

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of
Consolidated Edison Company of New York, Inc.

Cases 16-E-0060 and 16-G-0061

October 2016

Reply Testimony of:

Staff Electric and Gas Rates Panel

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1 Q. Please state your names, employer, and business
2 address.

3 A. Mary Ann Sorrentino, Liliya A. Randt, and
4 Johanna B. Miller. We are employed by the New
5 York State Department of Public Service
6 (Department). Our business address is Three
7 Empire State Plaza, Albany, New York 12223-1350.

8 Q. Have you previously sponsored testimony in this
9 proceeding?

10 A. Yes. We offered initial testimonies, filed on
11 May 27, 2016; Ms. Sorrentino was a member of the
12 Staff Electric Policy Panel and the Staff Gas
13 Policy Panel, Ms. Randt was a member of the
14 Staff Electric Rates Panel (SERP), Staff
15 Depreciation Panel, and Staff Shared Services
16 and Municipal Infrastructure Support Panel and
17 Ms. Miller was a member of the Staff Gas Policy
18 Panel and Staff Gas Rates Panel (SGRP). The
19 initial direct testimony of the SERP and SGRP
20 each addressed the Company's embedded cost of
21 service (ECOS) studies, revenue allocation, rate
22 design, and price out of Staff's sales forecast
23 for electric and gas, respectively. We will be
24 testifying herein jointly as the Staff Electric

1 and Gas Rates Panel (SEGRP).

2 Q. What is the purpose of your joint reply
3 testimony?

4 A. The purpose of our reply testimony is to address
5 certain aspects of the testimony of the Utility
6 Intervention Unit (UIU) Electric and Gas Rate
7 Panels on the Joint Proposal (JP).
8 Specifically, we will discuss issues raised by
9 UIU related to Con Edison Company of New York
10 Inc.'s (Con Edison or the Company) ECOS studies
11 for electric and gas.

12 Q. Is the SEGRP sponsoring any exhibits?

13 A. Yes. The SEGRP is sponsoring Exhibit__(SEGRP-
14 1), which contains excerpts from the National
15 Association of Regulatory Utility Commissioners
16 (NARUC) Electric Utility Cost Allocation Manual
17 (Electric NARUC Manual). The SEGRP is also
18 sponsoring Exhibit__(SEGRP-2), which contains
19 excerpts from the NARUC Gas Distribution Rate
20 Design Manual (Gas NARUC Manual). The Panel can
21 provide full copies of these manuals to the
22 parties upon request.

23 Q. Please summarize the issues the Panel will
24 address from the UIU Electric and Gas Rate

1 Panels' testimonies on the JP.

2 A. We will address the following revenue
3 allocation/rate design issues raised by UIU in
4 opposition to the JP: classification of the
5 electric primary distribution system;
6 classification of the electric secondary
7 distribution system; the electric distribution
8 system demand allocator (D08); interpretation of
9 the Order Adopting a Ratemaking and Revenue
10 Model Policy Framework, issued May 20, 2016, in
11 Case 14-M-0101 (REV Track Two Order) with
12 respect to rate design principles; AMI cost
13 allocation; classification of Account 376 - Gas
14 Distribution Mains; gas revenue allocation; gas
15 rate design; and, non-firm gas rates.

16 **Primary Electric Distribution Facilities**

17 Q. Please explain how Primary Distribution
18 facilities were classified in the ECOS study
19 that was relied upon for revenue allocation
20 purposes in the JP.

21 A. Con Edison's 2013 ECOS study was relied upon for
22 revenue allocation purposes in the JP. In the
23 2013 Electric ECOS study filed in this case, Con
24 Edison allocated costs of the high tension

1 primary distribution system based on a customer
2 component and a demand component. The customer
3 component was based on the cost of the smallest
4 size cable of 2.4 kV for overhead and
5 underground systems.

6 Q. Please explain UIU's position with regards to
7 classification of the primary distribution
8 facilities.

9 A. On page 15 of the UIU Electric Rate Panel on the
10 Joint Proposal testimony, UIU argued that
11 "[p]rimary distribution costs should be
12 classified purely as demand related and should
13 be allocated on the basis of the peak loads that
14 they are designed to meet. Classifying any
15 portion of primary distribution as customer-
16 related is inappropriate because the number of
17 customers has no bearing on how the primary
18 distribution system is planned or constructed -
19 the primary system is designed to meet the
20 demand on it."

