

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

* * * *

In the Matter of

GENERAL ADJUSTMENT)
IN ELECTRIC RATES OF) CASE NO. 7900
KENTUCKY POWER COMPANY)

O R D E R

On June 27, 1980, Kentucky Power Company (Applicant) filed a Notice with the Commission wherein it proposed to adjust its electric rates and charges to produce additional annual revenues of approximately \$26,000,000, to become effective on and after July 17, 1980. In order to determine the reasonableness of the proposed increase, the Commission by Order dated June 30, 1980 suspended the proposed rates for a period of five (5) months on and after the effective date.

The Attorney General's Division of Consumer Intervention and Armco, Inc. were granted leave to intervene and participated in the public hearings held in the Commission's offices in Frankfort, Kentucky on: August 7, October 28, November 17, and November 18, 1980.

During the hearing of November 17, 1980, several consumers from the Applicant's service area, working through the counsel for the Consumer Intervention Division, gave testimony concerning the proposed change in rates. These consumers were:

Wayne Rutherford, Pike County Judge Executive; T. L. Johnson; Bessie Baker; Eva Nevius; Wanda Gross; Ruth Bartlett; Marie Long and Gene White.

Briefs from the Intervenors were filed by December 1, 1980 and the Applicant's brief was filed on December 12, 1980. The entire record, including the Company's responses to requests for additional information was then submitted to the Commission for final determination.

TEST PERIOD

The twelve-month period ending March 31, 1980, has been used as the test period in this matter for purposes of determining the reasonableness of the rates and charges proposed herein. In accordance,

with Commission policy, pro forma adjustments have been included when found appropriate.

VALUATION
METHODS

Net Investment

Applicant proposed a Kentucky jurisdictional Net Investment rate base of \$358,663,710.¹ With two exceptions, the Commission has accepted this valuation for ratemaking purposes. The Commission has recognized the adjusted level of operation and maintenance expenses found reasonable herein, and as a result has reduced the Company's proposed Cash Working Capital by \$297,816.² Moreover, in accordance with past policy, the Commission has adjusted the year-end balance in Accumulated Depreciation by \$1,041,262³ to reflect the accepted pro forma adjustments to depreciation expense.

Therefore, the Commission has determined the Applicant's Net Investment rate base at March 31, 1980 to be as follows:

Plant in Service	\$ 373,837,877
Accumulated Provision for Depreciation	97,785,180
Net Plant	<u>\$ 276,052,697</u>
Plant Held for Future Use	87,173
Prepayments	134,094
Materials & Supplies	29,288,530
Cash Working Capital	15,023,832
Construction Work in Progress	71,769,887
Less:	
Customer Advances	1,290,595
Accumulated Deferred Taxes	33,740,227
Merchandise	759
Net Investment	<u>\$ 357,324,632</u>

Capital

At March 31, 1980, Applicant had capital, including Job Development Investment Tax Credits of \$15,100,000, of \$355,633,000.⁴ The Commission finds that two adjustments to this capital base are necessary to reflect the normal level of capital supporting that portion of the Company's total investment in its operations which requires a return through electric rates from its customer body.

¹ Notice, Section V, Schedule 1, page 1.

² \$15,321,648 - \$15,023,832 = \$297,816.

³ \$349,134 + \$851,510 = \$1,200,644 - \$159,382 = \$1,041,262.

⁴ Hanley, Schedule 2, page 2 of 2.

1. The Attorney General's witness, Ben Johnson, proposed several adjustments to the capital base. Of these proposals, the Commission has partially accepted the adjustments concerning the exclusion of Non-Utility Property and Other Long-Term Investments from capital. The Commission concurs with Mr. Johnson in his analysis supporting these adjustments with the exception of the investment in the research and development project, the Dumont Test Site, which the Commission finds to be beneficial to the ratepayer on a long-term basis. Thus, the Commission has reduced capital by \$14,001,608.⁵

2. The Company proposed an adjustment to its Net Investment rate base of \$3,302,287⁶ to reprice its fuel stock at an average level. The Commission accepted this adjustment to the rate base and finds that a similar adjustment to capital is necessary.

Therefore, total adjusted capital as described above is \$344,933,679, with \$342,680,600⁷, being the portion allocated to the Kentucky jurisdiction.

