BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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In the Matter of

Niagara Mohawk Power Corporation d/b/a National Grid

Cases 24-E-0322 & 24-G-0323

September 26, 2024

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Prepared Testimony of:

Staff Electric Rates Panel (SERP)

Brian Grode
Utility Engineering Specialist 2

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Utility Engineering Specialist 3

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State of New York
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

Q. Members of the Staff Electric Rates Panel, referred to as the SERP, please state your names, employer, and business address.

A. Our names are Brian Grode and Andrew Timbrook. We are employed by the New York State Department of Public Service, referred to as the Department. Our business address is Three Empire State Plaza, Albany, New York 12223-1350.

Q. Mr. Grode, is your position in the Department, educational background, professional experience and a list of previous testimony provided in another panel's testimony?

A. Yes, this information is stated in the Staff Gas Rates Panel, referred to as the SGRP.

Q. Mr. Timbrook, is your position in the Department, educational background, professional experience and a list of previous testimony provided in another panel's testimony?

A. Yes, my educational background and professional experience can be found in the Staff Net Plant and Gas Infrastructure and Operations Panel, referred to as the SNPGIOP.

**Summary of Testimony**

Q. How will the Panel refer to Niagara Mohawk Power

Corporation d/b/a National Grid in your testimony?

A. We will refer to Niagara Mohawk Power Corporation d/b/a National Grid as NMPC, or the Company.

Q. What is the purpose of the Panel's testimony in these proceedings?

A. We are responding to NMPC's proposals to: (1) the Rate Year electric revenue forecast; (2) the electric embedded cost of service study, including the minimum system study; (3) electric revenue allocation; (4) electric rate design and bill impacts; and (5) tariff modifications for its electric business.

Q. Did the Panel review the Company's proposals included in its Electric Rate Design Panel testimony?

A. Yes, we reviewed the Company's initial Electric Rate Design Panel testimony filed on May 28, 2024 and subsequent Corrections and Updates Testimony of the Electric Rate Design Panel filed on July 22, 2024.

Q. In your testimony, will you refer to, or otherwise rely upon, any information obtained

during the discovery phase of this proceeding?

A. Yes. We will refer to, and have relied upon, several responses provided by the Company to Information Requests, or IRs. These responses are contained within Exhibit__(SERP-1). We will refer to these responses by the designation given to them during discovery, e.g., DPS-123.

Q. How many exhibits are you offering in connection with your testimony?

A. We are sponsoring fourteen exhibits.

Q. Would you briefly describe each exhibit?

A. Exhibit__(SERP-1) contains the Company's responses to IRs we have relied upon. Exhibit__(SERP-2) contains the Panel's price out of forecasted sales and customers at current rates. Exhibit__(SERP-3) is a summary of our revenue allocation. Exhibit__(SERP-4) is our calculation of New York Power Authority Credits and Energy Efficiency Program Costs Adders. Exhibit__(SERP-5) contains our rate design and summary of proposed rates. Exhibit__(SERP-6) contains our SC1 Voluntary Time of Use rate design. Exhibit__(SERP-7) contains our proposed Standby and Buyback Rates. Exhibit__(SERP-8)

contains our proposed Electric Vehicle Smart Charging rates. Exhibit__(SERP-9) contains our proposed bill impacts based on our proposed revenue allocation and rate design. Exhibit__(SERP-10) contains our Revenue Decoupling Mechanism targets. Exhibit__(SERP-11) contains our streetlighting rate design. Exhibit__(SERP-12) contains our calculation of outage credits. Exhibit__(SERP-13) contains our incremental customer charges for voluntary time of use rates. Finally, Exhibit__(SERP-14) contains our incremental customer charges for hourly pricing rates.

Q. What is the Historical Test Year in this proceeding?

A. The Historical Test Year, or HTY is the twelve months ending December 31, 2023.

Q. What time period does the Company Rate Year entail?

A. The Company’s Rate Year, or RY, is from April 1, 2025 thru March 31, 2026. The Company also provided three additional years it refers to as Data Years, or DY, with DY1 being the twelve months ending March 31, 2027, DY2 being the

twelve months ending March 31, 2028, and DY3 being the twelve months ending March 31, 2029.

**Revenue Forecast**

Q. What revenue forecasts did the Panel review?

A. The Panel reviewed base delivery revenues and other revenues including, but not limited to, late payment charges, merchant function charges, or MFC, and commodity revenues. Our price out of revenues at current rates is found in Exhibit__(SERP-2).

Q. Summarize the Panel's adjustments to the Company's delivery revenues.

A. Our adjustments to the Company's delivery revenues reflect the price out of the Staff Forecasting Panel's, or SFP, recommended sales and customer forecasts for each Service Classification, or SC.Q. Please describe the SCs included in the Company's P.S.C. No. 220 – Electric and P.S.C. No. 214 - Electric.

A. Served under its electric tariff P.S.C. No. 220 - Electricity, referred to as the Electric Tariff, the Company has SC No. 1 Residential and Farm Service, or SC1, SC No. 1-C Residential and Farm Service – Optional Large Time of Use Rate,

or SC1C, SC No. 2 Small General Service, or SC2, SC No. 3 Large General Service, or SC3, SC No. 3-A Large General Service, Time of Use Rate, or SC3A, SC No. 4 Untransformed Service to Customers Taking Replacement and/or Expansion Power from Niagara Project of the Power Authority of the State of New York, or SC4, SC No. 6 Purchase of Electric Energy and Capacity from customers with Qualifying On-Site Generation Facilities, or SC6, SC No. 7 Standby Service and Optional Rate Service, or SC7, and SC No. 12 Special Contract Rates, or SC12. Served under its outdoor lighting tariff P.S.C. No. 214, referred to as the Lighting Tariff, the Company has well as SC No. 1 Private Lighting, or SC1 Light, SC No. 2 Street Lighting, or SC2 Light, SC No. 3 Street Lighting, or SC3 Light, SC No. 4 Traffic Controls, or SC4 Light, SC No. 5 Street Lighting, or SC5 Light and SC No. 6 Street Lighting, or SC6 Light. We will sometimes refer to SC1 Light, SC2 Light, SC3 Light, SC4 Light, SC5 Light, and SC6 Light collectively as the Streetlighting SCs in our testimony. The Company has multiple sub service

classes, where SC2 is separated into SC2 Non Demand, or SC2ND, and SC2 Demand, or SC2D, SC3 and SC3A are both divided into their respective Primary, Secondary, Sub Transmission and Transmission, or SC3 Pri, SC3 Sec, SC3 Sub, SC3 Tran, SC3A Pri, SC3A Sec, SC3A Sub, SC3A Tran, and SC3A Pri. SC7, SC12, and SC4 also all have sub classifications that we will refer to as SC7-X, SC12-Y, SC4-Z, for example SC7-SC2D will refer to customers whose otherwise applicable SC is SC2D but take service under SC7.

Q. Did the SFP panel provide forecasted usage and customer counts for all of the company's electric SCs?

A. The Panel was provided a usage and customer count forecast for all SCs except for the Streetlighting SCs, which the testimony of the SFP does not contest. In addition, the SFP also provided a forecast of full-service usage for the RY.

Q. Please summarize the sales forecast recommended by the SFP as it related to this Panel's delivery revenues price out.

A. The total forecasted volumes for the Rate Year

is 34,236 Gigawatt hours, or GWh, which is 125 GWh higher than the Company's forecast. The SFP also provided a full service forecast of 17,615 GWh, which is 73 GWh higher than the Company's forecasted full service GWh usage.

Q. Summarize the customer bills forecast as recommended by the SFP.

A. The total forecasted customers for the Rate Year is 20,714,900 which is 11,603 customers higher than the Company. Exhibit__(SFP-2) of the SFP contains the forecasted usage and customer bills we are using throughout our testimony, excluding the Streetlighting SCs as the SFP did not contest those forecasts.

Q. Describe how the Company developed its forecast of base electric delivery revenue at current rates in the Rate Year.

A. The forecast revenues shown in Exhibit__(E-RDP-2CU) were calculated by applying the currently effective electric rates, as approved by the Commission in its Order Adopting Terms of Joint Proposal, Establishing Rate Plans and Reporting Requirements, issued January 20, 2022 in Cases 20-E-0380 and 20-G-0381;, which we will refer to

as the 2022 Rate Order, to the forecasted billing determinants derived from the electric sales forecast provided in the direct testimony of the Company's Electric Load Forecast Panel, with a separate forecast developed for the Streetlighting SCs. The outdoor lighting forecast was priced out based on the current facility quantities in the billing system as of December 31, 2023, with some adjustments for asset sale transactions as well as light-emitting diode, or LED, conversions. These forecasts were later updated in the Company's Corrections and Updates filing.

Q. How did the Company develop its forecasted billing determinants for the non-Streetlighting SCs.

A. As stated on page 15 of the initial testimony of the Company's Electric Rate Design Panel, the kWh billing determinants by voltage delivery level, or VDL, for the RY were developed by applying historical percentages for the twelve months ended September 2023 to forecasted sales. The kW billing determinants were developed by applying a historical load factor ratio to the

forecast kWh. The historical load factor ratio is based on the twelve months ended September 2023 and is equal to historical demand divided by historical kWh. The reactive kVA, or RkVA, forecast was based on a historical ratio for each VDL.