21 Q. Does the Panel agree that the number of
22 customers has no bearing on the cost of the
23 primary distribution system?

24 A. No. UIU's argument that the primary

1 distribution system should be allocated
2 exclusively on demand defies logic. The cost of
3 the primary distribution system is based on
4 length of electric wires and number of
5 transformers, which are a function of the number
6 of customers served on the system.

7 Q. What support can the Panel provide for the
8 classification of primary electric distribution
9 plant used in the ECOS study?

10 A. The Company's Electric ECOS study follows the
11 NARUC Electric Manual, included in
12 Exhibit__(SEGRP-1), which specifies, on page 89,
13 that "because there is no energy component of
14 distribution related costs, we need consider
15 only the demand and customer components." The
16 NARUC Electric Manual further specifies that the
17 typical classification of Primary Overhead and
18 Underground voltage levels has demand and
19 customer components.

20 Q. What support can the Panel provide with respect
21 to the use of a minimum system method to
22 determine the customer component of the primary
23 distribution system?

24 A. The NARUC Electric Manual specifically

1 identifies the minimum size of facilities method
2 as a way to determine the demand and customer
3 components of distribution facilities, including
4 primary distribution facilities. Therefore,
5 UIU's argument that the primary distribution
6 system should not have customer component should
7 be rejected.

8 **Secondary Distribution System**

9 Q. What size conductors are considered in the
10 minimum secondary distribution system included
11 the ECOS study relied upon in the JP?

12 A. Pursuant to the Memorandum of Understanding on
13 Embedded Cost of Service Study, filed March 17,
14 2006, agreed to and signed by the parties
15 thereto as a result of a collaborative initiated
16 in Case 04-E-0572 (as contained in
17 Exhibit__(UERP-JP-6), the minimum system
18 calculation uses the weighted average unit cost
19 of installed wire sizes from 1.0 American Wire
20 Gauge (AWG) to 10.0 AWG. The methodology
21 established in the MOU was approved by the
22 Commission in the 2007 rate order.

23 Q. Please explain UIU's position with regards to
24 the classification of the secondary distribution

1 facilities in the ECOS study underlying the JP.

2 A. UIU contends (on page 17 of the Electric Rate
3 Panel on the Joint Proposal) that the ECOS study
4 "is flawed because it applies a hypothetical
5 'minimum system' that consists of much larger
6 than minimum sized equipment."

7 Q. What modifications did UIU make to the minimum
8 system analysis with respect to conductors?

9 A. UIU used a minimum wire size of 1.0 AWG in its
10 calculation on the basis that it is the minimum
11 size distribution wire on Con Edison's system.

12 Q. Do you agree with the modification as proposed
13 by UIU?

14 A. No. Con Edison has very limited 1.0 AWG wire on
15 its system. In fact, 1.0 AWG wire comprises
16 less than 0.1% of the small gauge wire on the
17 Con Edison system. Therefore, it is
18 inappropriate to only use 1.0 AWG wire in the
19 minimum system calculation.

20 Q. What modifications does UIU recommend with
21 respect to classification of transformers on the
22 secondary distribution system?

23 A. On page 18 of the Electric Rate Panel on the
24 Joint Proposal testimony, UIU treated

1 transformers as entirely demand-related,
2 asserting that transformers are installed to
3 meet demand and therefore are not related to the
4 number of customers on the system.

5 Q. Does this Panel agree with UIU's assertion?

6 A. No. UIU's argument is flawed. The number of
7 transformers on an electric utility's system is
8 a function of the number of customers on that
9 system. For example, if there is only one
10 customer on a system with a large load, only one
11 transformer would be required to serve the
12 customer. However, if the same load is caused
13 by multiple customers, more than one transformer
14 would be required to serve the load. Therefore,
15 UIU's proposal to allocate transformers strictly
16 on demand should be rejected.

17 **Distribution System Demand Allocator (D08)**

18 Q. Please explain how the D08 allocator is used in
19 the ECOS study relied upon in the JP.

20 A. The D08 allocator is used to allocate the demand
21 portion of the distribution system costs to the
22 service classifications.

23 Q. How is the D08 allocator calculated?

24 A. In the 2013 Electric ECOS study, the D08

1 allocator is a weighted average of Non-
2 coincident Peak (NCP) and Individual Customer
3 Maximum Demand (ICMD). For SC 1, the NCP is
4 weighted 75% and the ICMD is weighted 25%; for
5 all other service classes, the weighting is 50%
6 NCP and 50% ICMD.

