

**BEFORE THE
KANSAS CORPORATION COMMISSION**

STATE CORPORATION COMMISSION

MAR 02 2011



DIRECT TESTIMONY OF PATRICK PARKE

ON BEHALF OF

MIDWEST ENERGY, INC.

DIRECT TESTIMONY OF PATRICK PARKE

1 **Q: Please state your name and qualifications.**

2 A: My name is Patrick Parke. I am Vice President Customer Services for Midwest
3 Energy, Inc. (Midwest Energy or the Company). In this capacity I oversee Midwest
4 Energy activities related to customer service, energy efficiency, demand response,
5 economic development and state regulatory matters. I hold Bachelors and Masters
6 Degrees in Agricultural Engineering from Kansas State University, and I completed
7 the Public Utility Executive Program at the University of Michigan. I have been
8 employed in the utility industry since 1981, beginning with Western Cooperative
9 Electric Association at WaKeeney. I have worked at Midwest Energy since 1984. I
10 provided testimony to this Commission in Docket Numbers 167,333-U; 155,904-U;
11 180,056-U; 192,781-U; 96-SEPE-680-CON; 98-MDWG-370-COC; 99-MDWE-272-
12 RTS; 02-MDWE-001-RTS, and 02-MDWG-922-RTS. The aforementioned dockets
13 include three natural gas rate cases, two electric rate cases, and Midwest Energy's
14 application to consolidate and unbundle its electric rates. I have also made numerous
15 electric and natural gas tariff filings with the Commission on behalf of Midwest
16 Energy.

17 **Q: What is the scope of your testimony in this proceeding?**

18 A: I am sponsoring portions of Section 18 of the Application related to language
19 revisions in certain rate schedules and the Electric Terms and Conditions (ET&C).

20 **Q: Please give an overview of requested changes in the ET&C and rate schedules.**

1 A: Proposed changes in the ET&C fall into three categories: (1) Distinction between
2 residential and small commercial service in cases where both types of service are, or
3 could be, taken through a single meter, and the demarcation between general service
4 small and general service medium tariffs, (2) Line extension policy and (3)
5 Miscellaneous revisions. Some of these changes, particularly in the first category,
6 require changes in rate schedule language. In those cases, I will discuss revisions to
7 the ET&C and affected rate schedules at the same time. Following the explanation of
8 revisions to the ET&C, I will review changes to the language in specific rate
9 schedules. The testimony of Michael Volker addresses rate design matters pertaining
10 to magnitude of unit charges, determination of billing demand, energy block sizes,
11 etc.

12

13 DISTINCTION BETWEEN RESIDENTIAL AND SMALL COMMERCIAL SERVICE

14 **Q: What is the issue being addressed?**

15 A: Midwest Energy has an unquantified number of customers who take electric service
16 for multiple rate classes through a single meter. Others desire to combine service
17 types behind a single meter. Questions arise as to appropriate rate class assignment
18 for these situations. It is believed that most occur in rural areas. For example,
19 uncertainty exists over what qualifies as “ordinary farm use,” a term used but vaguely
20 defined in existing residential rate schedules. One can question the applicability of
21 residential rates when a farm load has grown so large the domestic use is dwarfed by
22 the non-residential load. Connected electric loads in farm shops, grain handling

1 facilities and other agricultural loads can easily exceed the expected electric demand
2 for the residence.

3 **Q: If the number of such accounts is unquantified, why is the matter being raised**
4 **now?**

5 A: Three recent incidents, all involving potential wind turbine interconnections, called
6 attention to the problem. Each of the three included non-residential load already
7 behind a residential meter or a customer's desire to combine residential and non-
8 residential loads to establish a higher load in response to the "appropriately sized"
9 guideline.¹ Customers apparently view combining loads as a means to justify
10 installation of a larger parallel generator. Midwest Energy believes limited
11 combination of residential and general service loads is acceptable, but rate schedule
12 language prohibits combination of existing meters. As interest in renewable
13 generation sources grows, Midwest Energy expects the number of related incidents to
14 increase. Language in the ET&C and rate schedules should be revised in advance of
15 this trend.