Q. Did the Panel use the same methodology as the Company to forecast billing determinants for the non-Streetlighting SCs?

A. Yes. The Panel forecasted kW and RkVA using the same ratios as the Company, multiplied by the forecast provided by the SFP.

Q. How did the Company forecast revenues associated with the Empire Zone Rider and Excelsior Jobs Program?

A. As the Empire Zone Rider, or EZR, program has been fully closed to customers as of March 2023 and the remaining customer's contract has expired, the Company did not forecast revenues associated with the EZR. The Company forecasted revenue associated with the Excelsior Jobs Program, or EJP, at the otherwise applicable standard tariff rates and included that revenue with the otherwise applicable parent SC

revenues.

Q. Does the Panel accept the Company's forecasted EJP revenues?

A. Yes. In our revenue price out shown in Exhibit__(SERP-2), the Panel uses $0.959 million as our Rate Year EJP discounts, consistent with Table 1 on Page 17 of the initial testimony of the Company's Electric Rate Design Panel. This is an adjustment from the Company's Exhibit__(E-RDP-2CU) where the Company inadvertently used the fiscal year, or FY, 2025 discount level instead of the FY 2026 discount level shown in Table 1 on Page 17 of the initial testimony of the Company's Electric Rate Design Panel. The Company acknowledged this error in the response to DPS-990, included in Exhibit__(SERP-1).

Q. Did the Panel forecast revenues for SC12 using the same methodology as the Company?

A. Yes. The Panel forecasted SC12 revenue using the same methodology as described beginning on page 17 of the initial testimony of the Company's Electric Rate Design Panel.

Q. How did the Company forecast revenues for SC7?

A. As stated on page 18 of the initial testimony of

the Company's Electric Rate Design Panel, under SC7 the Company provides standby service to customers with onsite generation facilities. The Company calculates its SC7 revenue forecast at the otherwise applicable standard rates and includes that revenue with the otherwise applicable parent SC revenue, as shown in Exhibit__(E-RDP-2CU). As stated on page 19 of the initial testimony of the Electric Rate Design Panel, customers under SC3 or SC3A that are served under SC7's Special Provision F pay a reduced customer charge. This discount was based on the HTY discounts and is shown in Exhibit__(E-RDP-2CU) Schedule 1, Line 30. In the Corrections and Updates testimony of the Electric Rate Design Panel on page 8, the Company explains that the annual discounts were initially presented as a positive amount in Exhibit__(E-RDP-2) and should have been a credit, requiring the updated schedule in Exhibit__(E-RDP-2CU).

Q. Is the Panel adopting the SC7 Discount of $106,655?

A. Yes. The $106,655 discount was based on

historical values, so we are adopting the corrected value as described in the Company's Corrections and Updates filing and shown in Exhibit__(E-RDP-2CU) Schedule 1, Line 30.

Q. How did the Company forecast RY commodity revenues?

A. Beginning on page 19 of the initial testimony of the Company's Electric Rate Design Panel the Company explains that its overall RY commodity revenue forecast consists of several elements. First, the Company's forecast was based on the Intercontinental Exchange, or ICE, and New York Mercantile Exchange, or NYMEX, forward curve market prices. Commodity revenues include electric supply costs, which are calculated using forecast monthly zone weighted average commodity rates multiplied by the forecast kWh commodity sales for each SC. Second, commodity revenues include Legacy Transition Charge, or LTC, costs, which are based on the net market value associated with legacy purchase power contracts entered into prior to June 1, 2001. Third, commodity revenues include the New Hedge Adjustment, or NHA, which is the net market

value associated with purchase power contracts or financial hedges entered into after June 1, 2001. Fourth, commodity revenues include net market value associated with the NYPA Rural and Domestic Power. Additionally, the Company's forecasted commodity rates used the proposed updated Loss Factors from the Company's 2023 NMPC Line Loss Study Report found in Exhibit__(E-RDP-12).

Q. Did the Panel make any changes to the methodology used to calculate RY commodity revenues?

A. No, the Panel does not recommend changes to the methodology for calculating RY commodity revenues. We multiplied the RY forecasted kWh provided by the SFP by the commodity rates used by the Company to develop our RY commodity revenues.

Q. How did the Company forecast the remaining components of the revenue forecast?

A. As stated on page 21 of the initial testimony of the Company's Electric Rate Design Panel, the additional revenue components are separate surcharges that are applicable to specific SCs

and are based on the current surcharge rates applied to the RY sales forecast for each SC, though with a few exceptions. The MFC revenue, which will be discussed in detail later, is designed to recover electric supply related costs and developed by applying the current MFC Uncollectible Expense and Working Capital percentages to the forecast full-service supply charges, and the Supply Procurement and Credit and Collections charges to the full-service kWh. The System Benefit Charge, or SBC, recovers the cost of the New York State Energy Research and Development Authority, or NYSERDA, Clean Energy Fund budgeted to the Company. The Dynamic Load Management, or DLM, and Value of Distributed Energy Resource Value Stack, or VDER, forecast is based on reconciled HTY revenue. The Company also calculated forecasted ESCO commodity revenues by taking the total Company forecasted kWh usage by SC and subtracting the full-service kWh, then multiplying by the applicable forecasted dollar per kWh supply charge for that SC each month.

Q. Did the Panel make any changes to the

methodologies for calculating the revenues described previously?

A. No. To the extent that any of the forecasted revenues described previously are dependent on a kWh forecast, the Panel adjusted those revenues for the forecast provided by the SFP. Otherwise we used a consistent methodology to the Company's to develop our RY amounts. While we did not change any methodologies to calculate these revenues, in the response to DPS-1004, as shown in Exhibit__(SERP-1), the Company updated revenues associated with the Village of Clayton Underground Revenue based on a Moody's Inflation Forecast. This results in updated revenues of $265,642 compared to the Exhibit__(E-RDP-2CU) value of $360,000. Our Panel uses the updated $265,642 as our revenues associated with the Village of Clayton Underground Revenues, as shown in Exhibit__(SERP-2) Line 26.

Q. Did the Panel provide any additional corrections to its revenues in responses to IRs?

A. Yes. In the response to DPS-776, as shown in Exhibit__(SERP-1), the Company corrected the GRT for multiple SCs, noting that this correction

will not impact the proposed revenue requirement as the GRT expenses match the GRT revenues. Additionally, in the response to DPS-778, as shown in Exhibit__(SERP-1), the Company corrected revenues associated with NYPA projects.

**Embedded Cost of Service Study**

Q. Please briefly describe the purpose of an Embedded Cost of Service, or ECOS, study?

A. The purpose of an ECOS study is to assign costs to different SCs based on how customers within those classes cause costs to be incurred. The results of an ECOS study are used as a guide in allocating revenue responsibility between the different classes of customers.

Q. What information does an ECOS study provide?

A. The results of the ECOS study are expressed as a total system rate of return, as well as class-specific rates of return. The results of an ECOS study provide a summary of the individual class rate of return which, in turn, shows the level at which each class contributes to the total system rate of return. The rate of return for a class is an effective way to measure how

well the class revenues align to the Company's costs to provide service to that particular customer class. An ECOS study has three major steps: functionalization, classification, and allocation.

Q. Please explain the three major steps.

A. Functionalization is the process of assigning the Company's rate base and expense items to specific utility operating functions. The operating functions are: transmission, primary distribution, secondary distribution, billing, regulatory, competitive supply, competitive collections and competitive billing. Classification is used to further define the functionalized rate base and expense items into demand, energy, and customer components. The final step – allocation - assigns the components to customer classes reflective of the cost that the class imposes on the utility.

Q. Did the Company submit an ECOS study in this rate proceeding?

A. Yes. The Company submitted a "pro forma" ECOS study as Exhibit__(E-RDP-3CU), referred to as the 2024 ECOS study. A "pro-forma" ECOS study

is one where the study inputs, e.g., revenues, system loads, expenses, and rate base, are forecasted for the upcoming Rate Year. In addition, the Company provided a historical ECOS study for illustrative purposes only. The historical ECOS study reflects the allocation of rate base, costs, and revenue in the Historical Test Year. The Company notes that these amounts are not weather normalized and include non-recurring items from the Historical Test Year.

Q. Please describe the 2024 ECOS study that NMPC presented in its rate filings.

A. The 2024 ECOS Study shows the projected rates of return, at current rates, for the rate classes served by the Company as well as each class's relative rate of return for the Rate Year. A class's relative rate of return is the class's rate of return divided by the system rate of return. It also shows the change in base transmission and distribution delivery revenue required for each class to produce a system average return of 7.12 percent.

Q. Please list the SCs considered in the Company's 2024 ECOS Study.

A. According to Exhibit__(E-RDP-3CU), Schedule 1, the Company includes SC1, SC1C, SC2ND, SC2D, SC3 Sec, SC3 Pri, SC3 Tran, SC3A Sec, SC3A Sub, SC3A Tran, and the Streetlighting SCs rolled into one Lighting category.

**Minimum System Study**

Q. Please describe the methodology the Company used to allocate the portions of Overhead Assets and Underground Assets that are classified as customer related or demand related.