7 Q. Did UIU propose any modifications to the D08
8 allocator?

9 A. Yes. As described in the UIU Electric Rate
10 Panel, UIU recommends that the demand allocator
11 for the secondary distribution system reflect
12 only the NCP demand.

13 Q. Does the Panel agree with UIU's recommendation
14 to base the D08 allocator solely on NCP?

15 A. No. The Electric NARUC Manual (page 97) states
16 that "customer-class NCPs and ICMDs are the load
17 characteristics that are normally used to
18 allocate the demand component of distribution
19 facilities." The Manual also states, "The
20 facilities nearer the customer, such as
21 secondary feeders and line transformers, have
22 much lower load diversity. They are normally
23 allocated according to the individual customer's
24 maximum demands."

1 Q. Historically, has the D08 allocator been
2 calculated using both the NCP and ICMD?

3 A. Yes. A split of 75% NCP and 25% ICMD for SC 1
4 and 50% NCP and 50% ICMD for all other classes
5 in the D08 allocator was used in several Con
6 Edison ECOS studies that were approved by the
7 Commission in past rate orders. As a result of
8 the 09-E-0428 rate case, Con Edison conducted a
9 load diversity study in 13-E-0030 rate case to
10 address the issue of cost-of-service allocation
11 of low tension costs, specifically the
12 allocation used for individually metered
13 residential customers. The load diversity study
14 confirmed that the current split of 75% NCP and
15 25% ICMD in the D08 allocator for the
16 residential class is reasonable. UIU has not
17 presented the results of any studies that
18 contradict the results of Con Edison's study.
19 Therefore, no change in existing allocation
20 methodology is warranted or recommended.

21 **REV Track Two Order**

22 Q. Please summarize UIU's interpretation of the REV
23 Track Two Order related to the classification of
24 distribution plant in this proceeding.

1 A. In its testimony, on page 31, the UIU Electric
2 Rate Panel on the Joint Proposal stated that
3 "the Commission's position on rate design as
4 expressed in the REV Ratemaking Order appears to
5 support UIU's position that much of the
6 distribution plant that Con Edison classifies as
7 customer-related should be considered demand
8 related, because it varies with usage."

9 Q. Do you agree with UIU's interpretation of the
10 REV Track Two Order?

11 A. We do not. In Appendix A of the REV Track Two
12 Order, the Commission stated, "Fixed charges
13 should only be used to recover costs that do not
14 vary with demand or energy usage." The ECOS
15 study acknowledges that much of Con Edison's
16 distribution system costs vary with demand;
17 however, the minimum system method identified a
18 portion of primary and secondary distribution
19 system costs that do not vary with demand or
20 usage. Those costs, instead, are attributable
21 to the number of customers, and, therefore, are
22 properly classified as customer-related costs in
23 the ECOS study.

24 Q. What other support does UIU offer to support its

1 position?

2 A. UIU's statement that "[i]nvestment in poles,
3 conduit, and transformers is basically invariant
4 with regard to the number of customer, but is
5 variant with regard to the demand of those
6 customers" is flawed and directly contradicts
7 the NARUC Electric Manual which states,
8 "Distribution plant Accounts 364 through 370
9 involve demand and customer costs. . . [T]he
10 number of poles, conductors, transformers,
11 services, and meters are directly related to the
12 number of customers on the utility system." For
13 example, the infrastructure costs (distribution
14 lines and transformers) to serve ten individual
15 customers on a street, with 1 kW of load each,
16 will be different than one customer with 10 kW
17 of load because ten 1 kW customers require
18 several poles, longer distribution lines and
19 more transformers depending on the locations of
20 the customers.

21 **AMI Cost Allocation**

22 Q. How have AMI costs been allocated in the JP?

23 A. To determine business specific revenue
24 requirements, AMI costs were allocated between

1 the Company's electric and gas businesses. The
2 allocated costs are included in the models used
3 to determine the respective revenue
4 requirements. The capital costs of meters and
5 auxiliary components were directly assigned to
6 each business unit. The AMI backbone and other
7 common capital costs were allocated 83% to
8 electric and 17% to gas. This split reflects
9 Con Edison's current common plant allocation
10 factors.

