To: Public Service Commission

From: Division of Public Utilities
Philip Powlick, Director
Energy Section
Artie Powell, Manager
Marlin H. Barrow, Technical Consultant

Date: September 21, 2010

Subject: Division of Public Utilities Issues for September 28, 2010 Technical Conference in Docket No. 10-057-12 In the Matter of the Consideration of the Various Rate Design Issues, Cost of Service Issues and Other Issues Pursuant to the Settlement Stipulation in Docket No. 09-057-16.

Discussion:

The following are some of the issues the Division sees as pertinent to the upcoming Technical Conference:

Issue 1- Definition of Rate Classes:

1. Should the GS Rate Class be split into a single family residential/ multi-family residential / and perhaps several commercial classes?
2. Should rate classes be further defined within the above categories by Basic Service fee, as determined primarily by meter size?
3. Should either the total GS rate or the separate residential and commercial classes be split into volumetric "silos" based on maximum monthly loads?

Issue 2- Distribution Plant Factor Study

1. Currently based on sample data of 1660 meters including all meters serving the largest customers. Division believes this needs updating and refinement.

.

- Current study 4 years old.
- Calculation of costs per customer should be computed on basis of numbers of customers not services on sampled mains?
- What is the appropriate length of distribution main to include in cost allocation determination?

Issue 3- Other Allocation Issues

1. Is the distribution plant factor study appropriate to allocate O&M and G&A expenses?
2. How should the Peak Day Factor be determined, esp. for interruptible customers?

Issue 4 – Rate Design

1. Are Declining/Inclining block rate structures appropriate for certain rate classes?
2. What is the appropriate level of Basic Service Fee (BSF) in all rate classes?