FILE

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio for Approval of a Market Rate Offer to Conduct a Competitive Bidding Process for Standard Service Offer Electric Generation Supply, Accounting Modifications, and Tariffs for Generation Service.	)))))))	Case No. 10-2586-EL-SSO

VOLUME IV

TESTIMONY

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DIRECT TESTIMONY OF

JEFFREY R. BAILEY

ON BEHALF OF

DUKE ENERGY OHIO, INC.

November 15, 2010

370229

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I. . INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Jeffrey R. Bailey, and my business address is 1000 East Main Street, Plainfield, Indiana 46168.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Duke Energy Business Services, LLC (DEBS) as Director, Rate Design and Analysis. DEBS provides various administrative and other services to Duke Energy Ohio, Inc. (Duke Energy Ohio or the Company) and other affiliated companies of Duke Energy Corporation (Duke Energy).

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I received Bachelor of Science degrees in Industrial Management and Engineering from Purdue University, West Lafayette, Indiana. I also received from Purdue University a Master of Science degree majoring in Industrial Engineering.

I was employed by Duke Energy Indiana, Inc. (then known as PSI Energy, Inc.) in July of 1990 as Supervisor, Rate Engineering. I was subsequently promoted to Manager, Rate Engineering in 1991. I have held several positions in the Rate, Pricing, and Market Planning areas for Duke Energy Indiana and its affiliates (Cinergy Services, Inc., which later merged into DEBS) following the Cinergy Corp. / PSI Energy, Inc. / The Cincinnati Gas and Electric Company transaction in 1994. In 1997, I accepted the position of Manager, Sales Analysis. In 2000, I joined the Financial Operations Department where I held the positions of Manager, Financial Projects, and Manager, Finance. I returned to the Rate Department in mid-2002. Following the merger of Cinergy Corp. with Duke Power, I assumed my current position in the fall of 2006.

Before joining Duke Energy Indiana in July of 1990, I was employed by the Indiana Utility Regulatory Commission. I began my employment there in 1983 as a Staff Engineer. I was promoted through several positions of increasing responsibility at the Commission, the last of which was Assistant Chief Engineer. My primary responsibility as Assistant Chief Engineer for the Commission was the supervision of the gas and electric sections that investigated rate and regulatory matters pending before the Commission.

Q. PLEASE DESCRIBE YOUR DUTIES AS DIRECTOR OF RATE DESIGN AND ANALYSIS.

A. As Director, Rate Design and Analysis, my primary responsibility is the development of Duke Energy's rates and charges, including those rates and charges as may be contained in tariffs, agreements, or contracts for electric service.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO?

A. Yes, I have presented testimony at the Public Utilities Commission of Ohio (Commission) and several other regulatory jurisdictions where Duke Energy has customers.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony in this proceeding is to: (i) explain how the results of the proposed competitive bidding process (CBP) will be converted to retail rates; (ii) describe the development of seasonal and time-differentiated pricing options; and, (iii) discuss schedules illustrating the estimated impacts of the proposed rate design in this proceeding by rate schedule.

Q. WHAT ARE THE ATTACHMENTS AND SCHEDULES FOR WHICH YOU ARE RESPONSIBLE?

A. I am sponsoring all or part of the following exhibits:

- Attachment JRB-1, Development of Seasonal and Time of Day Factors;
- Attachment JRB-2, Rate Conversion Process; and
- Attachment JRB-3, Estimated Rate Impacts.

II. DISCUSSION OF RETAIL RATE CONVERSION PROCESS

Q. HOW WILL THE RESULTS OF THE CBP BE CONVERTED INTO RETAIL RATES?

A. The Company's proposed CBP price for generation supply will result in multiple clearing prices for each year of standard service offer (SSO) service. The clearing prices will be averaged using the number of tranches purchased at each price as weights to obtain the Blended Competitive Bid Price. The Company will utilize a wholesale to retail rate conversion process to convert the Blended Competitive Bid Price to a retail rate, referred to as the Standard Service Offer Generation

Charge (SSOGC). For purposes of this filing, the Company has chosen in the first period of the MRO to "blend" the SSOGC with its current retail prices, with a 10% contribution from the SSOGC rate and a 90% contribution from its current retail prices. More detail on this blending process can be found in the testimony of Company witnesses James E. Ziolkowski and William Donald Wathen Jr.

Q. PLEASE DESCRIBE IN MORE DETAIL HOW THE CBP PRICE WILL BE CONVERTED TO A RETAIL RATE.

A. Any capacity-related costs associated with the CBP will be allocated to the respective rate classes based on the average of their coincident peaks, including distribution losses, for the months of June through September of the prior year[1] (4 CP Method). These capacity costs will then be converted to energy charges based on the applicable kWh sales level for each class and further adjusted for commercial activity taxes.

Energy charges will be calculated for each class based upon the remaining non-capacity CBP price adjusted for losses and commercial activity taxes.

The results of both capacity- and energy-related charges will be further modified for seasonal and time-of-day factors for billing purposes, as further discussed below, and the appropriate portion included in Rider MRO discussed by Mr. Ziolkowski.

Q. WHY DOES THE COMPANY CONSIDER THE 4 CP METHOD APPROPRIATE?

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[1] Duke Energy Ohio has used peak demand data from calendar year 2009 for illustrative purposes.

A. The Company has historically peaked during the summer period, and the Company's tariffs have provisions, like the ratchet for billing demand, tied to the summer period. In addition, the 4 CP Method is reasonably supported, based upon the Federal Energy Regulatory Commission (FERC) factor tests to determine the appropriateness of coincident peaks for cost allocation purposes. Because electric heating does not contribute to the 4 CPs, there is no allocation of capacity-related costs to these groups.