11 Q. Once allocated to the business units, how were
12 the AMI costs allocated to service
13 classifications in the JP?

14 A. The costs were not allocated to service
15 classifications in the ECOS studies since there
16 were no AMI costs incurred during the time
17 period of the ECOS studies. The revenue
18 requirements associated with AMI in the Rate
19 Years are allocated to the service
20 classifications proportionally pursuant to the
21 results of the ECOS studies.

22 Q. Please explain UIU's proposal regarding the
23 allocation of AMI related costs.

24 A. As described on page 38 of the testimony of the

1 UIU Electric Rate Panel on the JP, UIU
2 recommends that AMI costs be allocated using a
3 "value of service" approach, and that the value
4 of service is equivalent to the benefits
5 provided by the AMI system. This proposal is
6 also discussed in the testimony of the UIU Gas
7 Rate Panel on the JP.

8 Q. Please explain why UIU proposes to allocate AMI
9 costs based on expected benefits?

10 A. UIU rationalizes allocating AMI costs based on
11 benefits by claiming that the "Company's entire
12 justification for installing AMI is not that the
13 system is necessary . . . but rather that it
14 would yield net benefits." UIU also claims, "In
15 the case of AMI, whose costs are justified and
16 caused entirely on the basis of the benefits
17 they are expected to yield, costs should be
18 allocated to customers on the basis of the
19 portion of benefits."

20 Q. How does UIU recommend AMI costs be allocated in
21 these proceedings?

22 A. In the current proceedings, UIU proposes that
23 the revenue requirement associated with AMI be
24 allocated to the service classifications based

1 on energy. On page 38 of the UIU Electric Rate
2 Panel on the JP, UIU stated that its proposed
3 "value of service" principle can be closely
4 approximated by energy usage.

5 Q. Does allocating metering costs on energy follow
6 this cost causation principle?

7 A. No. The cost of a meter is customer-specific
8 and should be allocated to the customer based on
9 cost causation. Of the \$1.285 billion of
10 forecasted capital expenditures, approximately
11 \$747 million is related to meters. These costs
12 are properly allocated directly to the electric
13 and gas businesses. The allocation of meter
14 costs to service classes should follow the same
15 principle.

16 Q. Does this Panel agree with the UIU
17 recommendation to allocate AMI costs based on
18 benefits and to use energy as a proxy for
19 benefits in these proceedings?

20 A. Since larger customer already have hourly
21 meters, the benefits such as reduced bills
22 resulting from more detailed understanding of
23 usage, reduced distribution losses, and lower
24 meter reading costs, would inure primarily to

1 smaller customers. It would be inappropriate to
2 allocate all AMI costs exclusively to smaller
3 customers who are benefitting the most from AMI.

4 Q. Does the UIU proposal to allocate AMI costs
5 based on benefits (or energy) comport with the
6 Commission's Track Two Order?

7 A. No. In the Track Two Order, the Commission
8 adopted Rate Design Principles as included in
9 Appendix A to the Order. The first principles
10 states that "rates should reflect cost
11 causation" which is in contrast to the
12 beneficiaries pay approach to cost allocation
13 proposed by UIU.

14 Q. Is it appropriate to allocate one cost element
15 of the revenue requirement differently than the
16 other cost elements, as proposed by UIU?

17 A. We do not believe so. There are numerous
18 projects and programs that provide benefits to a
19 specific group of customers, which are allocated
20 to all customers. For example, the low income
21 program provides benefits to residential
22 customers only, but the cost of the program is
23 recovered from all Con Edison customers.
24 Moreover, AMI will provide other system-wide

1 benefits such as voltage control, outage
2 detection and situational awareness which are
3 not dependent on individual volumetric
4 consumption.

5 Q. Does this Panel agree with the recommendation to
6 allocate any portion of AMI costs based on
7 benefits?

8 A. Not at this time. The benefits of AMI will
9 change over time, as the benefits are dependent
10 upon costs that are not constant (such as labor
11 costs, energy costs, and capital costs). If AMI
12 costs were to be allocated based on benefits, it
13 would be essential to perform a benefit cost
14 analysis study each time the costs are
15 allocated. Additionally, the benefits may be
16 subject to debate and could result in a
17 potential controversy among parties.

18 **Account 376 - Gas Distribution Mains**

19 Q. How was Account 376 - Distribution Mains
20 classified in the Gas ECOS study relied upon in
21 the JP?

22 A. Distribution mains were classified as 54%
23 demand-related and 46% customer-related. The
24 remaining balance of distribution main costs was

1 classified as demand.