The Commission has accepted the investor-supplied capital structure at March 31, 1980⁸, and, therefore, finds the Kentucky jurisdictional capital is as follows:

	<u>Amount</u>	<u>%</u>
Long-Term Debt	\$ 187,240,680	54.64
Short-Term Debt	9,046,768	2.64
Common Equity	<u>146,393,152</u>	<u>42.72</u>
	<u>\$ 342,680,600</u>	<u>100.00%</u>

The above treatment in further calculation results in assigning the overall cost of capital to the Company's Job Development Investment Tax Credits as required by Section 46(f) of the Internal Revenue Code.

REVENUES & EXPENSES

Kentucky Power proposed several pro forma adjustments to more clearly reflect current operations.⁹ The Commission is of the opinion that these adjustments are proper with the following exceptions:

⁵Notice, Section IV, page 7 of 20.

⁶Notice, Section V, Workpaper S-2, page 42.

⁷\$341,631,392 X 99.35% = \$339,410,788 + \$3,269,812 = \$342,680,600.

⁸Hanley, Schedule 2, page 2.

⁹Mr. Via's and Mr. D'Onofrio's testimony, filed August 7, 1980 and Notice, Section V.

- (1) Applicant proposed to include \$70,642¹⁰ of charitable contributions in its operating expenses. The Commission is of the opinion that these costs should be borne by the stockholders of the Company and should not enter into the cost of service of the ratepayer. Therefore, in accordance with past policy, the Commission has disallowed this adjustment.
- (2) Applicant proposed a depreciation adjustment to amortize its transmission and distribution right-of-way in the amount of \$159,382.¹¹ As in the Applicant's previous case, this adjustment has been rejected as it is contrary to the accounting treatment prescribed by this Commission.
- (3) During the test period certain of the Applicant's employees went on strike resulting in additional operating expenses of \$640,169.¹² As this was an abnormal cost for the period, Applicant proposed to amortize this cost over the life of the negotiated employee - contract of 31.5 months and to reduce operating expenses by \$396,295.¹³

The Commission is of the opinion that the amortization period chosen by the Applicant is inappropriate as it assumes that the employees will strike each time a new contract is negotiated. The Commission is further of the opinion that a more appropriate period of amortization is eight years in that it more closely approximates the Company's experienced strike history.¹⁴ Therefore, the Commission has reduced the Applicant's operating expenses by an additional \$163,853.¹⁵

- (4) Applicant proposed an adjustment of \$113,164¹⁶ to reflect its share of the estimated cost of moving its parent company's (American Electric Power, AEP) headquarters from New York to Columbus. The Commission is of the opinion that this adjustment is inappropriate and has rejected this amount, in that none of the possible benefits to the Kentucky ratepayer were quantified as reductions to test year expenses and, moreover, in that the adjustment is sheer estimate and fails to meet the Commission's measurability requirements for known changes.
- (5) Kentucky Power reported total debt charges of \$16,357,000¹⁷ or \$16,250,000¹⁸ on a Kentucky-jurisdictional basis for the period ending March 31, 1980. The amount of debt charges

¹⁰ Notice, Section V, Schedule 2, page 4.

¹¹ \$851,510 - \$692,128 = \$159,382.

¹² \$644,392 X 99.3446% = \$640,169.

¹³ Notice Section V, Workpaper S-2, Page 53.

¹⁴ November, 1970 - May, 1979.

¹⁵ \$640,169 ÷ 8 years = \$80,021 X 7 years = \$560,148 - \$396,295 = \$163,853.

¹⁶ Notice Section V, Schedule 2, page 4.

¹⁷ Document No. 18, Response to Attorney General's Interrogatory # 6b.

¹⁸ \$16,357,000 X 99.35% = \$16,250,000.

provided for herein is \$17,678,289,¹⁹ a difference of \$1,428,289. The income tax reduction of this differential is approximately \$703,289, which the Commission finds is the appropriate adjustment to operations. Therefore, the Commission has increased the Applicant's proposed adjustment of \$636,154²⁰ by \$67,135 in accordance with the interest synchronization policy adopted in Applicant's previous case.

