

259

260 Table 4 demonstrates that the Company's proposed rate spread does not  
261 reflect the levels of class rate increases justified by its own COS study  
262 results.

263

264 Q. WHAT IS THE OFFICE'S REACTION TO THE COMPANY'S RATE  
265 SPREAD PROPOSAL?

266 A. The Office has the following concerns with the Company's rate spread  
267 proposal:

268

269 (1) The COS results in Table 4 show that Schedule 1 requires a very  
270 modest rate increase of 0.6% and Schedule 9 requires a significant  
271 rate increase of almost 12.0%. Despite the wide differential in COS  
272 results between these two major classes, Mr. Griffith proposes an  
273 increase of 6.0% for Schedule 9 and an increase of 4.0% for Schedule  
274 1, which is a relatively small difference of only two percentage points.

275

276 (2) Mr. Griffith suggests the relative class relationships (measured by  
277 class returns) in the current COS study is similar to that of the last  
278 COS study. However, the Commission's order in the most recent case  
279 increased Schedule 9 rates by almost double the increase for  
280 Schedule 1.<sup>5</sup> In order to maintain a similar relationship between  
281 Schedules 1 and 9 in this case, Schedule 1 would require a smaller  
282 increase and Schedule 9 would require a larger increase.

283

284 (3) An even more fundamental problem with the Company's spread  
285 proposal is its failure to acknowledge the fact that Schedule 9's return  
286 has sharply deteriorated since the 2004 rate case and RMP does not  
287 offer a constructive rate plan for moving that class towards COS. If the

---

<sup>5</sup> In Docket No. 08-035-38, the increases for Schedule 1 and Schedule 9 were 2.34% and 4.34%, respectively.

288 Commission were to simply adopt the Company's rate spread proposal  
289 without modification, then it would essentially endorse the status quo  
290 and do nothing to rebalance the rate relationship between Schedules 1  
291 and 9 in this case.

292

293 IV. OTHER POLICY ISSUES

294 Q. WHAT OTHER POLICY ISSUES DO YOU ADDRESS IN THIS SECTION  
295 OF YOUR TESTIMONY?

296 A. I address three other policy issues: the Office's proposed ratemaking  
297 treatment of Schedule 25 (Mobile Home Parks); the Office's view of the  
298 Company's filed COS Study; and the Office's view of the relationship  
299 between the rate spread ordered by the Commission in this case and  
300 future cases involving major plant additions.

301

302 *Schedule 25 (Mobile Home Parks)*

303 Q. PLEASE DESCRIBE THE TYPE OF CUSTOMERS TAKING SERVICE  
304 UNDER RATE SCHEDULE 25.

305 A. Schedule 25 is a closed rate schedule involving about 11 mobile home  
306 park owners.<sup>6</sup> These owners sub-meter tenants for electric service under  
307 Residential Schedules 1-3. Schedule 25 includes a customer charge,  
308 energy charge and demand charge. Hence, Schedule 25 has a rate  
309 structure similar to Schedule 23 (small commercial class) and mobile  
310 home park offices taking service since Schedule 25 was closed are served  
311 under Schedule 23.

312

313 Q. IS IT REASONABLE TO CONTINUE THIS VINTAGE APPROACH TO  
314 PRICING ELECTRIC SERVICE TO MOBILE HOME PARK OWNERS?

315 A. Continuation of differential pricing for mobile park owners under two  
316 separate rate schedules does not appear to be sound public policy. The

---

<sup>6</sup> Schedule 25 has been closed for at least a decade and the same 11 mobile home park owners still take service under this rate schedule. New mobile home parks are provided service under Schedule 23 (mobile home park offices) and Schedules 1-3 (mobile home park residents).

317 Office is unaware of any differences among these consumers other than  
318 the time they first took electric service from the Company. Therefore,  
319 continuation of Schedule 25 results in different treatment to similarly  
320 situated customers. The Office believes it is time to take a fresh look at  
321 this issue.

322

323 Q. WHAT IS THE OFFICE'S RECOMMENDATIONS FOR SCHEDULE 25?

324 A. For purposes of this case the Office recommends Schedule 25 receive a  
325 rate increase consistent with Schedule 23. Additionally, the Office  
326 proposes the small group of mobile home park owners taking service  
327 under this schedule be transitioned to Schedule 23 within a short period of  
328 time. The Office is interested in the Company's response to this proposal  
329 and its view of the feasibility of moving these 11 mobile park owners to  
330 Schedule 23 by the next rate case.

331

332 *Company's COS Study*

333 Q. WHAT IS THE OFFICE'S RECOMMENDATION TO THE COMMISSION  
334 REGARDING THE USE OF THE COMPANY'S COS STUDY IN THIS  
335 PROCEEDING?

336 A. For purposes of this rate case, the Office relied on the Company's filed  
337 COS Study and associated results as a general guide for developing its  
338 rate spread proposal and we recommend the Commission do the same.  
339 The Office also believes the changes proposed by Mr. Chernick will  
340 improve the Company's COS Study and make it a better tool for the  
341 Commission to use in setting rates in future proceedings. Consequently,  
342 the Office is recommending that the Commission order these changes to  
343 be implemented in the next rate case, as stated in Mr. Chernick's  
344 testimony.