Q. HAS THE COMPANY PRODUCED A LOSS STUDY FOR THE CONVERSION OF THE CBP PRICE TO RETAIL RATES?

A. Yes. The energy pricing of PJM Interconnection LLC (PJM) includes transmission losses; therefore, for purposes of the conversion, it has been assumed that transmission-served customers will have no additional energy costs due to losses. The Company has calculated losses for its distribution system and has relied on a recent study by the Electric Power Research Institute to distribute these losses between primary- and secondary-served customers. These loss factors will then be used to modify the CBP price to account for these losses.

Q. HOW ARE SEASONALITY AND TIME OF USE FACTORS INCORPORATED INTO THE COMPANY'S PROPOSED RATES?

A. Seasonality will be retained, or introduced, into the pricing based upon seasonal factors developed from four years (July 2006 through June 2010) of PJM locational marginal price (LMP) data at the Dayton Hub.

The hourly LMPs have been multiplied by the load of all "wires-connected" load to Duke Energy Ohio (*i.e.*, all shoppers and non-shoppers) to arrive at an hourly revenue. These revenue results are then aggregated based on the respective summer and winter periods and divided by sales in the same period to result in summer and winter factors. When applied to the CBP prices, these factors convert the annual average CBP price to load-weighted prices for the respective summer and winter periods. This same data can also be used to adjust prices into on- and off-peak periods where desired.

Q. PLEASE DESCRIBE EXHIBIT JRB-1.

A. Exhibit JRB-1 illustrates the calculations and the resulting seasonal and time of day factors used in the final conversion of the CBP prices to retail rates.

Q. IS THIS WEIGHTING APPROPRIATE?

A. In my opinion, yes. The load-weighting better reflects to retail customers the actual cost of providing service, while the average annual CBP price allows bidders to have more hours over which to spread risk, which results in lower auction prices for customers. These summer and winter factors will be provided to bidders in the auction process for their information. We envision this information being updated annually for each succeeding auction.

Q. WHY WAS TOTAL LOAD USED IN THESE CALCULATIONS?

A. The level of switching can dramatically impact class prices. A disproportionate number of non-shopping customers in a particular class when compared to historical norms may significantly distort prices. For example, if all non-shopping load were residential, the high covariance with weather for this class would result in very high prices that would ultimately discourage high load factor commercial and industrial load from taking service from Duke Energy Ohio. To prevent this, the use of total wires-connected load results in class prices more consistent with past pricing representing historical norms. This further serves to neither encourage nor discourage additional switching.

Q. WHAT MAJOR RATE CLASSES WILL EITHER RETAIN OR HAVE SEASONALITY INTRODUCED TO THEIR STRUCTURE?

A. The Company's current residential structure has a seasonal component, with rates differentiated by winter and summer periods. The seasonal factors derived from the PJM LMP and load data will be used to adjust the CBP component of the price to reflect these seasonal differences. The Company's residential Rate TD, Optional Time-of-Day Rate, will have the CBP price component adjusted for not only its seasonal differences but its various time components as well. Any pilot programs, like Rate TD-AM, Time-of-Day Rate for Residential Service with Advanced Metering, will have its prices modified in a similar manner.

The Company's commercial and industrial rates (Rate DS, Service at Secondary Distribution Voltage; Rate DP, Service at Primary Distribution Voltage; and Rate TS, Service at Transmission Voltage) are not directly seasonally or time differentiated, but can be modified to a "quasi" time-of-use rate through Rider LM. Rider LM allows for the modification of billing demand to be the greater of the on-peak demand or 50% of the off-peak demand. This mechanism allows for customers who can shift load to off-peak periods a means to take advantage of lower billing demand and energy charges. The Company intends to retain this mechanism for customers taking service under this Rider, but introduce seasonal prices to the CBP price portion of the energy prices applicable to the Company's commercial and industrial rates. As the auction prices become a greater and greater portion of these rates, the rate structures will be radically transformed where the recovery of fixed-related charges will transition from demand charges to energy charges.

The Company's Real Time Pricing Program, Rate RTP, will have a capacity component based upon the parent rate (Rates DS, DP, or TS) derived in the same manner as described above. The energy charges, however, will be the day-ahead prices for the Company's PJM node, differentiated by the appropriate loss factor.

Q. PLEASE DESCRIBE EXHIBIT JRB-2.

A. Exhibit JRB-2 incorporates the all of the items previously discussed to effectuate the blending process. With the exception of Rate RTP,[2] all of the Company's rate schedules are included in this analysis. The class rates derived from this Exhibit are used to compute the rate impacts to the various customer classes. For the sake of brevity, only the first period of the MRO is shown.

Q. WHAT ARE THE COMPANY'S FUTURE PLANS RELATED TO TIME-DIFFERENTIATED PRICING?

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[2] Rate RTP has not been estimated due to the hourly structure of the rate.

A. The Company remains committed to time-differentiated pricing and intends to continue to pursue various pricing initiatives through the collaborative process. Currently the Company has approval for a new residential rate, Rate TD-AM, and a Peak Time Rebate applicable to residential rates. Duke Energy Ohio is also considering various modifications to this structure to better understand the variables that drive customer acceptance of these rates and has recently filed for approval of a revised TD-AM tariff. Duke Energy Ohio has also filed for approval a critical peak pricing component. And, of course, the Company's real time pricing program is available for customers who can take advantage of that level of price transparency.