- (6) Applicant in this case estimated the costs associated with preparing this case to be \$160,000²¹ to be amortized over a two year period. In examining the record, the Commission is at a loss in determining how this estimate was derived, the factors involved, the persons responsible for preparation and verification of the adjustment, and when and where the preparation was made. In short, the Commission is left with an undocumented figure of \$160,000 with questionable origin and validity as compared with an estimate for the Company's last case of only \$75,000, a sizable increase.

Moreover, it is the Commission's duty to be fair to both the Company and the ratepayer. Thereby, it is incumbent upon the Commission to make decisions on the reasonableness of expenses in the ratemaking process. In the present instance of rate case expenses the Commission is of the opinion that the level of expense proposed is excessive and unwarranted. In this vein, the Commission is particularly displeased with the number of legal counsel present in its November hearings as this appears to be both duplicative effort and expense.

Based on the above consideration, the Commission has reduced the Applicant's estimated rate case expenses to \$101,292,²² to be amortized over a two year period, or the booked cost of these expenses in the Applicant's last case. This results in a reduction in the Applicant's adjustment of \$29,354.

Moreover, the Commission from the evidence of record has made several other adjustments to operations. These are as follows:

- (1) The Commission has made an adjustment of \$20,195²³ to State and Federal Income Taxes to reflect the lower tax rates applicable to income below \$100,000.

¹⁹\$16,683,145 + \$995,144 = \$17,678,289.

²⁰Notice, Section V, Schedule 2, page 4.

²¹Notice, Section V, Workpaper S-2, page 48.

²²IBID.

²³Calculation made from Notice Section V, Workpaper S-9, page 3.

- (2) The Commission has made an adjustment of \$10,113²⁴ to reverse the effect of an over-accrual in AEP billings during the test period.
- (3) The Commission has made an adjustment of \$2,136,643 to normalize the Allowance for Funds Used During Construction (AFUDC) by applying the overall cost of capital found fair in this case of 10.82% to the appropriate year-end jurisdictional construction work in progress (CWIP) of \$62,616,921²⁵, included in the Applicant's rate base herein. It should be noted that the two adjustments to AFUDC as proposed by the Applicant were not expressly denied, however, they have no effect on income following the more appropriate method of end-of-period AFUDC normalization as calculated above.
- (4) During the test period Big Sandy Unit No. 2, Applicant's largest generating unit, experienced peak costs in its routine maintenance cycle.²⁶ Moreover, during the course of this annual maintenance, Applicant made replacements and repairs due to equipment malfunction discovered at that time. The Commission finds, therefore, that an adjustment of \$1,986,869²⁷ to operating expenses is necessary to reflect the normal level of maintenance activity.
- (5) The Commission has made an adjustment to decrease Applicant's expenses by \$8,523²⁸ to move certain association and membership dues below the line for ratemaking purposes. As there is no evidence of any tangible benefit to the rate-payers, the Commission is of the opinion that these expenses should be borne by the stockholder, not the ratepayer.

After applying the Combined State and Federal Income Tax Rate of 49.24% to the appropriate adjustments, the Commission finds that net operating income should be decreased by \$909,339 to \$31,235,990, as follows:

	<u>Per Books</u> ²⁹	<u>Adjustments</u>	<u>Adjusted</u>
Operating Revenue	\$ 130,991,526	\$(5,225,131)	\$ 125,766,395
Operating Expenses	103,613,344	(2,307,788)	101,305,556
AFUDC Offset	4,767,147	2,008,004	6,775,151
Net Operating Income	\$ <u>32,145,329</u>	<u>\$(909,339)</u>	<u>\$ 31,235,990</u>

²⁴Staff Request No. 2, Item 23.

²⁵T.E., November 17, 1980, page 98; \$63,211,106 X 99.06% = \$62,616,921.

²⁶Applicant's Response to Staff Request at the Hearing, Filed 12-5-80.

²⁷Calculation:

	<u>Actual</u>	<u>Normal</u>	<u>Difference</u>
Cycle Maintenance	\$ 3,024,000	\$ 1,453,000	\$ 1,571,000
Nonrecurring Replacements & Maintenance	476,000	43,300*	519,300
Subtotal	\$ 3,500,000	\$ 1,496,300	\$ 2,003,700
			X 99.16%
Adjustment			<u>\$ 1,986,869</u>

* 11 year amortization period

²⁸Staff Request No. 1, Item 18(b), Sheet 1 of 18.

