BEFORE THE STATE CORPORATION COMMISSION

OF THE STATE OF KANSAS

In the Matter of the Application of	)	
Mid-Kansas Electric Company, LLC for	)	
Approval to Make Certain Changes in its	)	Docket No. 12-MKEE-491-RTS
Charges for Electric Services in the	)	
Geographic Service Territory Served by	)	
Western Cooperative Electric Association,	)	
Inc.	)	

DIRECT TESTIMONY

PREPARED BY

JAMES SANDERSON

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

May 14, 2012

Introduction

Q. Please give your name and business address?

A. James M. Sanderson, Kansas Corporation Commission, 1500 SW Arrowhead Road, Topeka, Kansas, 66604-4027.

Q. In what capacity are you employed by the Commission?

A. My job title is Managing Economist. I have been employed by the Commission since July, 2004.

Q. Have you provided Commission testimony in the past?

A. Yes. I have provided testimony in numerous Commission proceedings.

Q. Please describe your professional qualifications.

A. I earned a Bachelor of Arts in Business Administration degree with a concentration in finance from Kansas Wesleyan University and two graduate degrees from Kansas State University: a Master of Business Administration with an emphasis in finance and a Master of Arts in Economics. Prior to employment by the Commission, I was employed by Kansas State University as an instructor and a researcher.

Purpose of Testimony

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support Staff's rate design for the Western Electric Cooperative Association (Western) rate case. Staff is recommending a Revenue Requirement increase of $397,427 that must be incorporated into rates. This testimony describes my proposed rate design.

Q. What were your rate design objectives?

A. The primary objective was to produce the Staff recommended Pro Forma Revenue figure. To produce this figure, I maintained the basic design structure proposed by Western, but utilized generally lesser rate increases. I also addressed some specific rate issues.

Q. What is your specific recommendation to the Commission?

A. I am recommending that the Commission accept my rate design as presented in Exhibit JMS-1. This design will produce the Staff recommended Pro Forma Revenue figure of $17,645,143 – an increase of $397,427 over test year revenue yet less than Westerns proposed $18,098,026 Pro Forma Revenue figure. Staff's revenue figure may be found in Staff Schedule B-1 line 5, column G.

Q. What implications does the lesser Pro Forma Revenue figure have regarding Staff's proposed rate increases?

A. Staff is recommending an increase in retail revenue of 2.7% and an increase in total revenue of 1.6%. Western has proposed increases of 5.2% and 4.2% respectively. It follows that Staff's rate design will include generally lesser rate increases.

Rate Design

Q. Will you please summarize your results?

A. My rate design preserves the basic structure proposed by Western. Western's proposed design was based on its Cost of Service Study with which I do not take issue. The Cost of Service Study indicates magnitudes of cost requirements in excess of existing revenues. My recommended design mirrors the Cost of Service Study to a significant degree, but Staff is recommending a lesser Pro Forma Revenue increase.

Q. Does your testimony include your recommended rate design?

A. Yes. Exhibit JMS-1 lists rates under existing, company proposed, and Staff designs. I have included percentage increases over existing rates. In addition, Exhibit JMS-2 contains a revenue proof that demonstrates my design will produce the Staff recommended Pro Forma Revenue figure. The revenue proof utilizes my recommended rates and Western's test year billing determinants[1].

Staff Strategy

Q. How did you approach rate design in this case?

A. My strategy involved two major parts:

1. I do not take issue with the Cost of Service Study introduced by Western witness Richard J. Macke.

[1] Note that my revenue figure is near the Staff recommended figure – not exact as this degree of precision was not possible.

2. I determined that I would maintain a rate design structure similar to Western's proposed design while incorporating Staff's reduced Pro Forma Revenue figure. I also addressed a few specific rate increases.

Q. How did you incorporate the proposed Cost of Service Study into your rate design?

A. I decided to use the study outputs as a guide in my own rate design.

Q. Will you please explain the manner in which you designed rates to be similar to witness Macke's proposed structure?

A. My primary objective was to maintain rate increases for particular classes in proportion to the proposed rate design. I designed larger revenue increases for classes where witness Mackie designed larger increases. For example, witness Macke proposes to increase revenues for General Service Small, Water Pumping Service, and Irrigation Service by 10.4% - his largest increases class increases. This is consistent with his Cost of Service Study which indicates that costs for those classes are in excess of current class revenues by 24.1%, 14.6%, and 22.4% respectively[2]. It should be noted that witness Macke's 10.4% increases are consistent with the design principle of avoiding abrupt changes which he explains on page 35 of his direct testimony. I am recommending 5.2% and 5.3% increases for those classes – my largest recommended increases. My objective was to maintain increases for all classes in proportion to witness Macke's increases, so I am also recommending small increases where witness Mackie recommends them. In this aspect, my objective was consistent with Western's proposed design.

[2] See Exhibit RJM-WE-4 page 1.

Q. You stated earlier that Staff is recommending a lesser Pro Forma Revenue increase. How did this affect your rate design?