A. Beginning on page 31 of the initial testimony of the Electric Rate Design Panel, the Company states that a minimum system study determined the demand and customer splits for Overhead Assets and Underground Assets, presented in Exhibit__(E-RDP-3CU), Schedule 9X. The minimum system study determines the cost of the smallest capacity conducts that would fulfill the purpose of connecting customers to the distribution system that the utility would install. Then, the cost of the entire system is determined. The minimum system and entire system costs are determined using the current costs for the assets installed, or functionally equivalent

assets if current costs are not available. The ratio of minimum system cost to entire system cost is the Customer component of costs. The Customer component is allocated among the classes on a per-customer basis, because the cost of the minimum system is largely determined by the length of the conductors, which in turn is determined by the number of customers connected. The Company calculated separate minimum system ratios for Primary Overhead, Secondary Overhead, Primary Underground and Secondary Underground and according to Exhibit__(E-RDP-3CU) are 83.5 percent, 86.5 percent, 38.40 percent, and 10.3 percent, respectively.

Q. Did the Company use the minimum system ratios calculated with their current minimum system study?

A. No. The Company averaged the 83.5 percent, 86.5 percent, 38.40 percent, and 10.3 percent Customer components with their respective prior period studies. As explained in the response to DPS-826, included in Exhibit__(SERP-1), the prior period included purchasing data from 2014

through 2018. This resulted in minimum system ratios of 86.6 percent for Primary Overhead, 92.5 percent for Secondary Overhead, 46.40 percent for Primary Underground, and 11.70 percent for Secondary Underground.

Q. Does the Panel support the averaging of minimum system studies?

A. Yes. This approach gives weight to both the costs incurred in more recent years with the costs incurred over a longer time-period to provide a balanced approach to defining the minimum system.

Q. Does the 2024 ECOS Study reflect the load-carrying capacity of the minimum system?

A. Yes. As described on page 33 of the Company's initial testimony of the Electric Rate Design Panel, even though their cost is determined primarily by length the conductors identified in the minimum system study have load-carrying capacity. The Company did not allocate demand-related costs for Overhead Assets or Underground Assets to SC1, SC1C, and SC2ND because the minimum system would be able to meet the peak load for all or almost all of the customers in

those SCs.

Q. Were all components of the revenue requirement and revenues reflected in the 2024 ECOS study?

A. Except for the revenue and expenses for gross revenue tax, which would exactly offset each other, all components of the revenue requirement and all components of revenue are reflected in the 2024 ECOS study.

Q. Did the Company perform a historical ECOS study in this filing?

A. Yes. The Company provided a historical ECOS study for illustrative purposes only pursuant to Section IV.4.9 of the Joint Proposal adopted in the 2020 Rate Order. The historical ECOS study is found in Exhibit__(E-RDP-14) and uses actual revenues and expenses through the HTY.

Q. Did the Company use the results of the historical ECOS study in its revenue allocation?

A. As stated on page 40 of the Company's Electric Rate Design Panel initial testimony, the Company does not support the use of this study for multiple reasons. First, the Company states that revenues in the historical ECOS study are not weather normalized and are not generally

normalized, so it includes costs from the HTY that may not occur in the RY. Second, the Company states that the historical ECOS, unlike the 2024 ECOS, which is a pro forma, does not fully reflect the sales, customer counts, rate base, and costs that are expected to occur in the RY.

Q. Will the Panel be relying on the Company's 2024 pro forma ECOS study for revenue allocation and rate design?

A. We recognize and acknowledge the Company's points on why using the historical ECOS filed by the Company in this proceeding is not ideal. An ECOS should reflect normalized costs to accurately portray the SCs individual rates of return as a guide for revenue allocation. However, the pro forma ECOS, while normalized, relies on costs that are forecasted which can also be inaccurate and vary between Staff and the Company. We used the pro forma ECOS because it is the best representation of normalized costs. However, we recommend that in the Company's next rate filing, the Company files a normalized historical gas ECOS study. A

normalized historical ECOS study, when compared to a pro forma ECOS study, would indicate whether the rate of return in the pro forma deviate from the historical normalized costs and allow for a determination on whether the pro forma is appropriate for use as a guide for revenue allocation. It would also eliminate the concerns related to using a historical ECOS that is not normalized.

Q. Does the Panel have any further recommendations regarding the Company's ECOS study?

A. Yes. In the event of a one-year litigated case or a multi-year settlement, the Panel recommends that the Company to rerun the ECOS study to reflect either approved or agreed upon expenses, rate base, and revenues to be used for revenue allocation and that any calculations based on the ECOS study be rerun at that time with the Commission approved revenue requirement.

**Merchant Function Charge**

Q. Please describe the Merchant Function Charge, referred to as the MFC.

A. The MFC is a charge that is applied to full-service customers and includes several

components that are designed to recover costs associated with commodity-related credit and collections services, commodity-related uncollectible account expenses, electric supply procurement costs, and working capital for electric supply. For energy service companies or ESCOs that participate in the Company's purchase of receivables, or POR, program, the MFC is designed to recover the commodity-related credit and collections and uncollectible expenses.

Q. Did the Company propose any changes to the MFC?

A. No. However, the Company updated the commodity-related credit and collections services, commodity-related uncollectible account expenses, electric supply procurement costs, and working capital for electric supply to reflect the most recent ECOS study results and updated forecasts. The Company did not propose methodological changes.

Q. Did the Panel make any changes to the MFC?

A. We do not recommend any changes but we updated the MFC revenues at current rates to reflect the volumetric forecast to correspond with the full

service forecast provided by the SFP. However, the Panel's MFC at current rates does not reflect the changes to the new write off factor described in the Staff Accounting Panel, or SAP. Therefore, the MFC at current rates should also be updated to reflect the recommended net write off factor as described in the SAP prior to the adoption of new rates in this proceeding. For MFC revenues at proposed rates we updated the volumetric forecast to correspond with the forecast provided by the SFP as well as the Pre Tax Weighted Cost of Capital and Uncollectible Factor as provided by the SAP. Our recommended target for MFC at current rates in the Rate Year is $24,970,832 as shown in Exhibit__(SERP-2) Line 29.

**Revenue Allocation**

Q. Please explain the Company's proposed revenue allocation methodology.

A. The Company's proposed revenue allocation shown in Exhibit__(E-RDP-4CU) is intended to move the revenue produced by each SC closer to its revenue requirement as determined in the electric ECOS study. In developing the proposed

revenue allocations, the Company considered the costs to provide the type and quality of service required by each SC as determined in the ECOS study, while mitigating extreme bill impacts on SCs, a widely accepted concept known as "gradualism."

Q. What is a "tolerance band," and why is it used?

A. A tolerance band is used to account for the imprecise nature of an ECOS study. The Company proposes to use a plus or minus 25 percent tolerance band around the overall system rate of return, or 0.75 and 1.25 on a unitized basis. SCs are considered deficient or in surplus if the class specific rate of return falls outside the band. On a unitized basis, SCs with a unitized rate of return between 0.75 and 1.25 are considered within the tolerance band.

Q. Please describe how the Company allocates the proposed revenue increases to each of the SCs.

A. The Company allocates the revenue increases, net of gross revenue tax, to SCs based on their individual unitized rates of return, which are shown in Exhibit__(E-RDP-4CU), Schedule 1. SCs within a tolerance band, which the Company

proposes be between 0.75 and 1.25 rates of return on a unitized basis, were given near system average increase. The Company also proposed additional tolerance bands for SCs with unitized rates of return below 0.75 and above 1.25. For these SCs, the Company proposes above or below system average increases depending on whether they are under or over contributing, with the total increase for all SCs equaling the total incremental gross base delivery revenue requirement. In Exhibit__(E-RDP-4CU), Schedule 1 Lines 13 through 25, the Company refers to the percent increases as Low for SCs with rates of return on a unitized basis below negative 0.50, Under for SCs with rates of return on a unitized basis between negative 0.50 and 0.75, Within for SCs with rates of return on a unitized basis between 0.75 and 1.25, Over for SCs with rates of return on a unitized basis between 1.25 and 2.00, High for SCs with rates of return on a unitized basis between 2.00 and 5.75, and V High for SCs with rates of return above 5.75. The proposed gross base delivery revenue requirement was then adjusted to remove gross receipts tax,

MFC, and other revenues.

Q. Does the Panel support the usage of a 25 percent tolerance band?

A. Yes.

Q. What were the Company's results of applying the 25 percent tolerance band?

A. Based on Exhibit__(E-RDP-4CU), Schedule 1, the SCs found to be Within the tolerance band after the Company's Corrections and Updates filing are SC1, SC2ND, SC3 Sec, and SC3 Pri. The SCs found to be Under were SC2D and Lighting. The SCs found to be Over were SC3 Tran. The SCs found to be High are SC1C, SC3A Sub, and SC3A Tran.

Q. Did the Company give SCs within the tolerance band the system average increase?

A. No. In Exhibit__(E-RDP-4CU), Schedule 1 Line 25 states the system average increase would be 26.19 percent, but the Company gives SCs labeled Within a 26.92 percent increase.

Q. Why did the Company give these SCs an increase slightly above the system average?

A. In the response to DPS-774, included in Exhibit__(SERP-1), the Company explains that since these SCs were nearer to the bottom of the

tolerance band than to the top, it elected to assign them a slightly higher than average revenue increase.