16 **Q: You raised the topic of appropriate rate class assignment. Why is that**
17 **important?**

18 A: There are at least three reasons. First, a tenet of utility ratemaking is that the cost
19 causer should be the cost payer. Customers are grouped into classes with like or

¹ K.S.A. 66-1,184 states that renewable generators "...shall be appropriately sized for such customer's anticipated electric load," but it does not define the term, nor does the Net Metering Act, K.S.A. 66-1263, et. seq. The Commission approved a net metering rider and a revised parallel generation rider in Docket No. 10-MDWE-424-TAR which allow the Company to refuse interconnection if the generating capacity is larger than the customer's annual peak electric load.

1 similar characteristics based on the premise that such similarities result in similar
2 costs. Customers who require larger facilities or operate during peak demand periods
3 impose higher costs than those who do not. When properly segregated, such
4 customers can be billed under rate schedules designed to recover those costs. Second,
5 proper rate class assignment helps achieve fairness among customers in cost recovery.
6 If a large agricultural load is served through a residential meter, it is possible to avoid
7 demand charges paid by other large loads. Finally, achieving public policy goals
8 requires proper rate class assignment. For example, sales tax applicability and
9 security deposit rules can vary by rate class, and the Cold Weather Rule is intended
10 only for residential customers.

11 **Q: How do Midwest Energy's existing rate schedules treat non-residential use**
12 **behind a residential meter?**

13 A: Both M System and W System residential rate schedules allow domestic use and
14 "ordinary farm use" service to be taken through a single meter. The M System rate
15 schedule adds, "Ordinary farm use is defined as normal farming activities and
16 production for one's own use or sale and does not include production or processing
17 for commercial enterprises." The "ordinary farm use" phrase has been used for
18 decades, but it neither specifies end uses nor does it address load characteristics
19 (voltage, phase, capacity, load shape, etc.) that drive costs. The M System schedule
20 leaves questions as to what is ordinary or "a normal farming activity".

21 **Q: Does any schedule list prohibited uses?**

1 A: The W System residential rate schedule includes a list of agricultural uses that cannot
2 be served on the residential rate: "...crop irrigation, commercial dairies, hatcheries,
3 feed lots, feed mills or any other commercial enterprise." But, there could be
4 relatively little load shape difference between a commercial enterprise versus a
5 similar load situated on a farmstead that includes a residence. (For this discussion,
6 assume the two loads have the same characteristics.) A farm shop used to perform
7 repair work on neighbors' equipment, a commercial enterprise if operated in
8 isolation, would be considered ordinary use associated with a residence if used only
9 for private purposes. Or, the load characteristics of a commercial cattle feeding
10 operation may be very similar to a private feedlot on a farmstead. These hypothetical
11 situations illustrate the difficulty of trying to police the permitted end uses of
12 electricity. Midwest Energy intends to place more importance on load characteristics
13 when assigning rate classes.

14 **Q: How is residential defined in the Electric Terms and Conditions?**

15 A: The definition of residential customer in Midwest Energy's ET&C is open-ended and
16 no more specific than the rate schedules: "A Customer applying for or using electric
17 service at a home or farm service location occupied as a place of residence." The
18 scenario of non-residential load being larger than the residential load on the same
19 meter is not contemplated in the definition.

20 **Q: Earlier you raised the issue of customers combining existing loads in different
21 rate classes in an attempt to justify interconnection of a larger wind turbine.**

22 **Can you allow that to take place now?**

1 A: No. The existing M System residential rate schedule, "...is not applicable for
2 residential use where such use is for commercial, professional, or any other gainful
3 enterprise other than ordinary farming." As previously noted, the W System
4 residential rate schedule also prohibits service to commercial enterprises.