III. IMPACTS TO CUSTOMERS

Q. PLEASE DESCRIBE EXHIBIT JRB-3.

A. Exhibit JRB-3 details the impacts to the various customer classes as a result of the blending of the legacy ESP prices and the auction prices[3]. Page 1 of 3 details the impacts to customer classes resulting from the first period of the MRO comprised of 90% ESP and 10% CBP. Page 2 of 3 details the impacts to customers in the second period of the MRO comprised of 80% ESP and 20% CBP. Page 3 of 3 details the rate impacts for the final year of the proposal at 100% CBP prices. All comparisons are relative to rates in effect at December 31, 2011[4]. Although Duke

[3] Duke Energy Ohio has estimated the annualized CBP price to be $0.055 per kWh, with $0.0455 representing the energy-related portion of the price.

[4] The specific timing of the rate changes can be found in the testimony of Mr. Wathen.

Energy Ohio has made an attempt to reasonably estimate the auction price, the auction price is not known with certainty at this time. Therefore, the results shown in this exhibit are for illustrative purposes only.

IV. <u>CONCLUSION</u>

Q. WERE EXHIBITS JRB-1 THROUGH JRB-3 PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes.

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

A. Yes.

Duke Energy Ohio, Inc.

Seasonal and TOU Average Day Ahead Prices and Factors Using 4-Year Average With Weighting

	Total kWh	Day Ahead Revenue	Average Price per mWh	Factors
Summer	30,292,933,908	$1,479,485,521	$48.8393	1.0727
Winter	52,451,896,274	$2,287,780,899	$43.6167	0.9580
On Peak	24,343,856,230	$1,468,863,595	$60.3382	1.3253
Off Peak	58,400,973,952	$2,298,402,825	$39.3556	0.8644
On Peak Summer	9,427,561,934	$659,992,985	$70.0068	1.5376
On Peak Winter	14,916,294,296	$808,870,610	$54.2273	1.1911
Off Peak Summer	20,865,371,974	$819,492,536	$39.2752	0.8626
Off Peak Winter	37,535,601,978	$1,478,910,289	$39.4002	0.8654
Annual Average	82,744,830,182	$3,767,266,420	$45.5287	1.0000

Notes

(A) 4-Year Average of Prices, kWh and Revenue from 7/1/2006 - 6/30/2010
(B) Summer = June 1 - September 30; Winter = October 1 - May 31
(C) Total kWh = kWh from 7/1/2006 - 6/30/2010
(D) Day Ahead Revenues = Day Ahead Price X kWh
(E) Average Price per mWh = Sum of Revenues / kWh / 1000
(F) Factor = Row / Annual Average (Average Price per mWh)
(G) Off Peak Hours (Summer) - 8:01 pm to 11:00 am next day (Weekday)
- Friday 8:01 pm to 11:00 am the following Monday
- 8:01 pm day before Holiday to 11:00 am day after Holiday
(H) Off Peak Hours (Winter) - 2:01 pm to 5:00 pm and 9:01 pm to 9:00 am next day (Weekday)
- Friday 9:01 pm to 9:00 am the following Monday
- 9:01 pm day before Holiday to 9:00 am day after Holiday
(I) Holidays - New Year's Day, President's Day, Good Friday, Memorial Day,
Independence Day, Labor Day, Columbus Day, Veterans Day,
Thanksgiving Day, Christmas Day
- Legally observed days if occurring on weekend

Source: PJM AEP/Dayton Hub Historical LMP for 7/1/2006 - 6/30/2010

Competitive Bid Process Price		$0.055000
Blend Period	1	
Existing Rates		90%
CBP		10%

Allocation of Capacity Related Costs

Total Retail kWh Sales	20,078,872,082
Estimate of per Unit Energy Cost	$0.045500
Estimate of per unit Capacity Cost	$0.009500
Total Capacity Cost	$190,749,285

Rate Schedule	Sum of Summer CP	Ratio	Allocated Capacity Costs	kWh Sales	Capacity Price
RS	6,086,070	42.1196%	$80,342,787	7,223,512,535	$0.011122
DM	448,680	3.1045%	$5,921,747	525,523,834	$0.011268
DS	4,989,210	34.5286%	$65,863,034	6,550,763,857	$0.010054
EH	0	0.0000%	$0	87,935,322	$0.000000
DP	1,519,941	10.5190%	$20,064,885	2,376,556,274	$0.008443
TS	1,390,610	9.6239%	$18,357,574	3,192,724,911	$0.005750
LIGHTING (Dusk to Dawn)	8,831	0.0611%	$116,579	103,685,919	$0.001124
LIGHTING (Other)	6,263	0.0433%	$82,678	18,159,430	$0.004553
TOTAL	14,449,505	100.0000%	$190,749,285	20,078,872,082	
				OK	

Development of Energy Charges

Commercial Activity Tax 0.2600%

Rate Schedule	Season	Factors Loss	Factors Season	Adjusted Energy Price	Factors Peak	Factors Off-Peak	Prices Peak	Prices Off-Peak
RS	Summer	3.96%	107.27%	$0.050953	163.76%	86.26%	$0.073037	$0.040975
	Winter	3.96%	95.80%	$0.045505	119.11%	86.54%	$0.056675	$0.041106
DM	Summer	3.96%	107.27%	$0.050953				
	Winter	3.96%	95.80%	$0.045505				
DS	Summer	3.96%	107.27%	$0.050953				
	Winter	3.96%	95.80%	$0.045505				
EH	Summer	3.96%	107.27%	$0.050953				
	Winter	3.96%	95.80%	$0.045505				
DP	Summer	2.45%	107.27%	$0.050165				
	Winter	2.45%	95.80%	$0.044800				
TS	Summer	0.00%	107.27%	$0.048936				
	Winter	0.00%	95.80%	$0.043703				
LIGHTING (Dusk to Dawn)	Summer	3.96%	107.27%	$0.050953		86.26%		$0.040975
	Winter	3.96%	95.80%	$0.045505		86.54%		$0.041106
					Off-Peak Composite Factor ==>			$0.040641
LIGHTING (Other)	Summer	3.96%	107.27%	$0.050953				
	Winter	3.96%	95.80%	$0.045505	Summer / Winter Composite Factor ==>			$0.046607