Q. How did the Company apply the revenue requirement increases to the remaining SCs?

A. The Company includes all of the increases applied to SCs in Exhibit__(E-RDP-4CU), Schedule 1. SCs labeled Under received a 29.68 percent increase, SCs labeled Over received a 22.98 percent increase, and SCs labeled High received a 2.87 percent increase. As previously mentioned, SCs within the tolerance band received an increase of 26.92 percent.

Q. Are there any additional steps in revenue allocation that the Company performs?

A. Yes. After the Company calculates the initial revenue increases, the Company applies the difference in revenues associated with the MFC, ETIP, and various billing fees and late payment charge revenues by SC. For example, if the MFC for SC1 were to increase between current rates and proposed rates, the incremental revenue requirement would decrease by the incremental increase in MFC collected from SC1. These

changes in MFC and fees is shown in Exhibit__(E-RDP-4CU) Schedule 1, lines 20 through 23. In the response to DPS-1024, as shown in Exhibit__(SERP-1), the Company stated that the incremental customer charge was inadvertently not updated between the original filing and the Corrections and Updates filing. The incremental increase in customer charge fees should be $78,758 based on the Company's Corrections and Updates filing.

Q. Does the Panel support the revenue allocation methodology of the Company?

A. The Panel agrees with the concept of gradualism and performs revenue allocation with gradualism in mind. The Panel also agrees with the concept of using tolerance bands of 25 percent in revenue allocation. However, we recommend using a single tolerance band from 0.75 to 1.25 rates of return on a unitized basis, with any SCs within the tolerance band receiving a revenue increase equal to the system average increase. The Company's proposal to give SCs within the tolerance band a higher than average increase undermines the existence of a tolerance band, as

a SC within the tolerance band is implied to have produced sufficient revenues relative to their cost of service. For SCs below the tolerance band lower limit of 0.75, we recommend 120 percent of the system average increase. For SCs above the tolerance band upper limit, we recommend 80 percent of the system average increase. We also recommend against using the judgement line found on Line 28 of Exhibit__(E-RDP4CU), Schedule 1. To the extent that our revenue allocation proposal would over collect or under collect the proposed revenue requirement, we return the surplus or collect the deficiency from SCs in proportion to their delivery revenues at current rates.

Q. Why do you recommend a single tolerance band?

A. Generally the results of the ECOS study presented in Exhibit__(E-RDP-3CU) show that all SCs are relatively close to the system average rate of return. The highest unitized rates of return is 4.36 for SC1C, with no other SC above 2.7. The lowest unitized rate of return us 0.50 for Streetlighting. The unitized rates of return are shown in the Company's Exhibit__(E-

RDP-4CU), Schedule 1.

Q. What are the results of the Panel's revenue allocation?

A. The Panel allocates the system average increase of 5.10 percent to SCs within the tolerance band. The SCs that are considered over contributing receive a 4.08 percent, which is 0.80 percent of the system average increase, and SCs that are considered under contributing receive a 6.11 percent increase, which is 1.20 percent of the system average increase. A summary of the Panel's revenue allocation is shown in Exhibit__(SERP-3).

Q. Do you have anything additional to state regarding the results of your revenue allocation?

A. Yes. At the time we were preparing our recommended revenue allocation, the Staff Revenue Requirements Panel, or SRRP, provided us an incorrect recommended base revenue increase of $130.2 million. Our recommended revenue allocation reflects this incorrect base rate increase. As the SRRP testimony states, the correct base revenue increase is $142.0 million.

While the rates and resulting bill impacts from using the corrected base revenue increase will vary from what is shown in our exhibits, the methodology of our recommended revenue allocation and rate design would remain the same as described in our testimony.

**Rate Design**

Q. What considerations did the Company take when designing its proposed rates?

A. On page 44 of the initial testimony of the Electric Rate Design Panel, the Company outlines its overall process for rate design. The Company considered collection of the target revenues for each SC based on its revenue allocation and providing price signals to customers to reflect the effect of their usage on the overall system. The Company did not elect to increase the rates for reactive power. Other components of rate design are the incremental Energy Affordability Program, or EAP, discounts, and the ETIP Adder and NYPA credit which account for the Company's energy efficiency budget being included in base delivery rates but reflecting NYPA exclusion

from these costs.

Q. Does the Panel agree the Company's proposed electric rate design creates equitable distribution of rates within electric SCs?

A. Generally, yes. However, since the SRRP is recommending a lower rate increase in this proceeding, we propose rate designs to effectuate the electric revenue requirement presented by the SRRP.

Q. What amount did the Company include for EAP costs?

A. The initial testimony of the Company's Customer Panel states, beginning on page 23, that the current amount reflected in base rates for the electric EAP is $19.721 million. The Company states, on page 45 of the Electric Rate Panel's initial testimony, that the proposed amount to be reflected in base rates for EAP costs is $36.1 million. The Company's Electric Rate Design Panel also proposes to include an incremental amount of EAP costs, for collection through rate design, that reflects the expected additional cost of the program associated with the Company's proposed increase in rates. The

estimated incremental increase in EAP costs to be collected through rate design is approximately $51.1 million.

Q. Please explain how the Company incorporated the incremental $51.1 million in EAP costs in rate design.

A. First, the Company designed rates to collect the revenue targets for each SC as determined by revenue allocation. Next, the amount of EAP costs, allocated to each SC based on revenues, is added to the revenue target, less the incremental revenue collected from the proposed minimum charge increases, and volumetric rates are designed again to collect the incremental EAP costs.

Q. Does the Panel support the Company's methodology for collecting incremental EAP costs through rate design?

A. No. The Customer Panel testimony, on page 25, references the current mechanism approved by the 2022 Rate Order that allows the Company to defer EAP costs that exceed the rate allowance, or amount included in base rates, for future recovery. Our recommendation is to continue the

current deferral mechanism for EAP costs in excess of those included in base rates, and to include the entire amount of incremental EAP costs in base rates, rather than a portion in rate design.

Q. What about the incremental EAP costs due to the rate increase?

A. The Staff Consumer Services Panel recommends $36.1 million be included in base rates in the RY for this program. We acknowledge that there are incremental costs associated with the increase in rates, as stated by the Electric Rate Design Panel. However, the magnitude of that amount depends on the increase in rates and for Staff's case, this would be less than the amount proposed by the Company of $51.1 million, yet the exact amount is uncertain amount at this time. We recommend that the resulting incremental EAP costs due to the increase in rates that are approved by the Commission be included in base rates as an expense, rather than included in rate design, and the current deferral mechanism be used if actual expenses exceed that amount.

Q. What is the ETIP Adder and NYPA Credit?

A. Since NYPA is excluded from paying ETIP costs, NYPA is credited the amount of these costs through the NYPA Credit. The amount of that credit is recovered from all other customers as the ETIP Adder.

Q. How did the Company calculate and allocate the NYPA Credit and ETIP Adder?

A. As described beginning on page 46 of the initial testimony of the Electric Rate Design Panel, the Company allocated ETIP costs to each demand SC and then divided those costs by the total kW for each respective demand SC. The resulting dollar per kW ETIP rate is the NYPA Credit that will be billed to NYPA customers. The ETIP Adder is the ETIP that will be credited back to NYPA customers less the ETIP that will be collected from EJP customers qualifying load. EJP customers are not exempt ETIP but their incremental load is not included in base delivery rates. Generally, the Company used forecasted kW for each SC to develop an ETIP Adder rate. This is shown in the Company's Exhibit__(E-RDP-4CU), Schedule 7.

Q. Did the Panel calculate the NYPA Credit and ETIP Adder with the same methodology as the Company?

A. Yes. See Exhibit__(SERP-4) for our NYPA Credit and ETIP Adder calculation.

Q. How were the proposed rates for each SC developed?

A. The Company proposed increases to the customer charges for each SC. Customer charges increases range between 0 percent and approximately 21 percent across all SCs. The Company did not propose to change RkVA rates. The volumetric rates proposed by the Company, for both kWh or kW, were designed to recover the remaining revenue increase after considering the customer charge and RkVA revenues. These calculations are shown in the Company's Exhibit__(E-RDP-4CU,) Schedule 1.

Q. How did the Panel approach the design of its proposed rates?

A. To arrive at our minimum charge changes we used the minimum charges suggested in the Company's ECOS as a part of Exhibit__(E-RDP-3CU), Schedule 4 as a guide. For example, Exhibit__(E-RDP-3CU), Schedule 4 calculates that the minimum

charge could be as high as $27.76 for SC1, so our proposal for the minimum charge for SC1 moves toward that $27.76 while avoiding rate shock for customers. We support the Company's proposal to not update the reactive power rates, and calculate volumetric rates, either kWh or kW depending on the SC, to collect the remaining incremental revenue requirement after our minimum charge increase. A summary of our rate design can be found in Exhibit__(SERP-5).

Q. Please provide an overview of SC1 Voluntary Time of Use rate design.

A. The SC1 Voluntary Time of Use, on peak and off peak delivery rates are created on a revenue neutral basis to the SC1 rates. The Company provided the calculation of these rates in Exhibit__(E-RDP-4CU), Schedule 5. Generally, the Company separated customer and demand related costs to design the on peak and off peak rates.

Q. Did the Panel calculate SC1 Voluntary Time of Use rate design with the same methodology as the Company?

A. Yes, our calculation of SC1 Voluntary Time of

Use rates can be found in Exhibit__(SERP-6).