5 **Q: Does Midwest Energy intend to allow the combination of residential and general**
6 **service loads behind a single meter?**

7 A: Yes, in some circumstances. We already have a large number of rural residences that
8 take domestic service in combination with some amount of non-residential load.
9 There are also a number of home-based businesses throughout the service territory
10 that take service through a residential meter. It is not consistent to acknowledge and
11 allow these situations to continue while prohibiting combination of other residential
12 and general service loads. Forcing existing customers to segregate loads and rewire
13 their facilities is not a practical or politically palatable solution.

14 **Q: Can acceptable rate class segregation be achieved through administrative**
15 **enforcement of existing tariff language?**

16 A: Aside from the vagueness already discussed, the effectiveness of attempting to
17 resolve the matter solely through more strict enforcement of existing rate schedules is
18 limited for several reasons including: (1) Low confidence in detecting a significant
19 proportion of combined-class instances, (2) Negative customer reaction and expense
20 if rewiring for load segregation is mandated, (3) Churn in customer base and what
21 customers connect behind the meter, and (4) Additional administrative costs to detect
22 and remedy noncompliance.

1 **Q: How does Midwest Energy propose to address the matter of combined load types**
2 **behind residential meters?**

3 A: A number of steps are required, including:

- 4 (1) Refine the definition of “residential” in Section 1.C.(1) of the ET&C in this
5 manner: “A customer applying for or using electric service at a location occupied
6 as a place of residence *where the majority of annual energy use is for domestic*
7 *purposes.*” This would allow continuation of home-based businesses and small
8 farm operations under a standard residential rate schedule. Similar verbiage has
9 been added to the line extension policy in Section 8.C.(2).
- 10 (2) Eliminate use of the non-specific phrase “ordinary farm use” in residential rate
11 schedules; use “general service” to designate non-residential loads.
- 12 (3) Establish 25 kW as a maximum allowed load on residential rate schedules without
13 a demand charge. Create a mandatory demand rate for larger residential loads.
- 14 (4) Lower the maximum load allowed on the general service small rate schedule from
15 30 kW to 25 kW; loads larger than this would be served under the General
16 Service Medium schedule, which includes a demand charge. This necessitates
17 revisions to general service small rate schedules and Section 1.C.(2) of the ET&C.
- 18 (5) Reduce or eliminate differences in rate designs between regular residential and
19 general service small rate schedules, subject to rate impact considerations. This
20 would reduce the consequences of mistaken rate class assignment.

1 (6) Minimize differences in rate designs between the new Residential Demand
2 schedule and the General Service Medium rate schedule. Like proposal (5), this
3 would reduce the consequences of mistaken rate class assignment for larger loads.

4 (7) Allow combination of residential and general service loads subject to load size
5 limitations described in proposals (3) and (4). Include language in rate schedules
6 specifying that rate schedule selection (and hence policy applicability) would be
7 dictated by the predominant load type.

8 Recommendations (5) and (6) are addressed in the testimony of Michael Volker,
9 along with other rate design matters.

10 **Q: How did you arrive at the 25 kW threshold in proposals (3) and (4)?**

11 A: That is an attempt to improve consistency between rate administration, standard
12 equipment sizes and Kansas statutes. Twenty-five kW is a standard size for single-
13 phase, pole-mounted transformers; it is the smallest size of pad mount transformer
14 used by Midwest Energy, and it is the largest residential load size cited in K.S.A. 66-
15 1,184 (parallel generation) and K.S.A. 66-1267 (net metering). Rate administration
16 would be improved if rate schedule parameters aligned with the attributes of electrical
17 equipment and limits codified in Kansas statutes.

18

19 LINE EXTENSION POLICY

20 **Q: What is the most significant change proposed for the electric line extension**
21 **policy?**

1 A: Midwest Energy is proposing the elimination of a length-based line extension
2 allowance for residential customers. Additionally, we want to improve consistency in
3 the amount of investment allowed for a single customer and what is allowed per
4 customer in a residential housing development.