²⁹Notice, Section V, Schedule 3.

RATE OF RETURN

Applicant's adjusted Net Operating Income for the test period allowed a rate of return on Net Investment of 8.74%²⁹, which in the Commission's opinion is insufficient based on test year conditions. In determining the proper rate of return in this case, the Commission has considered the following factors:

1. Capital and Capital Structure
2. Cost of Debt
3. Cost of Equity

The Applicant proposed to use the embedded cost of long-term debt at the end of the test year of 8.91% and an estimated prospective short-term debt cost of 10.95%.³¹ The Commission is of the opinion that the Applicant's proposal is reasonable and, therefore, accepts the long-term debt rate of 8.91% and establishes a short-term debt rate of 11%.

The Applicant proposed a cost rate on common equity of 14.49%.³² The Applicant's witness, Mr. Hanley, presented testimony supporting this cost rate. The Attorney General's witness, Mr. Johnson, calculated the Applicant's cost of equity at 12.5% to 14.6%. Mr. Johnson suggested a "best estimate" of 13.25% for comparative purposes.³³ The Commission concurs with Mr. Johnson and is of the opinion that a range of returns on equity of 12.5% to 14.6% is fair and reasonable. The Commission has determined that a return on equity in this range would not only allow the Applicant to attract capital at reasonable costs to insure continued service and provide for necessary expansion to meet future requirements, but also provide for the lowest possible cost to the consumer. Within this range of returns, the Commission has established a return on equity for Kentucky Power of 13.25%.

Thus, the overall cost of capital in this case is 10.82% which provides a rate of return on Net Investment of 10.38%.

²⁹Notice, Section V, Schedule 3.

³⁰ $\$31,235,990 \div \$357,324,632 = 8.74\%$.

³¹Hanley Exhibit, Schedule 5.

³²Hanley Exhibit, Schedule 19.

³³Johnson prefiled testimony, page 54.

The additional revenue required, and the amount of the increase granted herein, is computed as follows:

Adjusted Net Operating Income	\$ 31,235,990
Net Income Found Reasonable	<u>37,075,381</u>
Deficiency	\$ 5,839,391
Deficiency Adjusted for Taxes and Uncollectibles ³⁴ or Increase	\$ <u>11,535,490</u>

REVENUE ALLOCATION

The Company proposed allocating revenues to various customer rate classes according to the cost to serve a particular customer rate class. To justify their proposed allocation the Company submitted a cost-of-service study to show what rate of return each customer rate class was contributing. This cost-of-service study showed that the rate of return varied, from customer rate class to customer rate class from a low of 2.58 percent to a high of 30.59 percent. Based on the cost-of-service study, the Company proposed that the increase in revenues be allocated in such a manner so as to attempt to equalize the rates of return on the various customer rate classes. To accomplish this the Company's witness Mr. Bibb, distributed the proposed revenue increase among customer rate classes in a manner approximately inversely proportional to the current class rates of return.

The two intervenors in this proceeding took opposite views on the Company's proposal. One recommended that the Commission accept the Company's cost-of-service study as it constitutes the only competent cost-of-service information in the record, and, secondly, the Company's proposed revenue allocation constitutes a conservative movement towards rates based on cost of service.

The other intervenor recommended rejection by the Commission of the Company's cost-of-service study because they believe the methodology used was arbitrary. Secondly, they argue that the revenue increase in this proceeding should be distributed based on the percent distribution of current revenues by customer rate class to total revenues for all customer rate classes.

³⁴
50.6211%

After all was said and done, neither intervenor introduced his position with evidence.

The Company did offer a fully allocated embedded cost-of-service study based on the principals contained in the National Association of Regulatory Utility Commissioners (NARUC), "Allocation Manual". Having completed the study, however, they failed to state what a just and reasonable rate of return should be for each customer rate class. The Company's witness did testify that the rate of return for any customer's rate class may vary over a relatively narrow range of plus or minus fifteen percent. Based on the Company's proposed rate of returns for the various customer rate class, there is a variance of six hundred and twenty-eight percent. The proposed rate of return for Tariff EHS of 4.20% and the rate of return for Tariff OL which was 30.59% produces the 628% variance. We recognize this to be an extreme, however, there are many instances in the Company's proposed rates of return where the variance is much greater than the 15 percent differential.