Development of Capacity Charges

Commercial Activity Tax 0.2600%

Rate Schedule	Season	Factors		Adjusted Capacity Price	Factors		Prices	
		Loss	Season		Peak	Off-Peak	Peak	Off-Peak
RS	Summer	3.96%	107.27%	$0.012455	153.76%	86.26%	$0.017854	$0.010016
	Winter	3.96%	95.80%	$0.011124	119.11%	86.54%	$0.013830	$0.010048
DM	Summer	3.96%	107.27%	$0.012619				
	Winter	3.96%	95.80%	$0.011269				
DS	Summer	3.96%	107.27%	$0.011259				
	Winter	3.96%	95.80%	$0.010055				
EH	Summer	3.96%	107.27%	$0.000000				
	Winter	3.96%	95.80%	$0.000000				
DP	Summer	2.45%	107.27%	$0.009308				
	Winter	2.45%	95.80%	$0.008313				
TS	Summer	0.00%	107.27%	$0.006184				
	Winter	0.00%	95.80%	$0.005523				
LIGHTING (Dusk to Dawn)	Summer	3.96%	107.27%	$0.001259				
	Winter	3.96%	95.80%	$0.001124				
LIGHTING (Other)	Summer	3.96%	107.27%	$0.005099				
	Winter	3.96%	95.80%	$0.004553	Summer / Winter Composite Factor ==>			$0.004664

Development of Blended Prices

				Rider Gen			Rider MRO			
			ESP Prices	ESP Blend 90%	Adjusted CBP Prices Energy	Adjusted CBP Prices Capacity	CBP Blend 10% Energy	CBP Blend 10% Capacity	Total	Final Price
Rate RS	Summer	First 1000 kWh	$0.084679	$0.076211	$0.050953	$0.012455	$0.005095	$0.001246	$0.006341	$0.082552
		Over 1000 kWh	$0.101699	$0.091529	$0.050953	$0.012455	$0.005095	$0.001246	$0.006341	$0.097870
	Winter	First 1000 kWh	$0.084679	$0.076211	$0.045505	$0.011124	$0.004551	$0.001112	$0.005663	$0.081874
		Over 1000 kWh	$0.044876	$0.040388	$0.045505	$0.011124	$0.004551	$0.001112	$0.005663	$0.046051
Rate DM	Summer	First 2800 kWh	$0.113616	$0.102255	$0.050953	$0.012619	$0.005095	$0.001262	$0.006357	$0.108612
		Next 3200 kWh	$0.043042	$0.038738	$0.050953	$0.012619	$0.005095	$0.001262	$0.006357	$0.045095
		All Additional	$0.030613	$0.027462	$0.050953	$0.012619	$0.005095	$0.001262	$0.006357	$0.033819
	Winter	First 2800 kWh	$0.094215	$0.084794	$0.045505	$0.011269	$0.004551	$0.001127	$0.005678	$0.090472
		Next 3200 kWh	$0.043046	$0.038741	$0.045505	$0.011269	$0.004551	$0.001127	$0.005678	$0.044419
		All Additional	$0.030008	$0.027007	$0.045505	$0.011269	$0.004551	$0.001127	$0.005678	$0.032685
Rate DS	Summer Demand	First 1000 kW	$11.090953	$9.981858					$0.000000	$9.981858
		Additional kW	$8.973765	$8.076389					$0.000000	$8.076389
	Energy	Next 300KWH/KW	$0.055147	$0.049632	$0.050953	$0.011259	$0.005095	$0.001126	$0.006221	$0.055853
		Additional Kwh	$0.040357	$0.036321	$0.050953	$0.011259	$0.005095	$0.001126	$0.006221	$0.042542
	Winter Demand	First 1000 kW	$11.090953	$9.981858					$0.000000	$9.981858
		Additional kW	$8.973765	$8.076389					$0.000000	$8.076389
	Energy	Next 300KWH/KW	$0.055147	$0.049632	$0.045505	$0.010055	$0.004551	$0.001006	$0.005557	$0.055189
		Additional Kwh	$0.040357	$0.036321	$0.045505	$0.010055	$0.004551	$0.001006	$0.005557	$0.041878