5 **Q: Please describe the proposed elimination of length-based extension allowances.**

6 A: Consistent with its natural gas main extension proposal in Docket No. 02-MDWG-
7 922-RTS, which was accepted by the Commission, Midwest Energy wants to end the
8 practice of providing a specific length of line extension for residential customers.
9 Instead, a cost allowance is proposed. For residential Customers, Midwest Energy
10 proposes to allow an investment equal to the average embedded cost of distribution
11 plant (FERC account numbers 364, 365, 366, 367 and 368), net of depreciation,
12 allocated to the residential rate class in a manner consistent with the most recent cost
13 of service study. Section 8.C.(1) of the ET&C has been revised to accomplish that.
14 Exhibit __ (Parke-1) provides the allocated amount of distribution plant and
15 depreciation, customer numbers and calculated investment allowance resulting from
16 the cost of service study performed for this filing.

17 **Q: Why did you include only FERC Accounts 364-368, but not all distribution**
18 **accounts?**

19 A: I included the accounts for primary voltage facilities typically installed for a line
20 extension. Upstream assets, primarily substations, were excluded because individual
21 customers are not assessed the cost of improvements for general load growth.
22 Downstream assets, primarily services and meters, were excluded because these

1 investments are included in the Company's secondary service obligations addressed
2 in Section 7 of the ET&C.

3 **Q: Why does Midwest Energy want to eliminate length-based allowances?**

4 A: There are several reasons. First, material and labor costs increase with time, so the
5 provision of a fixed length of line comes at an ever-increasing cost. The existing
6 policy does not reflect those rising costs, and new Customers do not receive an
7 accurate price signal regarding the true cost of line extensions. Second, the cost of
8 the length of line provided (one-quarter mile) under the existing policy exceeds what
9 will reasonably be recovered based on typical residential energy use. Finally, rates
10 are designed to cover the embedded cost of providing utility service. Basing line
11 extension allowances on the costs that underlie rates is a matter of fairness for all
12 Customers. An allowed cost method will come closer to recovering construction
13 costs from those who cause the costs.

14 **Q: What is the average investment per customer embedded in rates?**

15 A: Exhibit __ (Parke-1) illustrates that just over \$1,800 of net distribution plant (FERC
16 accounts 364 through 368) per residential customer is included in rates based on the
17 current cost of service analysis. The cost of single-phase line can exceed \$20,000 per
18 mile. That equals an allowance of approximately \$5,000 per customer with a one-
19 quarter mile allowance, yet only \$1,800 is embedded in rates. The proposed policy
20 makes the new Customer responsible for costs above that covered by standard rates.

1 **Q: You stated your intent to improve consistency between individual residential**
2 **allowances and what is allowed per customer for a housing development. How**
3 **will you do that?**

4 A: Section 8.F. of the ET&C has been modified to limit the allowance to the same
5 amount per customer. As in the past, the developer will pay the full project cost in
6 advance, but refunds will be made as homes are built and occupied. Area
7 development agreements executed before the anticipated effective date of the revised
8 ET&C will be unaffected by the proposal.

9 **Q: What other changes are proposed for the line extension policy?**

10 A: Language has been added to Section 8.A. to clarify that the line extension policy
11 applies in general to all facility improvements required to serve a specific load
12 addition. The policy is not limited to only those instances that involve the linear
13 extension of facilities.

14 **Q: What happens to unpaid line extension charges when service is terminated?**

15 A: A sentence has been added to Section 8.B. stating that unpaid line extension charges
16 become due if service is terminated. This language reflects Midwest Energy's
17 existing practice. Likewise, language has been added to Section 8.D.(1) to describe
18 the various types of credit security Midwest Energy will accept for line extensions.

19 **Q: What revisions are proposed in Section 8.D.(3)?**

20 A: Again, we are codifying Midwest Energy's existing practice. The economics of
21 serving a new multi-unit housing facility or hotel/motel differ from a new single
22 family house. Both the cost of required facilities and the average use per living unit

1 can be substantially different. We believe that a case-by-case analysis of these
2 situations is appropriate.