345

346

347

348

349 *Major Plant Additions*

350 Q. DOES THE COMPANY ADDRESS MAJOR PLANT ADDITIONS AS  
351 CONTEMPLATED UNDER THE NEWLY-ENACTED SENATE BILL 75  
352 (UTAH CODE, SECTION 54-7-13.4)?

353 A. Yes. On Pages 17-18, lines 378-399, of his direct testimony, Mr. Richard  
354 Walje addresses major plant additions. In particular, Mr. Walje discusses  
355 two projects that meet the threshold \$100 million investment level for RMP  
356 to request single-item ratemaking. These two projects are scrubbers at  
357 the Dave Johnston Station that are scheduled to be added by May 2010  
358 and the Ben Lomond-Terminal Transmission Line Segment that is  
359 scheduled to be completed by June 2010. He also identifies other future  
360 projects for which the Company plans to seek cost recovery under the  
361 provisions of Senate Bill 75.

362

363 Q. DOES MR. WALJE OR ANY OTHER COMPANY WITNESS ADDRESS  
364 HOW COSTS RELATED TO THOSE PROJECTS WOULD BE  
365 ALLOCATED AMONG CUSTOMER CLASSES?

366 A. No.

367

368 Q. WHAT IS THE OFFICE'S VIEW REGARDING THE RATE SPREAD OF  
369 PROJECTS FILED UNDER THE AUSPICES OF SENATE BILL 75?

370 A. The Office believes that until any performance disparities among the  
371 customer classes are remedied in general rate cases, rate increases due  
372 to major plant addition cases that occur in between rate cases would  
373 exacerbate these differences. Therefore, the Office believes that the  
374 spread of any costs approved in major plant addition cases should be  
375 determined on a case by case basis.

376

377 Q. WHAT IS THE OFFICE'S POLICY POSITION ON THIS MATTER?

378 A. The Office requests the Commission keep in mind these expected major  
 379 plant additions as it makes its determination of rate spread in this case.  
 380 The quicker the Commission is able to bring retail classes reasonably  
 381 close to paying rates that recover allocated costs in general rate cases,  
 382 the cleaner the slate the Commission will have in addressing rate spread  
 383 issues in future major plant addition cases.

384

385 V. SUMMARY OF RECOMMENDATIONS

386 Q. PLEASE SUMMARIZE THE OFFICE'S COS AND RATE SPREAD  
 387 RECOMMENDATIONS IN THIS CASE.

388 A. The Office recommends the following:

389

390 1. The Commission should order a rate spread that brings the retail  
 391 customer classes closer to paying rates that recover their allocated  
 392 cost of service. As shown in Table 1 in my testimony, the Office  
 393 recommends the Commission adopt the following rate changes for  
 394 the major customer classes:

395

396	Residential Schs. (1, 2, 3)	--	(1.5%) decrease
397	Small Commercial 23	--	(0.40%) decrease
398	Large Commercial 6	--	(0.40%) decrease
399	Gen. Serv.(> 1 MW) 8	--	0% no change
400	Large Industrial 9	--	3.0% increase
401	Irrigation 10	--	(0.43%) decrease

402

403 2. Regarding the revenue requirement change ordered in this  
 404 proceeding, the Commission should adopt the following rate spread  
 405 principles in setting rates for the Residential Schedules, Schedule  
 406 23, Schedule 25 and Schedule 10:

407

- 408 ---The rate increase for the Residential Schedules (1, 2 and 3)  
409 should be capped at 1.0%. If the revenue requirement increase in  
410 this case is below \$10 million, then the Residential Schedules  
411 should not receive any rate increase.
- 412 --- At any revenue requirement increase level, Rate Schedule 23  
413 should receive a rate increase at or near the jurisdictional average  
414 rate increase.
- 415 --- Schedule 25 (Mobile Home Parks) should receive the same level  
416 of rate increase as Schedule 23.
- 417 --- At any revenue requirement increase level, Schedule 10 should  
418 receive the jurisdictional average rate increase in this case.  
419
- 420 3. The Commission should order that Schedule 25 be eliminated over  
421 time and the remaining eleven customers be moved to Schedule  
422 23.  
423
- 424 4. The Commission should take into consideration the upcoming  
425 major plant addition cases in making its rate spread decisions in  
426 this case.  
427
- 428 5. The Commission should order the Company to implement the  
429 changes to the Company's COS Study recommended by Mr.  
430 Chernick in his testimony. Mr. Chernick recommends the following  
431 changes to the Company's COS Study:  
432
- 433 --- Recognize the sharing of service drops by residential customers  
434 in multi-family dwellings.
- 435 ---Classify a greater percentage of generation plant as energy-  
436 related;
- 437 ---Classify a greater percentage of non-seasonal purchases as  
438 energy-related;



439 ---Allocate demand-related distribution costs based on class  
440 contribution to load in the high-load hours that determine the  
441 duration of peak;  
442 ---Revise the monthly weights for the primary distribution allocator  
443 to more reasonably reflect monthly distribution demand;

444

445 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY ON COS AND  
446 RATE SPREAD?

447 A. Yes it does.

448

449