Development of Blended Prices

	A	B	C	D	E	F	G	H	I	J	K
					Rider Gen	Adjusted CBP Prices		Rider MRO CBP Blend 10%			
				ESP Prices	ESP Blend 90%	Energy	Capacity	Energy	Capacity	Total	Final Price
152	Rate EH	Summer	All Consumption	$0.063217	$0.056895	$0.050953	$0.000000	$0.005095	$0.000000	$0.005095	$0.061990
154		Winter	All Consumption	$0.063217	$0.056895	$0.045505	$0.000000	$0.004551	$0.000000	$0.004551	$0.061446
157	Rate DP	Summer									
158		Demand	First 1000 kW	$10.460232	$9.414209					$0.000000	$9.414209
159			Additional kW	$8.230419	$7.407377					$0.000000	$7.407377
161		Energy	Next 300KWH/KW	$0.057018	$0.051316	$0.050165	$0.009308	$0.005017	$0.000931	$0.005948	$0.057264
162			Additional Kwh	$0.042985	$0.038687	$0.050165	$0.009308	$0.005017	$0.000931	$0.005948	$0.044635
165		Winter									
166		Demand	First 1000 kW	$10.460232	$9.414209					$0.000000	$9.414209
167			Additional kW	$8.230419	$7.407377					$0.000000	$7.407377
169		Energy	Next 300KWH/KW	$0.057018	$0.051316	$0.044800	$0.008313	$0.004480	$0.000831	$0.005311	$0.056627
170			Additional Kwh	$0.042985	$0.038687	$0.044800	$0.008313	$0.004480	$0.000831	$0.005311	$0.043998
173	Rate TS	Summer									
174		Demand	First 50,000 kVa	$13.008434	$11.707591					$0.000000	$11.707591
175			Additional kVa	$9.761663	$8.785497					$0.000000	$8.785497
177		Energy	Next 300KWH/KW	$0.044310	$0.039879	$0.048936	$0.006184	$0.004894	$0.000618	$0.005512	$0.045391
178			Additional Kwh	$0.041168	$0.037051	$0.048936	$0.006184	$0.004894	$0.000618	$0.005512	$0.042563
181		Winter									
182		Demand	First 50,000 kVa	$13.008434	$11.707591					$0.000000	$11.707591
183			Additional kVa	$9.761663	$8.785497					$0.000000	$8.785497
185		Energy	Next 300KWH/KW	$0.044310	$0.039879	$0.043703	$0.005523	$0.004370	$0.000552	$0.004922	$0.044801
186			Additional Kwh	$0.041168	$0.037051	$0.043703	$0.005523	$0.004370	$0.000552	$0.004922	$0.041973

Development of Blended Prices

	A	B	C	D: ESP Prices	E: Rider Gen – ESP Blend 90%	F: Adjusted CBP Prices – Energy	G: Adjusted CBP Prices – Capacity	H: Rider MRO – CBP Blend 10% – Energy	I: Rider MRO – CBP Blend 10% – Capacity	J: Rider MRO – CBP Blend 10% – Total	K: Final Price
190	Rate ORH	Summer	First 1000 kWh	$0.079692	$0.071723	$0.050953	$0.012455	$0.005095	$0.001246	$0.006341	$0.078064
191			Additional Kwh	$0.091596	$0.082436	$0.050953	$0.012455	$0.005095	$0.001246	$0.006341	$0.088777
192			KWH > 150 X DEMAND	$0.091596	$0.082436	$0.050953	$0.012455	$0.005095	$0.001246	$0.006341	$0.088777
194		Winter	First 1000 kWh	$0.079685	$0.071717	$0.045505	$0.011124	$0.004551	$0.001112	$0.005663	$0.077380
195			Additional Kwh	$0.050740	$0.045666	$0.045505	$0.011124	$0.004551	$0.001112	$0.005663	$0.051329
196			KWH > 150 X DEMAND	$0.039103	$0.035192	$0.045505	$0.011124	$0.004551	$0.001112	$0.005663	$0.040855
199					$0.000000						
200	Rate TD-AM	Summer	On Peak kWh	$0.169640	$0.152676	$0.073037	$0.017854	$0.007304	$0.001785	$0.009089	$0.161765
201			Shoulder Peak kWh	$0.129710	$0.116739	$0.073037	$0.017854	$0.007304	$0.001785	$0.009089	$0.125828
202			Off Peak kWh	$0.042759	$0.038483	$0.040975	$0.010016	$0.004098	$0.001002	$0.005100	$0.043583
204		Winter	On Peak kWh	$0.122245	$0.110021	$0.056575	$0.013830	$0.005658	$0.001383	$0.007041	$0.117062
205			Shoulder Peak kWh	$0.059695	$0.053726	$0.056575	$0.013830	$0.005658	$0.001383	$0.007041	$0.060767
206			Off Peak kWh	$0.034659	$0.031193	$0.041106	$0.010048	$0.004111	$0.001005	$0.005116	$0.036309
210	Rate TD	Summer	On Peak kWh	$0.157204	$0.141484	$0.073037	$0.017854	$0.007304	$0.001785	$0.009089	$0.150573
211			Off Peak kWh	$0.039828	$0.035845	$0.040975	$0.010016	$0.004098	$0.001002	$0.005100	$0.040945
213		Winter	On Peak kWh	$0.127809	$0.115028	$0.056575	$0.013830	$0.005658	$0.001383	$0.007041	$0.122069
214			Off Peak kWh	$0.039839	$0.035855	$0.041106	$0.010048	$0.004111	$0.001005	$0.005116	$0.040971
218	Rate CUR	Summer	First 1000 kWh	$0.086871	$0.078184	$0.050953	$0.012455	$0.005095	$0.001246	$0.006341	$0.084526
219			Over 1000 kWh	$0.104448	$0.094003	$0.050953	$0.012455	$0.005095	$0.001246	$0.006341	$0.100344
221		Winter	First 1000 kWh	$0.086871	$0.078184	$0.045505	$0.011124	$0.004551	$0.001112	$0.005663	$0.083847
222			Over 1000 kWh	$0.045764	$0.041188	$0.045505	$0.011124	$0.004551	$0.001112	$0.005663	$0.046851