A. Another of my objectives was to design a rate structure that produced Staff's recommended Pro Forma Revenue figure. Several income statement adjustments and use of a Times Interest Earned Ratio cause Staff's recommended revenue figure to differ from Western's. My rate design had to produce Staff's recommended $17,645,143 Pro Forma Revenue.

Q. You stated that you identified several specific rate increases that you addressed in your design. Would you please explain?

A. Yes. I identified the following specific rate increases and addressed them in my design:

1. Witness Macke's proposed customer charges for the Residential and General Service Small classes are increased by large amounts of 19.2% and 17.1% respectively. My designs include lesser increases to customer charges to promote less abrupt changes and to collect less revenue. See Table 1 below:

Table 1.

Staff's Customer Charge Recommendations

	Existing	Proposed	Inc %	Staff	Inc %
Residential	8.39	10.00	19.2%	9.25	10.3%
Gen Svc Small	11.10	13.00	17.1%	12.25	10.4%

2. Witness Macke's proposed demand charges for certain classes are significantly increased over existing. Demand charges for the General Service Large and Primary Discount, Industrial and Primary Discount, and Interruptible classes were increased by as much as 26.7%. Again, I recommend lesser increases to promote less abrupt changes and to reduce revenue collection. See Table 2 below:

Table 2

Staff's Demand Charge Recommendations

	Existing	Proposed	Inc %	Staff	Inc %
Gen Svc Large	9.50	11.50	21.1%	11.00	15.8%
	7.50	9.50	26.7%	8.70	16.0%
GSL Prim Disc	9.31	11.27	21.1%	10.75	15.5%
	7.35	9.31	26.7%	8.50	15.7%
Industrial	9.00	11.00	22.2%	10.35	15.0%
Ind Prim Disc	8.82	10.78	22.2%	10.15	15.1%
Interrupt	9.00	11.00	22.2%	10.35	15.0%

3. The Western proposal includes a change to procedures used for calculating Irrigation Service demand charges. Under the existing design, irrigation customers are charged $34 per horsepower contracted per year. Western is proposing a charge of $3.33 per horsepower contracted per month. I am recommending a charge of $3.00 per horsepower contracted per month. I am making this recommendation because under my design the energy rate would need be reduced from the existing level to produce the desired revenue. I resolved not to reduce energy rates.

These are the specific rate issues I addressed with my design.

Q. Does your recommended design differ from Western's proposed in other respects?

A. Yes. My recommended energy rates differ from those proposed. Generally, my increases are less than those proposed by Western. This is necessary so that my design will produce Staff's Pro Forma Revenue figure. However, in certain instances my energy rates are identical to those proposed.

Q. Do parts of your design not differ from witness Macke's proposed design?

A. Yes. In many instances, my recommended customer and demand charges are the same as those proposed. I have described my differences above. In addition, I am recommending Western's proposed Local Access Charge, Lighting, and Irrigation Service rates. Staff believes that the company and its witness have a thorough understanding of the costs for these types of service. I am also recommending that the Sub-Transmission & Transmission Level Service rate be left at the existing level because with the ECA Wholesale Cost Component, this class will collect sufficient revenue.

Characteristics of Staff Rate Design

Q. How would you characterize your recommended rate design?

A. As stated above, one of my objectives was to maintain a structure similar to that proposed by witness Macke. I have achieved that. I have also kept rate increases to a magnitude that avoids abrupt changes. I can illustrate.

Q. Please continue?

A. The first illustration involves revenue collection by type of charge. Exhibit JMS-3 presents a summary of revenue collections by charge type under Western's and Staff's designs. The first row of the table lists customer charge revenues under existing, proposed, and Staff designs. One will note that the proposed design results in a 14.5% increase in customer charge revenue over existing. My design results in an 8.1% increase over existing representing a less abrupt increase.

Q. Does the table illustrate the various designs effects on demand charge revenue?

A. Yes. As described above, I am recommending some lesser increases in demand charges. Exhibit JMS-3 illustrates that my designs produce a 3.0% increase in demand revenue as opposed to the proposed 7.0%.

Q. And other charges...?

A. Yes. The table also illustrates that my recommended design will produce only modest increases in energy and lighting revenue.

Q. Is it possible for you to illustrate the effects of your design on individual rate classes?

A. Yes. Exhibit JMS- 4 lists revenue increases by customer class. One will note that my design produces class revenue increases that range from 0.0% to 5.4%. The total retail row at the bottom of the table indicates that my design produces a 2.7% retail increase, and the final row indicates that the total revenue increase is 1.6%.

Additionally, Exhibit JMS-1 illustrates effects on individual charges. The final column of the table lists percent increases over existing. Most charges are increased by only modest amounts, and the maximum charge increase is limited to 15.8%.

Q. Are you characterizing your design as successful?

A. Yes. In terms of revenue collection by the various classes, my design preserves the basic structure of Western's proposed. Larger revenue increases are allocated to classes with the largest cost requirements in excess of existing revenues. Other class increases similarly reflect witness Macke's design and Cost of Service Study. Exhibit JMS-5 illustrates my design in comparison to the proposed.