2 Q. How was the customer component of Account 376
3 determined?

4 A. The customer component was determined using a
5 minimum system approach. The minimum system
6 analysis used the installed costs of 2.00 inch
7 steel main and 1.25 inch plastic main to
8 determine the customer component because these
9 are the predominant pipe sizes on the Company's
10 distribution system for steel and plastic mains,
11 respectively.

12 Q. Please summarize UIU's proposal with respect to
13 the allocation of Account 376 - Distribution
14 Mains.

15 A. UIU proposes to allocate Account 376 -
16 Distribution Mains solely on demand. On page 81
17 of the UIU Electric Rate Panel on the JP
18 testimony, UIU states that no portion of the
19 cost of distribution mains should be treated as
20 customer-related or recovered through customer
21 charges. UIU provides two ECOS studies, one
22 that allocated mains on the 1 hour non-
23 coincident peak, and another that allocated
24 mains on design day peak demand.

1 Q. Do you agree with UIU's proposal to classify
2 distribution gas main costs as entirely demand-
3 related?

4 A. No, we do not agree that distribution main costs
5 should be classified as entirely demand-related.
6 We agree with the methodology proposed by Con
7 Edison and adopted by the JP, which classifies a
8 portion of distribution gas main costs as
9 customer-related. The JP methodology is
10 recognized as an acceptable approach by the
11 NARUC Gas Manual, which states, "Customer costs
12 are those operating capital costs found to vary
13 directly with the number of customers served
14 rather than with the amount of utility service
15 supplied." Therefore, "[a] portion of the costs
16 associated with the distribution system may be
17 included as customer costs." The NARUC Gas
18 Manual recognizes the "zero or minimum size main
19 theory" for classification of distribution-
20 related accounts. The theory assumes that there
21 is a zero or minimum size main necessary to
22 connect the customer to the system. Using the
23 minimum size main methodology, distribution
24 mains are priced out at the historic unit cost

1 of the smallest main installed on the system,
2 and assigned as customer costs, while the
3 remaining book cost of distribution mains is
4 assigned as a demand cost.

5 Q. Did UIU provide additional views on the minimum
6 system study relied upon in the JP?

7 A. UIU claimed that the results of the minimum
8 system analysis are unreliable. UIU argued
9 that, had the minimum system analysis used the
10 installed costs of 1.50 inch steel mains and
11 2.00 inch plastic mains, rather than 2.00 inch
12 steel mains and 1.25 inch plastic mains, the
13 customer-related component would have been 18%
14 rather than the 46% customer-related component
15 resulting from the Gas ECOS study relied upon in
16 the JP.

17 Q. Do you have concerns about the main sizes that
18 UIU used to develop the 18% customer component?

19 A. Yes. UIU simply used the diameter of main with
20 the least cost per linear foot rather than the
21 predominant main size used throughout Con
22 Edison's distribution system. There is very
23 little 1.5 inch steel main on Con Edison's gas
24 system; in fact, the 1.5 inch steel distribution

1 main installed on Con Edison's system
2 constitutes less than 0.5% of the nearly 1.2
3 million linear feet of steel distribution main
4 with a diameter of 2.0 inches or less.
5 Additionally, Con Edison no longer installs 1.5
6 inch steel distribution mains on its system. As
7 such, the minimum system would not be comprised
8 of such pipe.

9 **Gas Revenue Allocation**

10 Q. Please explain UIU's proposed gas revenue
11 allocation methodology.
12 A. Based on the UIU Gas Rate Panel testimony filed
13 in opposition to the JP, it appears that UIU is
14 advocating for an "across the board" approach to
15 revenue allocation. UIU recommends against
16 strict use of a highly mechanical approach to
17 applying the results of the Gas ECOS study. UIU
18 claims, among other things, that strict use of
19 the ECOS study does not consider potential
20 hardships imposed on particular classes.
21 However, the workpapers supporting its proposed
22 revenue allocation show that UIU used the
23 results of its gas ECOS studies to allocate the
24 gas revenue increase to the service

1 classifications.