Q. Please provide an overview of the standby delivery rates provided under SC7.

A. Customers eligible for service under SC7 obtain part of their electric commodity service requirements from their own generating facilities and receive commodity service from either the Company or an ESCO when those generating facilities are not available or when the customer's load exceeds the capacity of their generating facilities. Customers without their own generation can opt in as an SC7 Optional Rate Customer. Any customer can opt into SC7, except for SC12 customers, streetlighting customers, and unmetered customers.

Q. Have there been any significant changes to electric standby rate design?

A. Yes. The Order Establishing Updated Standby Service Rates and Implementing Optional Mass Market Demand Rate Design and Establishing Optional Demand-Based Rates, issued and effective October 13, 2023 in Case 15-E-0751, referred to as the Standby Order, included

several new requirements related to cost allocation for SC7 rates, as well as the Buyback Contract Demand component of the newly ordered and established SC6 delivery rates. Concerning SC7, the Standby Order established phase-in rates for the new methodology, required a summer period as-used super-peak daily demand charge, and modified residential and small commercial non-demand rates to switch from a per kWh to per kW.

Q. Please describe the Company's proposed rate design for SC7 customers.

A. As described beginning on page 51 of the initial testimony of the Electric Rate Design Panel, the proposed rate design for SC7 includes a customer charge, the contract demand charge, the As-Used On-peak Daily Demand Charge, and the As-Used Super-peak Daily Demand charge, consistent with the Standby Order. The Company's testimony also states the applicable dates and times for on-peak and super-peak.

Q. Provide an overview of SC6 Buyback Delivery Service.

A. SC6 applies to customers who have a Power

Purchase Agreement, or PPA, to sell the Company the output from their generating facility. As stated on page 54 of the initial testimony of the Electric Rate Design Panel, beginning July 1, 2024, the customer will be required to pay the Company monthly for the use of the Company's distribution system to export power.

Q. Describe the Company's proposed rate design for SC6 customers Buyback Delivery Service.

A. Similar to SC7, the Company proposes to set the SC6 Customer Charge equal to the customer charge for the customer's otherwise applicable SC. The Company's Standby and Buyback rate designs can be found in Exhibit__(E-RDP-5CU) and its various schedules.

Q. Is the Company's proposed rate design for SC6 and SC7 consistent with the Standby Order?

A. Yes.

Q. Did the Panel calculate Standby and Buyback rates using the same methodology as the Company?

A. Yes. The Panel's recommended Standby and Buyback rates can be found in Exhibit__(SERP-7).

Q. Please describe the Residential EV Charge Smart Plan rate design.

A. As described on page 13 of the Corrections and Updates filing testimony of the Electric Rate Design Panel, the Commission modified the Residential Electric Vehicle Smart Charging Plan in the Order issued on June 21, 2024 in Case 18-E-0138. Based on that Order, customers receive the incentive monthly if they meet a monthly minimum kWh charging target and off-peak charging percentage. The incentive is based on avoided costs and is capped at the sum of: (1) the difference between the Company's base distribution delivery rate for SC-1 customers and the SC-1 Voluntary Time of Use off-peak delivery rate; and (2) the difference between the Company's forecasted SC-1 average supply rate and the forecasted SC-1 off-peak supply rate. These two components are multiplied by the Company's estimated average of electric vehicle home off-peak kWh charging. The Company provided the proposed delivery and supply monthly incentives in Exhibit__(E-RDP-6CU).

Q. Did the Panel calculate Residential EV Charge Smart Plan rates, consistent with the Company's methodology?

A. Yes. As the Commission has approved the proposed changes to EV rates, our methodology matches the Company proposal. See Exhibit__(SERP-8) for the Panel's calculation of Residential EV Charge Smart Plan rates.

Q. Did the Company provide bill impacts related to its rate design proposals?

A. Yes, the Company provided bill impacts as a part of Exhibit__(E-RDP-4CU). The bill impacts compare the Company's proposed rates to the current rates, which have been in effect since July 1, 2024. Concerning commodity rates, the current rates use a supply forecast developed using the current Loss Factors and the proposed rates use a supply forecast developed using the proposed Loss Factors.

Q. Did the Panel calculate bill impacts related to their rate design proposals?

A. Yes, bill impacts are provided as part of Exhibit__(SERP-9). Our bill impacts compare our proposed rates to current rates, effective July 1, 2024. Our bill impacts use the same commodity rates as the Company for both current and proposed rates.

**Revenue Decoupling Mechanism**

Q. Please explain the revenue decoupling mechanism, or RDM.

A. The current electric RDM reconciles actual billed delivery service revenues during the RDM reconciliation period to annual target revenues for each reconciliation group. The RDM reconciliation groups include (1) SC1 and SC1C; (2) SC2ND; (3) SC2D; (4) SC3; (5) SC3A; and (6) Streetlighting. The actual revenues from SC4 and SC7 are included in the RDM reconciliation group of the otherwise applicable SC.

Q. Is the Company proposing new RDM targets for each SC?

A. Yes, the Company's RDM targets are calculated in Exhibit__(E-RDP-9CU) and correlate to the Company's proposed incremental revenue requirement and revenue allocation.

Q. Does the Panel support the Company's RDM targets?

A. No, the Panel recommends RDM targets based on our proposed revenue allocation and rate design. The Panel's RDM targets are calculated in Exhibit__(SERP-10). However, we agree with the

continuation of the RDM under its existing terms.

Q. Is the Company proposing any other changes with respect to its RDM?

A. Yes, as stated on page 65 of the initial testimony of the Electric Rate Design Panel, the Company is adding clarification to the Electric Tariff. The proposed revisions clarify that any unreconciled balances from prior reconciliation periods may be recovered in the annual RDM reconciliation. The Company also proposed to add language to state that if a new rate plan begins prior to the end of an RDM reconciliation period, it would supersede the existing RDM adjustment with a new one, which would be established for the 12-month period of the new rate year period, based on the RDM reconciliation balance at such time of the new RDM adjustment being set.

Q. Does the Panel support the changes to the RDM?

A. Yes, the Company is entitled to the revenues associated with the previous RDM target and therefore, we support the proposed changes to the Electric Tariff concerning the RDM.

Q. Is the Company proposing any changes to its interim RDM adjustment?

A. Yes. The Electric Tariff includes a provision for an interim RDM rate which allows the Company to correct a potential revenue imbalance during a reconciliation period. The Company proposed clarifying language to make it more transparent that the interim RDM adjustment may be set using only portion of the current reconciliation balance, as opposed to the entire balance, of the applicable reconciliation group. This is the current practice used to manage customer bill impacts when determining the magnitude of an interim RDM adjustment, though it is not clearly stated in the Electric Tariff currently.

Q. Does the Panel support the changes to the Interim RDM Adjustment?

A. Yes. The Panel supports the additional transparency added to the interim RDM adjustment in the Electric Tariff.

**Outdoor Lighting**

Q. Please summarize the proposed Lighting Tariff changes.

A. On page 70 of the initial testimony of the

Company's Electric Rate Design Panel, the Company summarizes its proposed changes to the Lighting Tariff. The Company is proposing to update the rates and facility charges for Streetlighting SCs, change the effective date of the SC6 sunset clause, accelerate the SC2 Price Exemption phase-out, update the lighting service charges and outage credit allowances for SC2 and SC3, present three new facility offerings, and make various other clarifying tariff changes. The Company also presents the findings of the Luminaire Replacement Cost of Service Study, or LRCSS, as directed in the 2022 Rate Order.

Q. How did the Company design rates for its Streetlighting SCs?

A. Revenue allocation to the Streetlighting SCs is shown in the Company's proposed revenue allocation in Exhibit__(E-RDP-4). Essentially, the electric ECOS Study allocates costs to the Streetlighting SCs as a whole. The Company then allocated the total streetlighting revenue requirement to each Streetlighting SC within the Lighting Tariff in proportion to the revenues at current rates as a percentage of total revenues,

for each SC. The Company's Streetlighting SC rate design can be found in Exhibit__(E-RDP-8CU). In addition, the Company adjusted the facility quantities used in revenue allocation and rate design to reflect the sales of streetlights to various municipalities that have occurred prior to June 30, 2024. These sales migrated the customers, and associated kWh usage, from SC2 Light to SC3 Light.

Q. Does the Company propose any changes related to facility pricing?

A. Yes, the Company proposed to increase LED facility prices at a lower percentage than the HID facility prices. As stated on page 75 of the initial testimony of the Electric Rate Design Panel, current LED luminaire prices are closer to their full replacement costs as compared to the HID lamp and luminaire prices. If the overall lighting increase is equally applied to all HID and LED facilities, the LED prices would move even closer to their replacement costs than the HID prices. Instead, the Company proposes to move the LED and HID facilities an equal percentage from their

current price toward their replacement costs. The differential can be seen in the price increases of SC2 Light and SC3 Light found in Exhibit__(E-RDP-8CU), Schedule 1, pages 3 through 11.

Q. Where can the replacement costs the Company used as a guide for this approach be found?

A. They are included in the LRCSS. The Company's overall approach was to move streetlighting rates toward an equitable percentage of their associated replacement costs.

Q. Does the Panel agree with this approach and, more specifically, with the Company's approach taken regarding LED and HID prices?

A. Yes. Our resulting rate design is shown in Exhibit__(SERP-11). Overall, moving all streetlighting rates the entire way to the amounts included in the LRCSS would result in very high bill impacts. We recommend using the LRCSS as a guide to ensure all streetlighting rates are an equal percentage of the replacement cost.