3 **Q: What changes proposed for Section 8.E?**

4 A: This section of the line extension policy prescribes that monthly line extension
5 charges be prorated equally among customers within the contract period. However,
6 no discretion is allowed if the facility requirements differ based on the relative sizes
7 of the loads. The proposed language requires the Company to allocate costs among
8 all customers in a manner that reflects differing facility requirements. For example, a
9 residential customer would not be required to pay the same costs as a three-phase oil
10 field load served from the same line extension.

11 **Q: Are there other proposed revisions to the line extension policy?**

12 A: Yes, but I believe the remaining proposals are minor and self-explanatory.

13

14 MISCELLANEOUS TERMS AND CONDITIONS REVISIONS

15 **Q: What other revisions are proposed for the ET&C?**

16 A: Midwest Energy proposes the addition of Sections 2.A.(2) and 2.A.(3). This
17 language codifies the Midwest Energy's existing practice of requiring new Customers
18 to provide specific identifying information that can be used for identity fraud
19 detection and bad debt collection. The proposed additions are very similar to
20 language in Westar's approved General Terms and Conditions.

21 **Q: What other changes are proposed for Section 2?**

1 A: Language has been added to Section 2.D. to clarify the term of contract for customers
2 taking service under an optional rate schedule or rider.

3 **Q: Have you added language related to tax exemptions?**

4 A: Yes, Section 4.I.(3), Tax Exemptions, has been added to define customer
5 responsibilities when applying for and receiving any type of tax exemption. The
6 Company believes the customer should be responsible for the burdens of
7 administering a tax exemption.

8 **Q: Under what circumstances does the Company assess a collection charge?**

9 A: The revision to Section 5.H.(1) will allow Midwest Energy to impose a collection
10 charge if a collection call is attempted at the service location, not only if collection of
11 funds is actually made. The expense of the collection trip is incurred whether or not
12 funds are received.

13 **Q: What is intended with the new paragraph 6.C.(4)?**

14 A: Several existing rate schedules include limits on the ability to connect larger motors
15 without prior Company approval, but those terms are not consistent. For example, M
16 System Residential and General Service Small schedules cite a ten (10) horsepower
17 maximum for single phase motors. The larger M System general service schedules
18 are silent on motor size. The W System Residential schedule includes a five (5)
19 horsepower limit. The W System General Service schedule mandates that motors
20 larger than five (5) horsepower be three phase, and that motor ten (10) horsepower
21 and larger include satisfactory starting equipment. Mention of motor size limitations
22 has been removed from all proposed rate schedules. The new paragraph 6.C.(4) in

1 the ET&C consolidates motor size restrictions into a single paragraph that addresses
2 both single and three phase service. The concept of motor starting requirements
3 currently in the W System General Service schedule has also been rewritten and
4 inserted here so it applies to all installations.

5 **Q: Why did you add “power quality” to Section 6.E?**

6 A: This paragraph already gives the Company the ability to respond to dangerous
7 situations or those where actions of one customer adversely affect other customers.
8 Midwest Energy believes the existing phrase “integrity of the Company’s delivery
9 system” includes the concept of power quality. However, explicitly mentioning
10 power quality provides clarity in the event the preceding phrase is narrowly
11 interpreted as referring only to the physical integrity of the Company’s facilities.

12 **Q: Why do you propose to delete the existing Section 7.A.(4)?**

13 A. The existing language in that portion of the ET&C is being moved to the new Section
14 7.C. This relocation makes both overhead secondary service installations (Section
15 7.A.) and underground secondary service installations (Section 7.B.) for non-
16 residential Customers subject to a review for economic feasibility, as is Midwest
17 Energy’s current practice. As presently written, only the former would be subject to
18 such review. Consistent with changes proposed for Section 8.D., additional
19 acceptable forms of security are included. Finally, the new Section 7.C.(3) clarifies
20 that secondary service extensions would be treated the same as primary line
21 extensions for multi-unit housing facility or hotel/motel as previously described for
22 Section 8.D.(3).