My recommended revenue increases follow closely those recommended by witness Macke but are of lesser magnitude.

Western Revenue Proposal

Q. What did Western propose regarding an increase in revenues?

A. A general description of Western's proposal is presented on page 7 of witness Macke's direct testimony. Western is proposing an increase in Revenue Requirement of $729,416 or 4.2%.

Q. What are the specifics of the proposed increase?

A. A summary of Western's proposal is presented in Table 2, page 9 of witness Macke's Direct Testimony. The table lists revenue under both current and proposed rates. Revenue figures are given for the 12 retail rate classes and for the Local Access Charge. As listed on lines 13 and 17, Western is proposing to increase retail revenue from $16,840,681 to $17,712,376 and total Pro Forma Revenue from $17,368,610 to $18,089,026. Revenue increases for the individual retail classes range from no increase as for the Lighting classes to 10.4% for the General Service Small, Water Pumping, and Irrigation classes.

Q. Line 15 of witness Macke's Table 2 indicates that Local Access Charge revenue will be reduced. Was this explained in the application?

A. Yes, on page 32 of his direct testimony, witness Macke explains that he conducted a separate Cost of Service Study for providing 34.5 kV service. He determined that the Local Access Charge should be reduced from $1.41 per kW to $1.03. This results in a $142,279 decrease in revenue. As a

consequence, retail revenues must be increased by $871,695 in order to obtain the desired $729,416 total increase.

Q. Did you take note of other aspects of the proposed rate design?

A. Yes. Space Heat customers under the General Service Small and General Service Large classes will lose their discount under the proposed design. These customers are moved to the general rates. I do not have any reason to separate the costs or rates of these customers, so I do not take issue with moving them. In addition, witness Macke proposes to move Municipal Power Service customers to the General Service Small Rate. He discusses his reasoning on page 38 of his direct testimony. My design follows his decision to move those customers. Last, the proposed design includes a change in the calculation of demand charges for the irrigation class from an annual calculation to monthly. I do not oppose this change, but as I have explained, I am recommending a lesser monthly charge.

Staff Compliance with Section 410 of the American Recovery and Reinvestment Act

Q. Aside from the above mentioned, were there other issues you considered when developing your rate design?

A. As the State Regulatory Agency, the KCC is required to comply with certain provisions of the American Reinvestment and Recovery Act (ARRA). Specifically, the KCC is to comply with Section 410. In April 2009, Governor Sebelius signed the following assurance:

"By signing below, the State Governor is providing written notification that they will comply with and obtain the following assurances in accordance with Section 410 of the Recovery Act.

(1) The applicable State regulatory authority will seek to implement, in appropriate proceedings for each electric and gas utility, under its rate-making authority a general policy that ensures

that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently[3]."

Q. Does your recommended rate design comply with the ARRA assurance?

A. Yes. The portion of the assurance that is most applicable to the instant rate design is found in the phrase "...ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity...". I was cognizant of the assurance, and I believe that my design complies.

Q. Please explain how your design is in compliance?

A. First, my recommended rate design promotes efficient use of electricity. As explained above, my design minimizes increases in customer and demand charges. Rather than significantly increasing these charges, increases were made to energy rates. Increasing energy rates and especially avoiding decreases in energy rates promotes conservation because customers respond to energy charges with efficient use. Keeping revenue collection through energy rates promotes efficiency.

Q. Please continue...?

A. Second, my recommended design will provide for timely cost recovery and earnings opportunity.

[3] Applicable section of the assurance.

Conclusion

Q. Do you have any concluding remarks?

A. Yes. I would like to state that my proposed design will produce the Pro Forma Revenue proposed by Staff and is reflective of the rate design and Cost of Service Study completed by witness Macke. It is also in compliance with ARRA requirements.

Q. Does this conclude your testimony?

A. Yes. Thank you.

Exhibits

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Exhibit JMS-1
Rates and Changes
page 1