Development of Blended Prices

A	B	C	D	E	F	G	H	I	J	K
				Rider Gen			Rider MRO			
			ESP Prices	ESP Blend 90%	Adjusted CBP Prices Energy	Adjusted CBP Prices Capacity	CBP Blend 10% Energy	CBP Blend 10% Capacity	CBP Blend 10% Total	Final Price
Rate RS3P	Summer	First 1000 kWh	$0.084679	$0.076211	$0.050953	$0.012455	$0.005095	$0.001246	$0.006341	$0.082552
		Over 1000 kWh	$0.101699	$0.091529	$0.050953	$0.012455	$0.005095	$0.001246	$0.006341	$0.097870
	Winter	First 1000 kWh	$0.084679	$0.076211	$0.045505	$0.011124	$0.004551	$0.001112	$0.005663	$0.081874
		Over 1000 kWh	$0.044876	$0.040388	$0.045505	$0.011124	$0.004551	$0.001112	$0.005663	$0.046051
Rate RSLI	Summer	First 1000 kWh	$0.084679	$0.076211	$0.050953	$0.012455	$0.005095	$0.001246	$0.006341	$0.082552
		Over 1000 kWh	$0.101699	$0.091529	$0.050953	$0.012455	$0.005095	$0.001246	$0.006341	$0.097870
	Winter	First 1000 kWh	$0.084679	$0.076211	$0.045505	$0.011124	$0.004551	$0.001112	$0.005663	$0.081874
		Over 1000 kWh	$0.044876	$0.040388	$0.045505	$0.011124	$0.004551	$0.001112	$0.005663	$0.046051
Rate GSFL	Summer	LOAD RANGE 540 TO 720 HOURS	$0.116751	$0.105076	$0.050953	$0.012619	$0.005095	$0.001262	$0.006357	$0.111433
		LOAD < 540 HOURS	$0.130246	$0.117221	$0.050953	$0.012619	$0.005095	$0.001262	$0.006357	$0.123578
	Winter	LOAD RANGE 540 TO 720 HOURS	$0.116751	$0.105076	$0.045505	$0.011269	$0.004551	$0.001127	$0.005678	$0.110754
		LOAD < 540 HOURS	$0.130246	$0.117221	$0.045505	$0.011269	$0.004551	$0.001127	$0.005678	$0.122899
Rate SFL-ADPL	Summer	All Consumption	$0.116751	$0.105076	$0.050953	$0.012619	$0.005095	$0.001262	$0.006357	$0.111433
	Winter	All Consumption	$0.116751	$0.105076	$0.045505	$0.011269	$0.004551	$0.001127	$0.005678	$0.110754

	A	B	C	D	E	F	G	H	I	J	K
107	Development of Blended Prices										
110					Rider Gen			Rider MRO			
111						Adjusted CBP Prices		CBP Blend 10%			
114				ESP Prices	ESP Blend 90%	Energy	Capacity	Energy	Capacity	Total	Final Price
255	Rate SL,OL,NSU,NSP,SE		All Consumption	$0.061649	$0.055484	$0.040641	$0.001259	$0.004064	$0.000126	$0.004190	$0.059674
259	Rate TL		All Consumption	$0.045072	$0.040565	$0.046607	$0.004664	$0.004661	$0.000466	$0.005127	$0.045692
263	Rate SC ENERGY ONLY		All Consumption	$0.042136	$0.037924	$0.040641	$0.001259	$0.004064	$0.000126	$0.004190	$0.042114
267	Rate SC		All Consumption	$0.057096	$0.051386	$0.040641	$0.001259	$0.004064	$0.000126	$0.004190	$0.055576
271	Rate UOLS		All Consumption	$0.038135	$0.034321	$0.040641	$0.001259	$0.004064	$0.000126	$0.004190	$0.038511

ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. 2011 RATES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
(ELECTRIC SERVICE)

DATA: 12 MONTHS ACTUAL & 0 MONTHS ESTIMATED
TYPE OF FILING: _X__ ORIGINAL ____ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S).:

Period 1 of the MRO: 90% ESP, 10% CBP Blend

LINE NO.	RATE CLASSIFICATION (A)	REVENUE AT PRESENT RATES (B)	REVENUE AT PROPOSED RATES (C)	REVENUE CHANGE (AMOUNT) (D=C-B)	% OF REVENUE CHANGE (E=D / B)
	RESIDENTIAL SERVICE				
1	RESIDENTIAL SERVICE (RS)	820,975,249	807,529,340	(13,445,909)	(1.64%)
2	OPTIONAL HEATING SERVICE (ORH)	662,490	663,508	1,018	0.15%
3	TIME OF DAY ADVANCED METERING (TD-AM)	545	537	(8)	(1.47%)
4	OPTIONAL TIME OF DAY SERVICE (TD)	39,247	38,982	(265)	(0.68%)
5	COMMON USE RESIDENTIAL SERVICE (CUR)	11,690,270	10,963,029	(727,241)	(6.22%)
6	RESIDENTIAL THREE-PHASE SERVICE (RS3P)	289,167	286,980	(2,187)	(0.76%)
7	RESIDENTIAL SERVICE-LOW INCOME (RSLI)	7,694,826	7,554,712	(140,114)	(1.82%)
8	TOTAL RESIDENTIAL	841,351,794	827,037,088	(14,314,706)	(1.70%)
	DISTRIBUTION VOLTAGE SERVICE				
9	SECONDARY DISTRIBUTION (DS)	764,780,708	701,313,242	(63,467,466)	(8.30%)
10	SECONDARY DISTRIBUTION (DS RTP)	141,000	141,000	0	0.00%
11	UNMETERED SMALL FIXED LOADS (GSFL)	4,479,247	4,126,475	(352,772)	(7.88%)
12	ELEC SPACE HEATING (EH)	8,363,651	7,673,096	(690,555)	(8.26%)
13	SEC DISTRIBUTION SERVICE-SMALL (DM)	77,426,054	70,640,802	(6,785,252)	(8.76%)
14	PRIMARY DISTRIBUTION VOLTAGE (DP)	226,036,740	211,569,265	(14,467,475)	(6.40%)
15	PRIMARY DISTRIBUTION VOLTAGE (DP RTP)	(8,250,996)	(8,250,996)	0	0.00%
16	OPT UNMTRED SM FX LD ATTACH DIRECTLY PWR LINE (SFL-ADPL)	79,246	72,972	(6,274)	(7.92%)
17	TOTAL DISTRIBUTION	1,073,055,650	987,285,856	(85,769,794)	(7.99%)
	TRANSMISSION VOLTAGE SERVICE				
18	TRANSMISSION VOLTAGE (TS)	222,616,435	209,211,356	(13,405,079)	(6.02%)
19	TRANSMISSION VOLTAGE (TS RTP)	5,252,583	5,252,583	0	0.00%
20	TOTAL TRANSMISSION	227,869,018	214,463,939	(13,405,079)	(5.88%)
	LIGHTING SERVICE				
21	STREET LIGHTING (SL)	6,790,762	6,636,038	(154,724)	(2.28%)
22	TRAFFIC LIGHTING (TL)	1,099,377	1,070,103	(29,274)	(2.66%)
23	OUTDOOR LIGHTING (OL)	3,450,769	3,352,783	(97,986)	(2.84%)
24	NON STD STREET LIGHTING (NSU)	234,554	228,475	(6,079)	(2.59%)
25	NON STD POL'S (NSP)	377,488	370,929	(6,559)	(1.74%)
26	S L - CUST OWNED (SC)	1,331,992	1,345,136	13,144	0.99%
27	S L - OVERHEAD EQUIV (SE)	632,755	614,272	(18,483)	(2.92%)
28	UNMETERED OUTDOOR LIGHTING (UOLS)	587,106	565,129	(21,977)	(3.74%)
29	TOTAL LIGHTING	14,504,803	14,182,865	(321,938)	(2.22%)
30	*TOTAL RETAIL*	2,156,781,265	2,042,969,748	(113,811,517)	(5.28%)

ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. 2011 RATES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
(ELECTRIC SERVICE)

DATA: 12 MONTHS ACTUAL & 0 MONTHS ESTIMATED
TYPE OF FILING: _X__ ORIGINAL ____ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S).:

Period 2 of the MRO: 80% ESP, 20% CBP Blend

LINE NO.	RATE CLASSIFICATION (A)	REVENUE AT PRESENT RATES (B)	REVENUE AT PROPOSED RATES (C)	REVENUE CHANGE (AMOUNT) (D=C-B)	% OF REVENUE CHANGE (E=D / B)
	RESIDENTIAL SERVICE				
1	RESIDENTIAL SERVICE (RS)	820,975,249	793,086,181	(27,889,068)	(3.40%)
2	OPTIONAL HEATING SERVICE (ORH)	662,490	659,592	(2,898)	(0.44%)
3	TIME OF DAY ADVANCED METERING (TD-AM)	545	530	(15)	(2.75%)
4	OPTIONAL TIME OF DAY SERVICE (TD)	39,247	38,678	(569)	(1.45%)
5	COMMON USE RESIDENTIAL SERVICE (CUR)	11,690,270	10,769,545	(920,725)	(7.88%)
6	RESIDENTIAL THREE-PHASE SERVICE (RS3P)	289,167	284,475	(4,692)	(1.62%)
7	RESIDENTIAL SERVICE-LOW INCOME (RSLI)	7,694,826	7,404,742	(290,084)	(3.77%)
8	TOTAL RESIDENTIAL	841,351,794	812,243,743	(29,108,051)	(3.46%)
	DISTRIBUTION VOLTAGE SERVICE				
9	SECONDARY DISTRIBUTION (DS)	764,780,708	682,597,448	(82,183,260)	(10.75%)
10	SECONDARY DISTRIBUTION (DS RTP)	141,000	141,000	0	0.00%
11	UNMETERED SMALL FIXED LOADS (GSFL)	4,479,247	3,967,740	(511,507)	(11.42%)
12	ELEC SPACE HEATING (EH)	8,363,651	7,565,375	(798,276)	(9.54%)
13	SEC DISTRIBUTION SERVICE-SMALL (DM)	77,426,054	68,849,908	(8,576,146)	(11.08%)
14	PRIMARY DISTRIBUTION VOLTAGE (DP)	226,036,740	207,475,541	(18,561,199)	(8.21%)
15	PRIMARY DISTRIBUTION VOLTAGE (DP RTP)	(8,250,996)	(8,250,996)	0	0.00%
16	OPT UNMTRED SM FX LD ATTACH DIRECTLY PWR LINE (SFL-ADPL)	79,246	70,150	(9,096)	(11.48%)
17	TOTAL DISTRIBUTION	1,073,055,650	962,416,166	(110,639,484)	(10.31%)
	TRANSMISSION VOLTAGE SERVICE				
18	TRANSMISSION VOLTAGE (TS)	222,616,435	204,858,490	(17,757,945)	(7.98%)
19	TRANSMISSION VOLTAGE (TS RTP)	5,252,583	5,252,583	0	0.00%
20	TOTAL TRANSMISSION	227,869,018	210,111,073	(17,757,945)	(7.79%)
	LIGHTING SERVICE				
21	STREET LIGHTING (SL)	6,790,762	6,562,712	(228,050)	(3.36%)
22	TRAFFIC LIGHTING (TL)	1,099,377	1,081,363	(18,014)	(1.64%)
23	OUTDOOR LIGHTING (OL)	3,450,769	3,306,261	(144,508)	(4.19%)
24	NON STD STREET LIGHTING (NSU)	234,554	225,589	(8,965)	(3.82%)
25	NON STD POL'S (NSP)	377,488	367,807	(9,681)	(2.56%)
26	S L - CUST OWNED (SC)	1,331,992	1,338,775	6,783	0.51%
27	S L - OVERHEAD EQUIV (SE)	632,755	605,480	(27,275)	(4.31%)
28	UNMETERED OUTDOOR LIGHTING (UOLS)	587,106	569,553	(17,553)	(2.99%)
29	TOTAL LIGHTING	14,504,803	14,057,540	(447,263)	(3.08%)
30	*TOTAL RETAIL*	2,156,781,265	1,998,828,522	(157,952,743)	(7.32%)