2 Q. Do you agree with UIU's proposed revenue
3 allocation?

4 A. We do not see a need to use an "across the
5 board" approach to allocate the revenue increase
6 to the service classifications in this case.
7 The allocation methodology used in the JP
8 mitigates large bill impacts by applying one-
9 third of the ECOS surpluses and deficiencies in
10 each Rate Year. This gradual approach will
11 bring those service classifications with a
12 surplus or deficiency to a level within the
13 tolerance band over the term of the Rate Plan,
14 thereby avoiding ongoing deficiencies or
15 surpluses.

16 **Gas Rate Design**

17 Q. In the JP, what service classification has an
18 increase to the monthly minimum charge?

19 A. The JP contains an increase to the SC 1 minimum
20 charge. In the JP, the minimum charge for SC 1
21 will increase from \$18.60 to \$19.75, which is
22 well below the Gas ECOS study customer cost
23 indication of \$24.00. According to the Gas ECOS
24 study used to allocate the revenue requirement

1 increase in this case, the SC 1 class is \$14.9
2 million deficient.

3 Q. Does the Panel agree with UIU's recommendation
4 not to increase minimum charges for any service
5 classifications?

6 A. No, we do not believe it is reasonable to hold
7 the minimum charges constant for every service
8 classification. Customer bill impacts must be
9 considered when designing rates for each service
10 class.

11 Q. Why does the JP propose a minimum charge
12 increase to SC 1?

13 A. Because the average usage of SC 1 customers is
14 so low, on average 6 therms per month, the
15 majority of SC 1 delivery revenue is derived
16 from the minimum charge. Applying the revenue
17 increase solely to the volumetric charge, as
18 proposed by UIU, would result in large bill
19 impacts for customers that use more than six
20 therms per month.

21 Q. Please explain the modifications UIU recommends
22 with respect to rate design.

23 A. As explained on page 82 of the UIU Gas Rate
24 Panel on the JP, UIU believes that the rate

1 design in the JP can be improved by lowering the
2 minimum charges and increasing the tail block
3 rates to incentivize customers to conserve
4 energy.

5 Q. Does this Panel agree with UIU's recommendation?

6 A. No. We do not agree with UIU's proposal to
7 increase block rates and decrease minimum
8 charges. The minimum charges included in the JP
9 are below the customer-related costs indicated
10 in the ECOS study. Minimum charges should not
11 be decreased because this will result in further
12 deviation from the ECOS results. While we
13 acknowledge increasing tail block rates may, in
14 theory, incentivize customers to conserve
15 energy, a minor increase in tail block rates
16 will likely have little impact on incentivizing
17 efficiency and conservation because the tail
18 block rate is only a small component of the
19 total customer bill.

20 **Non-Firm Gas Rates**

21 Q. Please summarize UIU's position with respect to
22 non-firm gas rates.

23 A. On page 91 of the UIU Gas Rate Panel on the JP,
24 UIU recommends that the Commission consider

1 increasing non-firm rates beyond the levels
2 included in the JP. UIU argues that these rates
3 have not "kept pace with recent changes in the
4 value of service being provided."

5 Q. What basis does UIU provide for its
6 recommendation that SC 12 Rate 2 rates be
7 increased?

8 A. On page 85 of the UIU Gas Rate Panel on the JP
9 testimony, UIU asserts that firm customers are
10 not receiving the maximum non-firm revenue
11 margin possible, claiming that the interruptible
12 rates in the JP are lower than "rates that would
13 maximize non-firm revenue margins for the
14 benefit of firm customers. In other words, there
15 is room to increase these rates without risking
16 the loss of contribution from these customers
17 due to bypass." However, UIU has not provided
18 any analysis supporting its claim.

19 Q. Does the JP contain any provisions that will aid
20 in determining appropriate interruptible rates
21 in the future?

22 A. The JP establishes an Interruptible Gas
23 Collaborative that will examine both the cost
24 and value of interruptible service. It is

1 expected that the report from this collaborative
2 will provide information that will be useful in
3 setting appropriate interruptible rates in the
4 future.

5 Q. Does the Panel agree with UIU's claim that SC 12
6 Rate 2 customers are receiving "inordinately
7 favorable treatment" under the terms of the JP?

8 A. No, UIU fails to acknowledge that, under the
9 terms of the JP, these customers will receive a
10 delivery service increase of 3.1% in Rate Year 2
11 and 6.1% in Rate Year 3, and that these rates
12 will be under review in the Interruptible Gas
13 Collaborative.

14 Q. Does this conclude your reply testimony at this
15 time?

16 A. Yes.