Rate Increase Summary

	charge	existing	proposed	inc/(dec) %	staff	inc/(dec) %
Residential General Use	Customer Charge	$ 8.39	$ 10.00	19.2%	$ 9.25	10.3%
	Delivery Charge					
	Summer - (July to Oct.)	0.09908	0.10417	5.1%	0.10241	3.4%
	Winter (Nov-Jun)	0.09108	0.09617	5.6%	0.0945S	3.8%
Residential Space Heating	Customer Charge	$ 8.39	$ 10.00	19.2%	$ 9.25	10.3%
	Delivery Charge					
	Summer - All kWh	0.09908	0.10417	5.1%	0.10241	3.4%
	Winter (Nov-Jun)					
	0-800 kWh	0.09108	0.09617	5.6%	0.09455	3.8%
	801-5800 kWh	0.06703	0.07373	10.0%	0.0725	8.2%
	5801 kWh and above	0.09108	0.09617	5.6%	0.09456	3.8%
General Service Small	Customer Charge	$ 11.10	$ 13.00	17.1%	$ 12.25	10.4%
	Special Minimum Charges					
	Delivery Charge					
	Summer - (July to Oct.)	0.08361	0.09300	11.2%	0.08880	6.2%
	Winter (Nov-Jun)	0.07561	0.08500	12.4%	0.08116	7.3%
General Service Large	Customer Charge	$ 21.50	$ 21.50	0.0%	$ 21.50	0.0%
	Special Minimum Charges					
	Demand Charge per kW>9					
	Summer - (July to Oct.)	$ 9.50	$ 11.50	21.1%	$11.00	15.8%
	Winter (Nov-Jun)	$ 7.50	$ 9.50	26.7%	$8.70	16.0%
	Delivery Charge	0.07012	0.07538	7.5%	0.07310	4.2%
General Service Large -Primary Discount	Customer Charge	$ 21.07	$ 21.07	0.0%	$ 21.07	0.0%
	Demand Charge per kW>9					
	Summer - (July to Oct.)	$ 9.31	$ 11.27	21.1%	$10.75	15.5%
	Winter (Nov-Jun)	$ 7.35	$ 9.31	26.7%	$8.50	15.6%
	Delivery Charge	0.06872	0.07387	7.5%	0.07164	4.3%
Industrial Service	Customer Charge	$ 100.62	$ 100.62	0.0%	$ 100.62	0.0%
	Demand Charge per kW>10					
	Summer - (July to Oct.)	$ 12.00	$ 13.00	8.3%	$13.00	8.3%
	Winter (Nov-Jun)	$ 9.00	$ 11.00	22.2%	$10.35	15.0%
	Delivery Charge	0.06004	0.06083	1.3%	0.06027	0.4%
Industrial Service-Primary Disc	Customer Charge	$ 98.61	$ 98.61	0.0%	$ 98.61	0.0%
	Demand Charge per kW>10					
	Summer - (July to Oct.)	$ 11.76	$ 12.74	8.3%	$12.74	8.3%
	Winter (Nov-Jun)	$ 8.82	$ 10.78	22.2%	$10.15	15.1%
	Delivery Charge	0.05884	0.05962	1.3%	0.05930	0.8%

JMS2

Rate Increase Summary

Interruptible Industrial Service	Customer Charge	$ 100.62	$ 100.62	0.0%	$ 100.62	0.0%
	Demand Charge					
	Non-Interruptible					
	Summer - (July to Oct.)	$ 12.00	$ 13.00	8.3%	$13.00	8.3%
	Winter (Nov-Jun)	$ 9.00	$ 11.00	22.2%	$10.35	15.0%
	Interruptible	$ 6.90	$ 6.90	0.0%	$6.90	0.0%
	Penalty	$ 31.24	$ 31.24	0.0%	31.24	0.0%
	Delivery Charge	0.05570	0.05644	1.3%	0.05603	0.6%
Sub-Trans & Trans Level	Service at 34.5 kV Voltage					
	Customer Charge	$ 111.80	$ 111.80	0.0%	$ 111.80	0.0%
	Demand Charge					
	Demand Requirements	$ 6.29	$ 6.40	1.7%	$6.40	1.7%
	Energy Charge					
	Energy Charge	0.00990	0.01007	1.7%	0.00990	0.0%
	Delivery Charge	0.00170	0.00170	0.0%	0.00170	0.0%
	Customer Charge	$ 111.80	$ 111.80	0.0%	$ 111.80	0.0%
	Demand Charge					
	Demand Requirements	$ 6.29	$ 6.29	0.0%	6.29	0.0%
	OATT	$ 2.92	$ 2.92	0.0%	$ 2.92	0.0%
	Energy Charge	0.00990	0.01007	1.7%	0.00990	0.0%
	Delivery Charge	0.00170	0.00170	0.0%	0.00170	0.0%
Water Pumping Service	Customer Charge	$ 16.21	$ 16.21	0.0%	$ 16.21	0.0%
	Delivery Charge					
	Summer - (July to Oct.)	0.09580	0.10790	12.6%	0.10265	7.2%
	Winter (Nov-Jun)	0.08780	0.09990	13.8%	0.09504	8.2%
Irrigation Service	Demand Charge per horsepower contracted per year	$ 34.00	$ 3.33		$3.00	
	Delivery Charge					
	Summer - (July to Oct.)	0.08034	0.08596	7.0%	0.08596	7.0%
	Winter (Nov-Jun)	0.07234	0.07796	7.8%	0.07796	7.8%
Temporary Service	Delivery Charge	0.17936	0.19017	6.0%	0.18581	3.6%