1 **Q: Substantial revisions have been made to Section 7.G., Continuity of Service and**
2 **Section 7.J., Liability of Company. Why are these changes being requested?**

3 A: The revisions in these two sections make them nearly identical to language approved
4 by the Commission in Docket No. 07-KCPE-910-TAR. On the advice of Counsel,
5 Midwest Energy proposes to adopt substantially the same language from that docket.

6 **Q: What revisions are requested in Section 9.F.(4)?**

7 A: First, language that already exists in residential rate schedules is being struck. The
8 new provision on master-deduct meters reflects Midwest Energy's existing practice of
9 prohibiting new installations. A small number of electric master-deduct meter
10 systems exist, mostly in the oil fields, but the Company does not intend to mandate
11 elimination of existing systems.

12 **Q: Are there other proposed revisions to the line extension policy?**

13 A: Yes, but I believe the remaining proposals are minor and self-explanatory.

14

15 RATE SCHEDULE REVISIONS

16 **Q: Does Midwest Energy propose to cancel any rate schedules?**

17 A: Yes. The six schedules proposed for cancellation and the reasons include:

18 (1) Oil Field Recovery Rider, M System – Prior action stopped the addition of new
19 customers after November 1, 2003. No customers are served under this schedule.

20 (2) Interruptible Service Rider to the Large Power Contract Service Rate Schedule, W
21 System – This Rider only applies to one rate schedule and has only one customer.

22 In Docket No. 10-MDWE-404-TAR Midwest Energy received approval for an

1 Optional Large Interruptible Service Rider applicable to the M System. That M
2 System Rider will be made available Company-wide. The lone existing customer
3 will have the option of continuing service under the new Rider.

4 (3) Short Term Service, W System – This schedule has no customers and is redundant
5 to the broader language in the ET&C. Section 2.E. of the ET&C contains
6 provisions for temporary service under any rate schedule.

7 (4) Municipal Service – Traffic, W System – This schedule has no customers; service
8 to municipal traffic signals is available under general service rate schedules.

9 (5) General Service Small – Time of Day, M System – About a dozen customers are
10 presently served under this rate schedule. In aggregate, they are paying higher
11 bills than they would under the standard general service small rate. Midwest
12 Energy will notify these customers during this proceeding.

13 (6) Auxiliary Service – W System – The purpose of this schedule is to provide terms
14 of backup service for customers with their own sources of generation. No
15 customers are presently served under this schedule. The combination of the
16 Company's parallel generation and net metering schedules, minimum bill
17 provisions in standard rate schedules and ET&C provisions addressing term of
18 contract and temporary service provides adequate guidance and flexibility if such
19 service is requested.

20 **Q: Are you proposing any language changes applicable to multiple rate schedules?**

21 A: Yes. In an effort to reduce differences between M System and W System rate
22 schedules, several clauses are being modified. In many cases existing wording from

1 one system is being applied to Company-wide use. Without naming all rate schedules
2 affected in each case, I'll discuss these multi-schedule revisions.

3 (1) Available Clause – The new language is very similar to what exists in most M
4 System rate schedules and generically refers only to the existing “delivery”
5 system and the upper voltage limit from which service would be delivered.
6 Transmission was defined in a prior rate proceeding; “transmission system” is
7 mentioned only in the Transmission Level Service rate schedule.

8 (2) Applicable Clause – Beyond changes already discussed regarding the
9 combination of residential and general service loads, more language is being
10 shared between the M and W Systems, and within rate classes such as residential.

11 (3) Minimum Bill Clause – This language from existing W System rate schedules is
12 being included in M System schedules.