ANNUALIZED TEST YEAR REVENUES AT PROPOSED VS. 2011 RATES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
(ELECTRIC SERVICE)

DATA: 12 MONTHS ACTUAL & 0 MONTHS ESTIMATED
TYPE OF FILING: _X__ ORIGINAL ____ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S).:

Period 3 of the MRO: 0% ESP, 100% CBP Blend

LINE NO.	RATE CLASSIFICATION (A)	REVENUE AT PRESENT RATES (B)	REVENUE AT PROPOSED RATES (C)	REVENUE CHANGE (AMOUNT) (D=C-B)	% OF REVENUE CHANGE (E=D / B)
	RESIDENTIAL SERVICE				
1	RESIDENTIAL SERVICE (RS)	820,975,249	677,531,341	(143,443,908)	(17.47%)
2	OPTIONAL HEATING SERVICE (ORH)	662,490	628,270	(34,220)	(5.17%)
3	TIME OF DAY ADVANCED METERING (TD-AM)	545	470	(75)	(13.76%)
4	OPTIONAL TIME OF DAY SERVICE (TD)	39,247	36,242	(3,005)	(7.66%)
5	COMMON USE RESIDENTIAL SERVICE (CUR)	11,690,270	9,221,591	(2,468,679)	(21.12%)
6	RESIDENTIAL THREE-PHASE SERVICE (RS3P)	289,167	264,437	(24,730)	(8.55%)
7	RESIDENTIAL SERVICE-LOW INCOME (RSLI)	7,694,826	6,204,906	(1,489,920)	(19.36%)
8	TOTAL RESIDENTIAL	841,351,794	693,887,257	(147,464,537)	(17.53%)
	DISTRIBUTION VOLTAGE SERVICE				
9	SECONDARY DISTRIBUTION (DS)	764,780,708	532,848,401	(231,932,307)	(30.33%)
10	SECONDARY DISTRIBUTION (DS RTP)	141,000	141,000	0	0.00%
11	UNMETERED SMALL FIXED LOADS (GSFL)	4,479,247	2,697,625	(1,781,622)	(39.78%)
12	ELEC SPACE HEATING (EH)	8,363,651	6,702,553	(1,661,098)	(19.86%)
13	SEC DISTRIBUTION SERVICE-SMALL (DM)	77,426,054	54,524,183	(22,901,871)	(29.58%)
14	PRIMARY DISTRIBUTION VOLTAGE (DP)	226,036,740	174,725,052	(51,311,688)	(22.70%)
15	PRIMARY DISTRIBUTION VOLTAGE (DP RTP)	(8,250,996)	(8,250,996)	0	0.00%
16	OPT UNMTRED SM FX LD ATTACH DIRECTLY PWR LINE (SFL-ADPL)	79,246	47,571	(31,675)	(39.97%)
17	TOTAL DISTRIBUTION	1,073,055,650	763,435,389	(309,620,261)	(28.85%)
	TRANSMISSION VOLTAGE SERVICE				
18	TRANSMISSION VOLTAGE (TS)	222,616,435	170,013,582	(52,602,853)	(23.63%)
19	TRANSMISSION VOLTAGE (TS RTP)	5,252,583	5,252,583	0	0.00%
20	TOTAL TRANSMISSION	227,869,018	175,266,165	(52,602,853)	(23.08%)
	LIGHTING SERVICE				
21	STREET LIGHTING (SL)	6,790,762	5,976,286	(814,476)	(11.99%)
22	TRAFFIC LIGHTING (TL)	1,099,377	1,171,415	72,038	6.55%
23	OUTDOOR LIGHTING (OL)	3,450,769	2,934,338	(516,431)	(14.97%)
24	NON STD STREET LIGHTING (NSU)	234,554	202,531	(32,023)	(13.65%)
25	NON STD POL'S (NSP)	377,488	342,899	(34,589)	(9.16%)
26	S L - CUST OWNED (SC)	1,331,992	1,287,505	(44,487)	(3.34%)
27	S L - OVERHEAD EQUIV (SE)	632,755	535,300	(97,455)	(15.40%)
28	UNMETERED OUTDOOR LIGHTING (UOLS)	587,106	604,896	17,790	3.03%
29	TOTAL LIGHTING	14,504,803	13,055,170	(1,449,633)	(9.99%)
30	*TOTAL RETAIL*	2,156,781,265	1,645,643,981	(511,137,284)	(23.70%)