JMS3

Rate Increase Summary

Private Area / Street Lighting	Private Area Light (Coop owned)					
	On Existing Pole					
	100 W P.A.L.	$ 8.10	$ 8.18	0.9%	$8.18	0.9%
	100 W P.A.L.-100% Customer	$ 3.11	$ 3.18	2.4%	$3.18	2.4%
	150 W P.A.L.	$ 12.86	$ 12.98	0.9%	$12.98	0.9%
	200 W P.A.L.	$ 4.39	$ 4.50	2.5%	$4.50	2.5%
	On New Pole (Wood)					
	100 W P.A.L.	$ 13.46	$ 13.54	0.6%	$13.54	0.6%
	200 W P.A.L.	$ 16.10	$ 16.25	1.0%	$16.25	1.0%
	Flood Lights					
	On Existing Pole					
	150 W Flood	$ 15.22	$ 15.34	0.8%	$15.34	0.8%
	150 W Flood-100% Customer	$ 4.54	$ 4.65	2.4%	$4.65	2.4%
	400 W Flood	$ 27.99	$ 28.29	1.1%	$28.29	1.1%
	1000 W Flood M.H.	$ 41.47	$ 42.22	1.8%	$42.22	1.8%
	On New Pole (Wood)					
	150 W Flood	$ 17.17	$ 17.29	0.7%	$17.29	0.7%
	150 W Flood-100% Customer	$ 4.68	$ 4.79	2.4%	$4.79	2.4%
	400 W Flood	$ 29.92	$ 30.23	1.0%	$30.23	1.0%
	400 W Flood-100% Customer	$ 10.39	$ 10.69	2.8%	$10.69	2.8%
	1000 W Flood M.H.	$ 56.16	$ 56.92	1.3%	$56.92	1.3%
	Street Lights					
	On Existing Pole					
	100 W P.A.L.	$ 8.98	$ 9.06	0.9%	$9.06	0.9%
	200 W P.A.L.	$ 13.05	$ 13.20	1.2%	$13.20	1.2%
	200 W P.A.L.-100% Customer	$ 5.37	$ 5.52	2.8%	$5.52	2.8%
	On New Pole (Wood)					
	100 W P.A.L.	$ 13.46	$ 13.54	0.6%	$13.54	0.6%
	100 W P.A.L.-100% Customer	$ 3.46	$ 3.53	2.1%	$3.53	2.1%
	On New Pole (Steel)					
	200 W Cobra Head-100% Customer	$ 6.31	$ 6.46	2.3%	$6.46	2.3%
	Vapor Street Lighting System					
	175 W MV	$ 9.94	$ 10.06	1.2%	$10.06	1.2%
	400 W MV	$ 16.03	$ 16.31	1.8%	$16.31	1.8%
	100 W HPS	$ 8.98	$ 9.06	0.9%	$9.06	0.9%
	150 W HPS	$ 10.60	$ 10.71	1.1%	$10.71	1.1%
	200 W HPS	$ 13.05	$ 13.20	1.2%	$13.20	1.2%
	Controlled Private Area Lighting					
	175 W MV	$ 9.06	$ 9.18	1.3%	$9.18	1.3%
	400 W MV	$ 17.47	$ 17.75	1.6%	$17.75	1.6%
	400 W MV-Flood	$ 19.04	$ 19.32	1.5%	$19.32	1.5%
	1000 W MV-Flood	$ 36.15	$ 36.81	1.8%	$36.81	1.8%
	100 W HPS	$ 8.22	$ 8.30	1.0%	$8.30	1.0%
	200 W HPS	$ 14.62	$ 14.78	1.1%	$14.78	1.1%
	150 W HPS	$ 15.31	$ 15.61	1.9%	$15.61	1.9%
	400 W HPS	$ 27.99	$ 28.00	0.1%	$28.00	0.1%

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Exhibit JMS-2
Revenue Proof
page 1
Summary

	Revenue Existing	Proposed	Staff
Residential Service	$ 4,294,126	$ 4,507,918	$ 4,402,978
General Service Small	$ 1,131,562	$ 1,248,703	$ 1,191,977
General Service Large	$ 5,001,301	$ 5,424,358	$ 5,219,417
Industrial Service	$ 783,699	$ 814,124	$ 799,412
Industrial Service-Primary Discount	$ 1,771,555	$ 1,823,040	$ 1,798,066
Interruptible Industrial Service	$ 150,063	$ 154,497	$ 152,344
Sub-Trans & Trans Level Service	$ 3,369,301	$ 3,392,594	$ 3,383,886
Water Pumping Service	$ 69,817	$ 77,045	$ 73,543
Irrigation Service	$ 7,356	$ 8,118	$ 7,739
Temporary Service	$ 1,522	$ 1,598	$ 1,561
Private Area / Street Lighting	$ 260,380	$ 260,380	$ 260,380
Total Retail	$ 16,840,682	$ 17,712,376	$ 17,291,302
Local Access Revenue	$ 527,929	$ 385,650	$ 353,881
Total Revenue	$ 17,368,611	$ 18,098,026	$ 17,645,183

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Exhibit JMS-2
Revenue Proof
page 2
Customer Charge Revenue