Q. Did the Panel design rates for the Streetlighting SCs with the same methodology as

the Company?

A. Yes. The Panel's streetlighting rate design can be found in Exhibit__(SERP-11).

Q. Please describe the Company's proposal to accelerate the elimination of Pricing Exceptions in the Lighting Tariff.

A. Section IV.11.2 of the Joint Proposal adopted by the 2022 Rate Order provided that SC2 Light Pricing Exceptions facility prices will be eliminated over a ten-year period ending in 2031. The Company has proposed to accelerate this schedule to eliminate all SC2 Light PE by April 1, 2029.

Q. Why is the Company proposing to accelerate the elimination of Pricing Exceptions?

A. As stated on page 74 of the initial testimony of the Company's Electric Rate Design Panel, the Company describes how these Pricing Exceptions have shifted costs onto the other Streetlighting customers and the sooner they are phased out, the sooner that rates would be more equitable. There are currently six municipal customers with SC2 Light PE rates. The Company also states that administrative complexities associated with

the phase out of discounts would be reduced.

Q. Does the Panel support the acceleration of the removal of Pricing Exceptions?

A. No. The Panel recommends the removal of Pricing Exceptions over the initially agreed upon ten-year period, through 2031, as that agreement was reached through negotiations with multiple parties and should be continued. The Company proposes this acceleration absent any change in circumstances and therefore has not provided an adequate reason to change the initial phase out term, particularly when customers remain under this SC.

Q. What does the Company propose regarding the Outage Credit Allowance?

A. The existing Outage Credit Allowance provides a credit to customers within SC1 Light, SC2 Light, SC3 Light and SC6 Light in the event of a service outage that is the fault of the Company, not related to necessary system maintenance. The Company proposes to update the Outage Credit Allowance for SC2 Light and SC3 Light as shown in Exhibit__(E-RDP-8CU), Schedule 3. This includes an increase the SC2 Light Outage Credit

Allowance from $0.30 to $0.44 per lamp per night and the SC3 Light Outage Credit Allowance from $0.35 to $0.48 per lamp per night. The Outage Credit Allowance is based on the prorated average charge per night for each HID and LED offering. In addition, the Company proposed to eliminate the SC6 Light Outage Credit Allowance in conjunction with the proposed sunset date for the SC6 service class itself, which the Company proposes to move forward from June 30, 2025 to March 31, 2025 to align with the start of the RY.

Q. Does the Panel support the Company's methodology for calculating the Outage Credit Allowances?

A. Yes. However, using the SRRP's recommended revenue requirement, our recommended Outage Credit Allowances for SC2 Light and SC3 Light are $0.38 and $0.43 per lamp per night respectively as shown in Exhibit__(SERP-12).

Q. Does the Panel support the Company's proposed sunset date for S6 Light?

A. Yes.

Q. What costs do the Lighting Service Charges recover?

A. As described beginning on page 76 of the initial testimony of the Electric Rate Design Panel, the Lighting Service Charges are designed to recover the costs associated with customer-requested services that are beyond the standard facilities. Under existing rates, the Company charges a single rate for SC2 Light customers and separate overhead, underground, and emergency service charges for SC3 Light customers. The calculation of these rates is based on crew composition, vehicles, impressed stock materials, regional logistics used by Operations, and the type of street light energy source.

Q. Is the Company proposing any changes to the Lighting Service Charges?

A. The Company is not proposing any changes to the calculation of the Lighting Service Charges, however, the Company is proposing to calculate specific SC3 Light Lighting Service Charges for each of the Rate Year and the Data Years as opposed to having a constant rate for the duration of a multi-year rate plan. The Company’s proposed rates are shown in

Exhibit__(E-RDP-8CU), Schedule 4.

Q. Does the Panel have any recommendations regarding the Lighting Service Charges?

A. While the Panel does not take a position on specific rates outside of the initial Rate Year, we support the concept generally of calculating new SC3 Light Lighting Service Charges for each subsequent year in a potential multi-year rate plan as that is consistent with what is currently done for SC2 Light Lighting Service Charges. We also recommend that the calculation be updated for the approved or agreed upon inflation factors in this proceeding.

Q. Is the Company proposing to add any new lighting facility offerings?

A. According to page 78 of the initial testimony of the Electric Rate Design Panel, the Company is proposing several new lighting facility offerings. First, to add four underpass LED luminaires to replace the existing HID underpass luminaires. Second, to add four 3000K correlated color temperature roadway luminaires. Third, the Company is proposing an alternatively sourced convenience outlet device referred to as

a Power Tap.

Q. Why is the Company proposing to offer underpass LED luminaires?

A. As stated on page 79 of the initial testimony of the Electric Rate Design Panel the Company currently has HID luminaires that are becoming too expensive; supply of the luminaires is decreasing as manufacturers end HID luminaire production and there is a resulting impact in price. The Company is proposing new underpass LED luminaires to replace existing HID luminaires.

Q. How did the Company develop the rates for the new underpass LED luminaires?

A. The Company utilized the LRCSS, which summarizes the cost to install and maintain the LED luminaries based on current material, labor, and transportation costs, as well as appropriate burden and carrying charges. The existing HID underpass luminaires rates are lower than their respective replacement cost, so the Company used an HID price-to-cost factor to apply a similar ratioed discount to the new underpass LED rates.

Q. What carrying charges did the Company use in the

development of the underpass LED luminaries rates?

A. As stated on page 80 of the initial testimony of the Electric Rate Design Panel, the Company included the weighted average cost of capital, or WACC, rate effective through the current rate year, ending June 30, 2023, estimated property tax, and specific depreciation rates by luminaire type in the calculation of the carrying charges of installation costs. The underpass LED cost of service and rate design is presented in Exhibit__(E-RDP-8), Schedule 5.1.

Q. Does the Panel recommend any changes to Company's proposed rate design for these new underpass LED luminaries rates?

A. No.

Q. What are the cost impacts to a customer that wishes to convert existing underpass HID to the new underpass LED luminaires?

A. As stated on page 81 of the initial testimony of the Electric Rate Design Panel, the new underpass LED luminaires rates result in a facility rate reduction and a total bill reduction due to the reduced energy consumption

associated with LED luminaires.

Q. Why is the Company proposing the Power Tap?

A. According to the Company, on page 82 of the initial testimony of the Electric Rate Panel, the existing outlet assemblies were intended for uses such as seasonal events or decorations. The existing convenience outlet is energized via a tap to the Company's secondary distribution. In contrast, the Power Tap device is energized directly through the luminaire. The Power Tap is intended to accommodate "smart city" devices and allow more flexibility for mixed ownership of assets between the Company and customer.

Q. How were the rates for the Power Tap developed?

A. The Company proposed Power Tap rate is $62.64 per year and was developed utilizing the cost of service methodology used in the LRCSS and the underpass LED rate development and is shown in Exhibit__(E-RDP-8), Schedule 5.2.

Q. Does the Panel have any modifications to the Power Tap rate design?

A. No.

**Other Lighting Tariff Changes**

Q. Is the Company proposing any other changes to

the Lighting Tariff?

A. Yes. The Company is proposing both housekeeping changes and substantive revisions related to backbilling rules and provisions, attachments, and missing surcharge language.

Q. Please explain the Company's changes to the abbreviations and definitions section of the Lighting Tariff.

A. As listed on pages 94 and 95 of the initial testimony of the Electric Rate Design Panel, the Company is proposing to add several abbreviations and definitions to its Lighting Tariff.

Q. Does the Panel support the changes to the abbreviations and definitions section of the Lighting Tariff?

A. Yes. The changes make the Lighting Tariff clearer by adding definitions of terms used throughout.

Q. What changes is the Company proposing for the General Information section?

A. The Company is proposing multiple revisions including (1) removing references to SC6 Light to align with the proposed sunset date of

March 31, 2025; (2) add various surcharges that were not included in the Lighting Tariff that were added to the Electric Tariff; (3) revisions to clarify the appropriate application of the Company's undergrounding rule and termination of lighting facilities; (4) revisions to specify the difference in billing for SC3 Light as compared to SC1 Light and SC2 Light; (5) add a minimum period of one year for adaptive hours of operation under SC3 Light; (6) adding a new process for attachments to Company facilities; and (7) revisions to allow customers to request luminaire operating performance criteria from the Company.

Q. Do you support these proposed changes to the General Information section of the Lighting Tariff?

A. Yes. These proposed changes do not materially change the provision of service; rather, they improve consistency with the Electric Tariff and/or clarifying existing terms and conditions in the Lighting Tariff.

Q. What changes is the Company proposing to make to the SC1 Light SC?

A. On page 96 of the initial testimony of the Electric Rate Design Panel, the Company proposes changes to the SC1 Light section of the Lighting Tariff to update facility classifications for items that have been removed from stock, as well as providing information on where current billing account and inventory information is located on the Company's website.

Q. Does the Panel support these changes to SC1 Light?

A. Yes, the Panel supports increasing clarity on availability of facilities and billing account information.

Q. Is the Company proposing any facility classification changes to SC1 Light?

A. Yes, the Company is moving multiple Lamp and Luminaires, listed on page 97 of the initial testimony of the Electric Rate Design Panel in Table 3, from Closed to Obsolete because the Company no longer provides new installations or in-kind replacement for these facilities and no longer provides maintenance service. There are currently 17 customers with these facilities, representing 189 total lamps or luminaires.