13 (4) Term of Service – Several rate schedules include language regarding the term of
14 service. In many cases, it was not substantially different from provisions of
15 Section 2.D. of the ET&C. With a few exceptions such as lighting rate schedules,
16 language regarding term of service will be removed from rate schedules.

17 (5) Character of Service – Language regarding the phase and voltage of service is
18 being made consistent within rate classes and between the M and W Systems.
19 Several existing non-residential rate schedules cite a specific secondary voltage.
20 In practice, the Company provides a number of secondary voltage options to meet
21 customer requirements, so specific voltages will not be mentioned in non-
22 residential schedules, with the exception of Annual Service for small loads.

1 (6) Motor Size – Motor size limitations have been removed from all proposed rate
2 schedules, if present. Motor size and starting requirements are addressed in
3 Section 6.C.(4) of the ET&C.

4 (7) Other Schedules and Surcharges – The master tariff already includes language
5 stating the applicability of other schedules and surcharges (Energy Cost
6 Adjustment, Ad Valorem, Transmission Delivery Surcharge, etc.). This language
7 is being removed from rate schedules, if present.

8 (8) Master Tariff – Unit charges for only the M System rate schedules are now
9 included in the Master Tariff. The proposed Master Tariff includes unit charges
10 for M and W System rate schedules, with the exception of lighting schedules.
11 Unit charges are being removed from other W System rate schedules, if present.

12 **Q: Have you proposed any other changes to the M System Residential Service and**
13 **the M System Residential Total Electric Service schedules?**

14 A: Yes. Language has been added restricting the maximum load size to 25 kW; larger
15 residential loads must be served under the proposed Residential Demand Rate
16 Schedule.

17 **Q: Are there any additional changes to the Non-Domestic Annual Service rate**
18 **schedule?**

19 A: This rate schedule is intended for customers who use a very small amount of
20 electricity, no more than 2,000 kWh per year. In practice, the annual customer charge
21 is paid in advance, and the energy use is billed after an annual meter reading.
22 Prepayment of the customer charge is already noted in paragraph 2 of the Service

1 Provision section. For clarity, the word “prepaid” is also being added to the Annual
2 Billing Period clause. Also, availability of this rate schedule is being expanded to
3 Company-wide use.

4 **Q: What is the reference to “unmetered service” in the M System General Service**
5 **Small schedule?**

6 A: Provisions have been added for billing “unmetered service”. With the exception of
7 specifying the rate, this language is already included in the W System General
8 Service schedule. Unmetered service is limited to situations where it is difficult to
9 install or read meters and the expected energy use is very low.

10 **Q: Are related revisions being made to the W System General Service schedule?**

11 A: A sentence has been added to the unmetered service clause specifying the charges.

12 **Q: What changes are proposed for the M System General Service Medium**
13 **schedule?**

14 A: Consistent with the reduced maximum load for General Service Small, the load at
15 which General Service Medium becomes applicable will be reduced to 25 kW.
16 Corresponding adjustments have been made to the minimum billing demand.

17 **Q: Are you proposing revisions to the M System General Service Heating schedule?**

18 A: Yes. Presently there is no “medium” category for General Service Heating. If
19 customers have qualifying electric loads, this is the only schedule available.
20 Therefore, the load at which General Service Heating becomes applicable has also
21 been reduced to 25 kW.

22 **Q: What revisions are proposed for the Transmission Level Service schedule?**

1 A: First, the words “metered at transmission level voltage” have been added to the
2 Applicable section to clarify the point of delivery. Service on the low side of the
3 transformer is considered the distribution system. A provision has been added
4 addressing responsibility for the transformer. Finally, language has been added
5 making the customer responsible for transformer energy losses if service is metered at
6 the low side voltage.

7 **Q: Have changes been proposed for the W System Large Power rate schedule?**

8 A: Yes. The current Section 5 and portions of Section 3 address power factor and the
9 calculation of kVA demand when certain types of meters are used. Midwest Energy
10 measures kVA directly. These provisions are no longer necessary.