Rate Class	Billing Determinants	Units	Rate	Proposed Revenue	Rate	Staff Revenue
Residential Service						
General Use	3966	cons	10.00	$ 475,904	9.25	$ 440,211
Space Heating	180	cons	10.00	$ 21,616	9.25	$ 19,995
General Service Small	1396	cons	13.00	$ 217,776	12.25	$ 205,212
General Service Large	534	cons	21.50	$ 137,772	21.50	$ 137,772
General Service Large-Primary Discount	12	cons	21.07	$ 3,034	21.07	$ 3,034
Industrial Service	9	cons	100.62	$ 10,867	100.62	$ 10,867
Industrial Service-Primary Discount	7	cons	98.61	$ 8,283	98.61	$ 8,283
Interruptible Industrial Service	1	cons	100.62	$ 1,207	100.62	$ 1,207
Sub-Trans & Trans Level Service	1	cons	111.80	$ 1,342	111.80	$ 1,342
Water Pumping Service	26	cons	16.21	$ 5,058	16.21	$ 5,058
		Total		$ 882,859		$ 832,981

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Exhibit JMS-2
Revenue Proof
page 3
Demand Revenue

Rate Class		Billing Determinants	Rate	Proposed Revenue	Rate	Staff Revenue
General Service Large	Summer	38,494	$11.50	$ 442,675	$11.00	$ 423,429
	Winter	72,463	$9.50	$ 688,395	$8.70	$ 630,425
General Service Large -Primary Disc	Summer	2,942	$11.27	$ 33,162	$10.75	$ 31,632
	Winter	5,933	$9.31	$ 55,238	$8.50	$ 50,432
Industrial Service	Summer	7,444	$13.00	$ 96,773	$13.00	$ 96,773
	Winter	14,887	$11.00	$ 163,760	$10.35	$ 154,084
Industrial Service-Primary Discount	Summer	16,344	$12.74	$ 208,221	$12.74	$ 208,221
	Winter	28,669	$10.78	$ 309,048	$10.15	$ 290,986
Interruptible Industrial Service	Non-Interruptible					
	Summer	1,200	$13.00	$ 15,600	$13.00	$ 15,600
	Winter	2,400	$11.00	$ 26,400	$10.35	$ 24,840
	Interruptible	4,198	$6.90	$ 28,967	$6.90	$ 28,967
Sub-Trans & Trans Level Service	Demand Requirements	75,439	$6.40	$ 482,628	$6.40	$ 482,628
	Local Access Charge	75,439	$1.03	$ 77,703	$1.03	$ 77,703
Irrigation Service	per year	95	$3.33	$ 3,800	$3.00	$ 3,420
Local Access Charge	Demand Charge	374,418	$1.03	$ 385,650	$1.03	$ 353,881
		Total		$ 3,018,019		$ 2,873,019

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Exhibit JMS-2
Revenue Proof
page 4
Energy Revenue

Rate Class		Billing Determinants	Rate	Proposed Revenue	Rate	Staff Revenue
Residential Service						
General Use	Summer	16,631,651	0.104169739	$ 1,732,515	0.10241	$ 1,703,247
	Winter	22,350,629	0.096169739	$ 2,149,454	0.09455	$ 2,113,252
Space Heating	Summer	58,186	0.104169739	$ 6,061	0.10241	$ 5,959
	Winter					
	0-800 kWh	787,473	0.096169739	$ 75,731	0.09455	$ 74,456
	801-5800 kWh	622,150	0.07373	$ 45,871	0.0725	$ 45,106
	5801 kWh and above	7,958	0.096169739	$ 765	0.09456	$ 752
General Service Small	Summer	3,618,198	0.09299626	$ 336,479	0.0888	$ 321,296
	Winter	7,554,125	0.08499626	$ 642,072	0.08116	$ 613,093
General Service Large	Delivery Charge	48,588,008	0.075380802	$ 3,662,603	0.0731	$ 3,551,783
	Space Heating Service	81,424				
General Service Large -Primary Disc	Delivery Charge	4,732,309	0.073873186	$ 349,591	0.07164	$ 339,023
Industrial Service	Delivery Charge	8,921,341	0.060834342	$ 542,724	0.06027	$ 537,689
Industrial Service-Primary Discount	Delivery Charge	21,763,500	0.059617656	$ 1,297,489	0.0593	$ 1,290,576
Interruptible Industrial Service	Delivery Charge	1,458,674	0.056436923	$ 82,323	0.05603	$ 81,730
Sub-Trans & Trans Level Service	Energy Charge	52,710,039	0.010065222	$ 530,538	0.0099	$ 521,829
	Energy Cost Adjustment	52,710,039	$0.03941	$ 2,077,441	$0.03941	$ 2,077,441
	Delivery Charge	52,710,039	0.0017	$ 89,607	0.0017	$ 89,607
Water Pumping Service	Summer	226,252	0.107899289	$ 24,412	0.10265	$ 23,225
	Winter	476,230	0.099899289	$ 47,575	0.09504	$ 45,261
Irrigation Service	Summer	48,201	0.085955957	$ 4,143	0.08596	$ 4,143
	Winter	2,247	0.077955957	$ 175	0.07796	$ 175
Temporary Service	Delivery Charge	8,402	0.190174164	$ 1,598	0.18581	$ 1,561
				$ 13,699,168		$ 13,441,204

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Exhibit JMS-2
Revenue Proof
page 5
Lighting Revenue