Q. Does the Panel support the Company's tariff changes to SC1 Light facilities?

A. Yes, as the Company is no longer offering these facilities they should be moved from closed to obsolete.

Q. What changes is the Company proposing to make to the SC2 Light SC?

A. As stated on pages 98 and 99 of the initial testimony of the Electric Rate Design Panel, the Company is proposing several revisions to SC2 Light. First, the Company added language to allow discretion to serve existing customers under SC2 Light that have extenuating circumstances. Second, the Company updated for changed classifications, eliminated lamps and pricing exemptions. Finally, the Company added its proposed new 3000K roadway luminaires, underpass LED luminaires and Power Tap.

Q. Does the Panel support those proposed SC2 Light tariff changes?

A. Yes. We support the addition of the 3000K roadway luminaires, underpass LED luminaires, and Power Tap, as stated previously in our testimony. In addition, we support the addition

of the corresponding tariff language to update SC2 Light to currently available facilities.

Q. Did the Company propose to remove any facilities from SC2 Light?

A. Yes, the Company removed multiple facilities from its tariff, as listed on page 99 of the initial testimony of the Electric Rate Design Panel in Table 4. The Company states these facilities are no longer in service and the tariff should be updated to reflect that.

Q. Does the Panel support the Company's tariff changes to SC2 Light facilities?

A. Yes, as the Company no longer offers these facilities, they should be removed from the tariff.

Q. Are there any facilities the Company removed from SC2 pricing exception?

A. Yes. As stated on page 100 of the initial testimony of the Electric Rate Design Panel, the Village of Kinderhook replaced the sixteen incandescent luminaries under this price exception. Therefore, the Company proposed to remove the price exception from the Lighting Tariff.

Q. Does the Panel support the removal of the Kinderhook luminaires?

A. Yes, as this pricing exception no longer applies, it should be removed from the Electric Tariff.

Q. Are there any facilities the Company moved within the SC2 Light tariff?

A. Yes, the Company moved multiple facilities listed in Table 5 on page 101 of the Electric Rate Design Panel from Standard to Closed. The Company states these offerings will be replaced by new LED offerings.

Q. Does the Panel support moving these facilities from Standard to Closed?

A. Yes, the Panel supports the replacement of HID luminaires with LED luminaires, so we support closing HID offerings that have LED equivalents.

Q. What changes is the Company proposing to make to SC3 Light?

A. The changes are listed beginning on page 101 of the initial testimony of the Electric Rate Design Panel. The Company proposes multiple changes to SC3 Light. First, the Company proposes to add language to state the Company

has no obligation to purchase any customer-owned street light system. Second, the Company proposes a minor correction and added clarifying language regarding adaptive scheduling. Third, the Company proposes additional language to clarify the billing and servicing of supplemental attachments. Finally, the Company proposes a minor change to eliminate unnecessary information.

Q. Does the Panel support these changes to SC3 Light?

A. Yes. Regarding the proposed change to state that the Company has no obligation to purchase any customer-owned street light system, we note that the purchase of customer-owned streetlighting facilities is not required for a customer to take service under SC3 Light.

Q. What changes is the Company proposing to SC6 Light?

A. The Company is proposing to change the effective date of the sunset of SC6 Light to March 31, 2025 to make the sunset date effective prior to the beginning of the RY. Page 102 of the initial testimony of the Company's Electric

Rates Panel states that the unmetered electric lighting service under SC6 Light has been closed to new applicants since February 1, 2011. The 2022 Rate Order adopted a sunset date of June 30, 2025 for SC6 Light. The Company has continued to provide service under this SC to existing customers and currently serves six customers under SC6 Light. The Company states that once SC6 is eliminated, these six customers will transition to SC3 Light.

Q. Does the Panel support the new sunset date?

A. Yes. Moving the sunset date forward a few months will not negatively impact these six customers and will better align with the start of the RY. However, we recommend a sunset date of April 30, 2025 as, due to the Company's filing date and maximum suspension period of the proposed tariff leaves, the RY tariff would likely not become effective until May 1, 2025 at the earliest. We also recommend that the Company provide notice directly to each customer impacted to communicate the change in SC.

**Electric Tariff Revisions Associated with Outdoor Lighting**

Q. Is the Company proposing any changes to the Electric Tariff that affects Outdoor Lighting?

A. Yes, the Company is proposing to change Rule 32 in the Electric Tariff to add a subpart to 32.2.1, the calculation of charges for municipal undergrounding, to exclude overhead lighting facilities.

Q. Why is the Company proposing this change in Rule 32?

A. As stated on page 103 and 104 of the initial testimony of the Company's Electric Rate Design Panel, the proposed revision seeks to clarify this calculation to make it clearer that components related to the permanent discontinuation of overhead lighting facilities should be excluded.

Q. Does the Panel support the change to Rule 32?

A. Yes. It is not clear from Rule 32 as currently written that this calculation should exclude overhead lighting facilities, therefore the Panel supports this proposed revision.

**Changes to Tariff Fees, Charges, and Provisions**

Q. Please describe the Company's proposed Electrification Rate Rebate.

A. As described in the Company's CLCPA Panel, beginning on page 37, the Company is proposing a new Non-Pipes Alternative, or NPA, Heat Pump Monthly Bill Credit Program. The Company proposes revisions to its Electric Tariff to add language associated with the credit to Rule 70 and the Company proposes cost recovery of the credit through the RDM.

Q. Does the Panel support the proposed tariff revisions associated with implementing the NPA Heat Pump Monthly Bill Credit Program?

A. Yes, but with two recommendations. First, the tariff revisions should allow the Company to implement the program as recommended by the Staff Energy Sustainability Panel, or SESP. Second, we recommend that the recovery of the costs associated with this program be done via a separate surcharge, not through the RDM as proposed by the Company. Recovering via a surcharge will allow for more transparency to customers and reduce the magnitude of the RDM

reconciliation rate.

Q. What are AMR/AMI Opt-Out Fees?

A. Customers who do not wish to have an AMR/AMI meter installed at their premises have an option to opt out and have their AMR/AMI meter replaced with a non-AMR meter. Customers who opt out are charged a one-time removal fee of their existing meter as well as an ongoing monthly meter reading fee for the new non-AMR/AMI meter.

Q. Is the Company proposing to change the AMR/AMI Opt Out Fees?

A. Yes. The proposed fees are listed on Page 106 of the initial testimony of the Company's Electric Rate Design Panel. The proposed fees specified above are calculated as provided in Exhibit__(E-RDP-11), Schedule 5.

Q. Does the Panel support the calculation of the AMR/AMI Opt Out fees?

A. Yes. The fees remain consistent with the terms of the tariff and are updated for more recent expenses, therefore they are reasonable.

Q. What are Re-Establishment Fees?

A. The Company charges a fee to customers when the Company re-establishes electric service to the

same customer at the same meter location where the service was disconnected for non-payment of bills.

Q. Is the Company proposing to change Re-Establishment Fees?

A. Yes. The Company's proposed changes to re-establishment fees are listed on page 107 of the initial testimony of the Company's Electric Rate Design Panel. The proposed fees are calculated in Exhibit__(E-RDP-11), Schedule 1, page 1. According to the Company, it filed a petition for a five-dollar fee that recovers costs associated with remotely connecting or reconnecting or disconnecting a customer's electric AMI meter, once such functionality becomes available. The petition remains pending before the Commission.

Q. Does the Panel support the Company's calculation of re-establishment fees?

A. Yes, the Panel has no updates to the Company's re-establishment Fees. However, the Panel recommends that the five-dollar proposed fee currently pending before the Commission not be reflected in the Electric Tariff until

Commission action on the pending petition.

Q. Is the Company proposing to change Competitive Billing Charges?

A. Yes. The Company's proposed calculation of the ESCO Billing Charge and the Customer Backout Credit is shown in Exhibit__(E-RDP-11CU), Schedule 3. For electric only customers the proposed rate would increase $0.17 to $0.92 per bill. For customers who receive gas and electric service from the Company, the proposed rate would increase $0.05 to $0.46 per bill.

Q. Did the Panel calculate its own Competitive Billing Charges?

A. Yes. Based on our forecasted customer bills provided by the SFP and the inflation factor provided by the Staff Witness Gadomski, our recommended charge and credit for an electric only customer is $0.46 and for a dual electric and gas customer our recommended charge and credit is $0.92.

Q. What is the paperless billing credit?

A. The paperless billing credit is a credit to customers who do not receive a physical bill.

Q. Does the Company propose to update its Paperless

Billing Credit?

A. Yes. The Company is proposing to update the Paperless Billing Credit $0.41 to $0.60 as shown in Exhibit__(E-RDP-11CU), Schedule 2, Page 1.

Q. Does the Panel agree with this rate?

A. Yes. We updated the calculation for the inflation factor provided by the Staff Witness Gadomski and it resulted in the same $0.60 paperless billing credit.

Q. Is the Company proposing to update the monthly incremental customer charge for customers that participate in the demand response programs, specifically the Emergency Demand Response Program, Day Ahead Demand Response Program, Commercial System Relief Program, Distribution Load Relief Program, and Term and Auto Term DLM Program?