11 **Q: Are any changes requested for the Optional Large Interruptible Service Rider?**

12 A: Yes. This Rider will now be available Company-wide, and the W System Large
13 Power rate schedule has been added as a qualifying schedule.

14 **Q: What revisions are proposed for the M System Incidental Irrigation – Annual
15 Service schedule?**

16 A: This schedule is similar to the Annual Service schedule already discussed. For the
17 same reasons, the word “prepaid” has been inserted in the Annual Billing Period
18 section. Prepayment is already mentioned in the Service Provision section.

19 **Q: Are revisions proposed for the M System Irrigation Service – Frozen schedule?**

20 A: Yes. Nearly all the changes in this schedule were also proposed in Docket 11-
21 MDWE-553-TAR, currently pending before the Commission. No further explanation
22 is needed.

1 **Q: Is the explanation the same for the Pump Curtailment Rider?**

2 A: Yes, this schedule is also pending before the Commission in Docket 11-MDWE-552-
3 TAR.

4 **Q: Are you proposing any changes to the Primary Metering and Customer
5 Transformation Discount Rider?**

6 A: Yes. The Oil Field Service – Time of Day schedule was withdrawn several years
7 ago. Mention of that schedule will be removed from the Applicable section. Also,
8 the concept of “Company-wide” was assigned to this schedule before acquisition of
9 the W System in 2003. The W System Large Power schedule already includes a
10 transformer loss adjustment, so availability will be restricted to the cited M System
11 schedules.

12 **Q: Is Midwest Energy proposing revisions to any additional rate schedules?**

13 A: Yes; those are addressed in the testimony of Michael Volker. Several schedules are
14 being submitted for repagination purposes only, including: Ad Valorem Tax
15 Surcharge, Relocation of Facilities Tariff, How\$mart[®] Rider and Building Operator
16 Certification Program. Finally, with the large number of revisions proposed, very
17 minor edits have not been mentioned in my testimony. The reasons for those should
18 be obvious by inspection.

19 **Q: Does this conclude your testimony?**

20 A: Yes.

Derivation of Electric Line Extension Cost Allowance

Exhibit __ (Parke-1)

	Allocation of Gross Plant in FERC Accounts 364-368 ⁽¹⁾						364-368 Net Plant Per Customer		
	364 Poles	365 Overhead Conductor	366 UG Conduit	367 UG Conductor	368 Line Transformers	Rate Class Total Gross Plant (Accts. 364 - 368)	Estimated Class Net Plant ⁽²⁾	Customers ⁽³⁾	Net Plant Per Customer (Embedded Cost)
M Sys. Regular	\$23,591,490	\$18,896,911	\$584,705	\$5,422,870	\$17,718,783	\$66,214,759		22,355	
M Sys. Total Elec.	\$1,099,159	\$818,653	\$36,253	\$252,406	\$800,186	\$3,006,657		850	
W Sys. Regular	\$6,787,321	\$5,416,166	\$171,213	\$1,560,087	\$5,089,311	\$19,024,098		6,368	
W Sys. Demand	\$287,075	\$204,060	\$10,891	\$65,883	\$204,987	\$772,896		192	
Total Residential	\$31,765,045	\$25,335,790	\$803,062	\$7,301,246	\$23,813,267	\$89,018,410	\$53,933,454	29,765	\$1,812

Distribution Gross Plant \$232,381,925 (Section 15, Schedule 1, Line 47)

Distribution Depreciation Reserve \$91,589,027 (Section 15, Schedule 1, Line 78)

Distribution Net Plant \$140,792,898

Ratio of Net to Gross Distribution Plant 0.6059

(1) Source: Section 15, Schedule 1, Lines 37-41

(2) Estimated Class Net Plant is the Rate Class Total Gross Plant multiplied by the Ratio of Net to Gross Distribution Plant.

(3) Source: Section 17, Schedule 2, Lines 4, 5, 41 & 42