Private Area / Street Lighting (09-PAL-SL-I)

			proposed and Staff Revenue
Private Area Light (Coop owned)			
On Existing Pole			
100 W P.A.L.	584 lights	8.18	$ 57,302
100 W P.A.L.-100% Customer	24 lights	3.18	$ 917
150 W P.A.L.	1 lights	12.98	$ 156
200 W P.A.L.	5 lights	4.50	$ 270
On New Pole (Wood)			
100 W P.A.L.	45 lights	13.54	$ 7,311
200 W P.A.L.	1 lights	16.25	$ 195
Flood Lights			
On Existing Pole			
150 W Flood	11 lights	15.34	$ 2,024
150 W Flood-100% Customer	1 lights	4.65	$ 56
400 W Flood	33 lights	28.29	$ 11,205
1000 W Flood M.H.	14 lights	42.22	$ 7,093
On New Pole (Wood)			
150 W Flood	2 lights	17.29	$ 415
150 W Flood-100% Customer	2 lights	4.79	$ 115
400 W Flood	4 lights	30.23	$ 1,451
400 W Flood-100% Customer	1 lights	10.69	$ 128
1000 W Flood M.H.	1 lights	56.92	$ 683

Private Area / Street Lighting (09-PAL-SL-I)

Street Lights			
On Existing Pole			
100 W P.A.L.	4 lights	9.06	$ 435
200 W P.A.L.	1 lights	13.20	$ 158
200 W P.A.L.-100% Customer	2 lights	5.52	$ 132
On New Pole (Wood)			
100 W P.A.L.	8 lights	13.54	$ 1,300
100 W P.A.L.-100% Customer	2 lights	3.53	$ 85
On New Pole (Steel)			
200 W Cobra Head-100% Customer	2 lights	6.46	$ 155
Vapor Street Lighting System			
175 W MV	152 lights	10.06	$ 18,348
400 W MV	23 lights	16.31	$ 4,502
100 W HPS	628 lights	9.06	$ 68,254
150 W HPS	5 lights	10.71	$ 643
200 W HPS	47 lights	13.20	$ 7,446
Controlled Private Area Lighting			
175 W MV	340 lights	9.18	$ 37,450
400 W MV	9 lights	17.75	$ 1,917
400 W MV-Flood	17 lights	19.32	$ 3,942
1000 W MV-Flood	2 lights	36.81	$ 883
100 W HPS	115 lights	8.30	$ 11,457
200 W HPS	2 lights	14.78	$ 355
150 W HPS	8 lights	15.61	$ 1,498
400 W HPS	36 lights	28.00	$ 12,098
	Total		$ 260,380

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Exhibit JMS-2
Revenue Proof
page 6
Other Revenue

General Service Small			
	Special Minimum Charges	$	52,376
General Service Large			
	Special Minimum Charges	$	51,888
Sub-Trans & Trans Level Service			
	Power Factor Adjustment	$	(43,914)
	OATT	$	177,250
	Total	$	237,600

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Exhibit JMS-3
Revenue by Charge Type
page 1

Revenue Summary by Type

	existing	proposed	inc/(dec) %	staff	inc/(dec) %
Customer Charges	$ 770,804	$ 882,859	14.5%	$ 832,981	8.1%
Demand Charges	$ 2,821,549	$ 3,018,019	7.0%	$ 2,873,019	3.0%
Energy Charges	$ 13,280,915	$ 13,699,168	3.1%	$ 13,441,204	1.0%
Lighting	$ 257,740	$ 260,380	1.0%	$ 260,380	1.0%
Other Charges	$ 237,600	$ 237,600	0.0%	$ 237,600	0.0%
Total Revenue	$ 17,368,610	$ 18,098,026	4.2%	$ 17,645,183	1.6%