A. Yes, the Company is proposing to update this rate from $11.77 to $14.56 per month. The Company's calculation is shown in Exhibit__(E-RDP-11), Schedule 4.1.

Q. Does the Panel support the Company's updated incremental customer charge associated with costs for customers enrolled in the Company's

demand response programs?

A. Yes.

Q. Is the Company proposing to update the incremental customer charge for Special Provision L of SC1 and Special Provision O of SC2ND?

A. Yes. The Company proposed updated incremental customer charges associated with Special Provision L of SC1 and Special Provision O of SC2ND in Exhibit__(E-RDP-11CU), Schedule 4.2. The Company proposed to increase the rate from $3.11 to $5.15.

Q. Does the Panel agree with this proposed rate?

A. No. The Panel recommends a rate of $4.41, for the incremental customer charges associated with Special Provision L of SC1 and Special Provision O of SC2ND as shown in Exhibit__(SERP-13). Our recommended rate was calculated using the same methodology as the Company but using the Return on Equity, or ROE, Debt Cost, Equity Percent, Debt Percent, Inflation Rate, and Pre-tax WACC recommended by Staff Witness Duah and Staff Witness Gadomski’s testimonies.

Q. Is the Company proposing to update the

incremental customer charge for Special Provision P of SC2D, Special Provision L of SC3, and Special Provision N of SC3?

A. Yes. The Company proposed updated incremental customer charges for Special Provision P of SC2D, Special Provision L of SC3, and Special Provision N of SC3, which are shown in Exhibit__(E-RDP-11CU), Schedule 4.3. The current rate is $24.71 and the Company proposed rate is $27.15.

Q. Do you agree with this proposed rate?

A. No. The Panel recommends a rate of $24.90 for incremental customer charges associated with Special Provision P of SC2D, Special Provision L of SC3 and Special Provision N of SC3 as shown in Exhibit__(SERP-14). To calculate our recommended rate we used the same methodology as the Company but with the Return on Equity, or ROE, Debt Cost, Equity Percent, Debt Percent, Inflation Rate, and Pre-tax WACC recommended by Staff Witness Duah and Staff Witness Gadomski's testimonies.

Q. What is the Company's proposal concerning the Other Delivery Surcharge?

A. Beginning on page 115 of the initial testimony of the Electric Rate Design Panel, the Company discusses its proposal to move certain surcharges into a new bill line item, called Other Delivery Surcharges, or ODS. These surcharges include the DLM surcharge, the VDER surcharge, the EAM surcharge, the EV Make Ready surcharge, the Arrears Management Program Phases 1 and 2 Surcharges, the Reliability Support Services surcharge, the Non-Wires Alternative Surcharge and the proposed RAM surcharge.

Q. Why does the Company propose this change?

A. The Company claims that including all of these surcharges in a separate ODS line item on a customer bill will ease customer confusion and increase transparency. An example ODS statement is shown in Exhibit__(E-RDP-13), Schedule 1.

Q. Does the Panel agree with the proposed ODS?

A. Yes, however we support the recommendations regarding the ODS made by the Staff Consumer Services Panel.

Q. Does the Company propose any changes to the current Late Payment Charges and Other Waived Fees surcharge mechanism?

A. Yes. The Company proposes to eliminate the Late Payment Charges and Other Waived Fees, or LPCO, effective July 1, 2025. The Company states, beginning on page 117 of the Electric Rate Design Panel testimony, that the final collection period for the deferred unbilled fees, net of savings, ends on June 30, 2025. The Company proposes to continue to accrue carrying charges at the pre-tax WACC on any remaining deferral balance through June 30, 2025.

Q. Does the Panel support the Company's proposal regarding the LPCO surcharge mechanism?

A. Yes, given that the collection period ends on June 30, 2025, the Panel finds it appropriate to eliminate the surcharge on July 1, 2025.

Q. Does the Company propose any modifications to the Net Utility Plant, or NUP, Surcharge?

A. Yes. As stated on page 118 of the initial testimony of the Electric Rate Design Panel, the Company is proposing to eliminate the NUP surcharge effective April 1, 2025, or the start of the RY.

Q. Does the Panel support the elimination of the

NUP?

A. Yes. The NUP was designed to allow the Company to recover revenue requirement associated with net plant at the end of its previous rate plan. Therefore, there is no future need for the NUP.

Q. Does the Company propose any modifications to the Hydrogen Energy Transfer System, or ETS, Surcharge?

A. Yes. The pilot project has been cancelled by the Company and as such, on page 118 of the Electric Rate Design Panel testimony, the Company proposes to eliminate the surcharge from the Electric Tariff.

Q. Does the Panel support the removal of the Hydrogen ETS surcharge from the Electric Tariff?

A. Yes.

Q. Why is the Company proposing to remove references to the EZR from the Electric Tariff?

A. As stated on page 119 of the initial testimony of the Electric Rate Design Panel, the Company states that the Economic Development Zone Program is fully closed at this time and there are no customers still receiving service under the EZR.

Q. How does the elimination of EZR impact the Electric Tariff?

A. The Company states that Form I of the Electric Tariff, the agreement for customers receiving discounted electric service under SC12, has a minimum bill provision that references the EZR rate. The Company proposes to modify this provision to reference the EJP rate. Both EZR and EJP rates are based on the Company's marginal costs.

Q. Does the Panel support this proposal?

A. Yes. As the EZR and EJP rates are both based on the Company's marginal costs, it is reasonable to modify form I from EZR rates to EJP rates.

Q. Is the Company proposing any changes regarding EJP customers?

A. The Company explains, on page 120 of the initial testimony of the Electric Rate Design Panel, that the Order Approving Tariff Amendments, issued January 21, 2021 in Case 18-E-0130, referred to as the 2018 Order, directed the Company to fix an inconsistency regarding exemptions from energy storage cost recovery for EZR and EJP delivery loads and propose a

solution to fix this issue. EZR and EJP customers are exempt from energy storage costs and should therefore be exempt from the Energy Storage Surcharge. The Company notes that the EZR issue is resolved with the elimination of that program and proposes tariff revisions to exempt EJP from the Energy Storage Surcharge.

Q. Does the Panel support the Company's proposal related to EJP customers?

A. Yes. This proposal is consistent with 2018 Order.

Q. Is the Company proposing any changes to how the Standardized Interconnection Requirements, or SIR, are described in the Electric Tariff?

A. Yes, as stated on page 121 of the initial testimony of the Electric Rate Design Panel the Company proposes a number of changes to correct title and references.

Q. Does the Panel support these changes?

A. Yes, the changes are to correct inconsistencies and they should be adopted.

Q. Is the Company proposing modifications to SC7 in the Electric Tariff?

A. Yes, as stated on page 122 of the initial

testimony of the Electric Rate Design Panel, the Company proposes a modification to the definition of on-site generation that is subject to SC7 delivery rates to exclude energy storage systems. The Company claims that energy storage that exports energy to the distribution system is subject to SC7 rates for their charging usage, unless such exports are sold in the wholesale market.

Q. Does the Panel support the Company's modification to the definition of on-site generation?

A. Yes.

Q. Is the Company proposing any changes to its tariff language regarding Clean Energy Standard Delivery?

A. As explained on pages 122 and 123 of the initial testimony of the Electric Rate Design Panel, the Company is proposing two changes. First, modification to rule 46.5.1.2 to show a filing deadline for Clean Energy Standard Delivery, or CESD, of three business days prior to the effective date. In addition, the Company proposes modifications to rule 46.5.1.4 to

include the recovery of uncollectible costs in the calculation of the CESD. The Company states this change was approved by the Commission's February 22, 2017 Order in Case 15-E-0302.

Q. Does the Panel support the tariff changes related to the CESD rule 46?

A. Yes.

Q Is the Company proposing any changes to its Electric Tariff regarding rule 42?

A. As stated on 123 of the initial testimony of the Electric Rate Design Panel, the Company proposes modifications to clarify that capacity charges should be included in both the Uncollectible Percentage Factor and Working Capital on Purchased Power Rates supply cost components of the MFC.

Q. Does the Panel support the tariff changes pertaining to Rule 42 of the MFC?

A. Yes, the changes are clarifying in nature and should be approved.

Q. Please explain the Company's proposal related to acceptable forms of payment.

A. The Company is proposing to list several acceptable payment methods in its tariff, as

well as directing customers to the Company's website for a full list of accepted forms of payment. The Company is proposing this change in response to an increased volume of inquiries from customers regarding acceptable payment methods.

Q. Does the Panel support the Company's proposal related to acceptable forms of payment?

A. Yes.

Q. Are there any additional tariff changes proposed by the Company?

A. Yes. On pages 124 and 125 of the Company's Electric Rate Design Panel testimony, the Company proposes to clarify language on Leaf 354 pertaining to religious organizations eligibility for SC1 service.

Q. Does the Panel support the Company's proposed tariff modifications pertaining to SC1 eligibility for religious organizations?

A. Yes.

Q. Does the Company have any additional changes to its tariff?

A. Yes, the Company is correcting the Electric Tariff Leaf 427.1 to reflect that the As-Used

Super-Peak Daily Demand is measured during the super-peak hours.

Q. Does the Panel support this correction?

A. Yes, as the change is clarifying in nature we recommend it is approved.

Q. Does this conclude the Panel's testimony at this time?

A. Yes.