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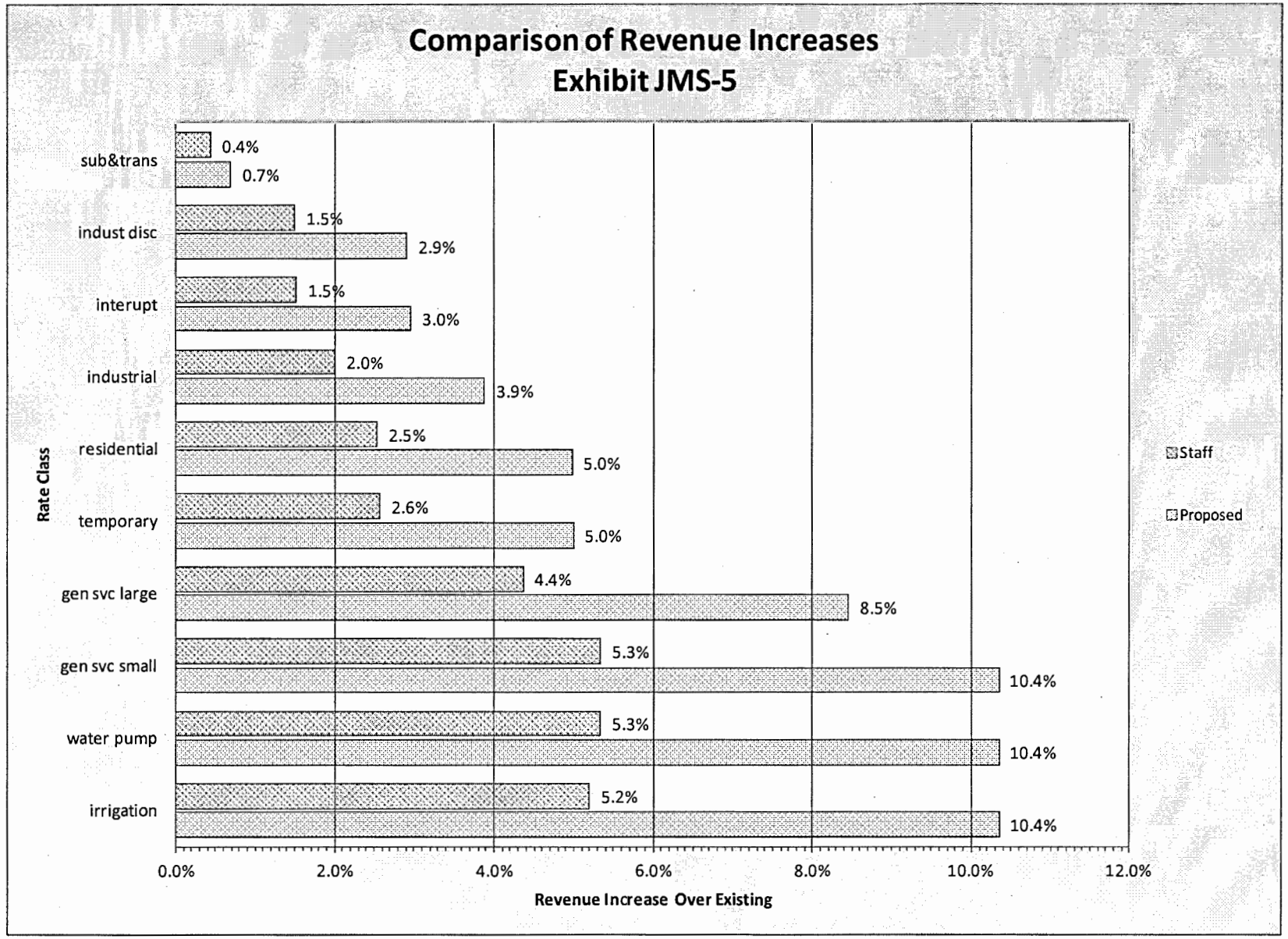
Exhibit JMS-4
Revenue by Customer Class
page 1

Revenue Summary by Class

	existing	proposed	inc/(dec) %	staff	inc/(dec) %
Residential Service	$ 4,294,126	$ 4,507,918	5.0%	$ 4,402,978	2.5%
General Service Small	$ 1,131,562	$ 1,248,704	10.4%	$ 1,191,977	5.3%
General Service Large	$ 5,001,301	$ 5,424,358	8.5%	$ 5,219,417	4.4%
Industrial Service	$ 783,699	$ 814,124	3.9%	$ 799,412	2.0%
Industrial Service-Primary Discount	$ 1,771,555	$ 1,823,040	2.9%	$ 1,798,066	1.5%
Interruptible Industrial Service	$ 150,063	$ 154,497	3.0%	$ 152,344	1.5%
Sub-Trans & Trans Level Service	$ 3,369,301	$ 3,392,594	0.7%	$ 3,383,886	0.4%
Water Pumping Service	$ 69,817	$ 77,045	10.4%	$ 73,543	5.3%
Irrigation Service	$ 7,356	$ 8,118	10.4%	$ 7,739	5.2%
Temporary Service	$ 1,522	$ 1,598	5.0%	$ 1,561	2.6%
Private Area / Street Lighting	$ 260,380	$ 260,380	0.0%	$ 260,380	0.0%
total retail	$ 16,840,682	$ 17,712,376	5.2%	$ 17,291,302	2.7%
Local Access Revenue	$ 527,929	$ 385,650	-27.0%	$ 353,881	-33.0%
total revenue	$ 17,368,611	$ 18,098,026	4.2%	$ 17,645,183	1.6%


Comparison of Revenue Increases
Exhibit JMS-5
Rate Class
sub&trans
indust disc
interupt
industrial
residential
temporary
gen svc large
gen svc small
water pump
irrigation
0.4%
0.7%
1.5%
2.9%
1.5%
3.0%
2.0%
3.9%
2.5%
5.0%
2.6%
5.0%
4.4%
8.5%
5.3%
10.4%
5.3%
10.4%
5.2%
10.4%
0.0%
2.0%
4.0%
6.0%
8.0%
10.0%
12.0%
Revenue Increase Over Existing
Staff
Proposed

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CERTIFICATE OF SERVICE

12-MKEE-491-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Direct Testimony was served by electronic service on this 14th day of May, 2012, to the following parties who have waived receipt of follow-up hard copies.

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