The Commission is of the opinion that the record does not support the Company's position that the increased revenues should be distributed on the basis of its cost-of-service study. In view of the record made in this case the Commission is of the opinion that a more equitable distribution of the increased revenue would be to distribute it to each customer rate class based on the proportion that the customer's rate class is presently contributing to the total revenues. This conforms with past practices where the cost-of-service study was not considered to be the major determinate for distribution of revenues. The Commission, however, concurs in Company's recommendations that none of the revenue increase be allocated to tariffs, EHG, SS, OL and SL.

RATE DESIGN

In this case the Company has recommended several tariff revisions. Among these is the reduction in the number of declining blocks and to narrow the spread between those blocks for various schedules; the addition of a separate service charge to several of its rate schedules; the addition of a delayed payment provision to the RS schedule; and

the combining of rate schedules TP and HTP, designating the new rate schedules as IP, combining of rate schedules LP and CPO, designating the new rate schedule as LGS, and the replacing of rate schedule LCP with a new rate schedule designated as rate schedule QP.

Neither of the intervenors filing briefs in this case objected to the Company's recommended overall rate design changes. The Attorney General's office did, however, oppose the addition of a delayed payment provision to the RS schedule and to further the goal of "conservation" recommended a flattening of the rate blocks further than proposed by the Company.

The Commission concurs in the Company's proposed rate design revisions with the exception of the addition of a delayed payment provision to the RS schedule. We find nothing of record to justify the addition of the delayed payment provision to the RS schedule. We further find that nothing of record to justify any change in the current percentage charge for delayed payment in existing rate schedules.

The Company has proposed an increase in rate schedule RS-LM-TOD and rate schedule RS-TOD. There are no customers presently being served under these rate schedules. Since no customers are currently being served under these rate schedules and the record doesn't indicate that any customers will be served in the near future, we find no reason for a change in the rates under these schedules.

FRANCHISE FEES

The Commission recently established a policy with regard to franchise fees, whereby a utility is required to separate these charges by taxing district and bill the customers in the affected area directly. In examining the franchise fees imposed on the Applicant during the test period, the Commission finds that separate billing is not feasible or practical in that the charges on a per unit basis are small. The Commission does, however, feel that the ratepayers are entitled to know of these franchise fees and the approximate portion of their

annual bills collected by the utility for payment to the specific municipalities. Therefore, the Commission finds that Kentucky Power should file a plan, subject to the Commission's approval, outlining and establishing the contents of an annual customer information insert, to be mailed as a part of a regular billing, describing the annual cost of franchise fees to the average residential consumer by each separate municipality imposing a franchise fee.

SUMMARY

Having considered the evidence of record and being advised, the Commission is of the opinion and FINDS that:

- (1) The schedule of rates and charges set out in Appendix "A" are the fair, just and reasonable rates to charge for electric service rendered by Kentucky Power Company in that, based on test year conditions, they will produce gross annual revenues of approximately \$137,301,885.
- (2) The allowed rates of return on Net Investment rate base of 10.38% and on capitalization of 10.82% are fair, just and reasonable in that they should permit the Applicant to provide for its necessary operating expenses and fixed charges and accumulate a reasonable amount of surplus for equity growth.
- (3) The rates proposed by the Applicant are unfair, unjust and unreasonable in that they produce revenues in excess of those found reasonable herein.
- (4) The Applicant should file a plan, subject to the Commission's approval, detailing an annual customer billing insert describing the annual effect of franchise fees on the average residential customer from each municipality imposing such fee.

IT IS THEREFORE ORDERED, that the rates proposed by the Applicant and set forth in its Notice of June 27, 1980, be and the same are hereby denied.

IT IS FURTHER ORDERED, that the Applicant be and it hereby is directed to place into effect the rates set forth in Appendix "A", attached hereto and made a part hereof. Said rates and charges are to be made effective on and after the date of this Order.

IT IS FURTHER ORDERED, that the Applicant shall file within thirty (30) days from the date of this Order, its plan detailing a billing insert describing the annual effect of franchise fees on the average residential consumer for approval by this Commission.

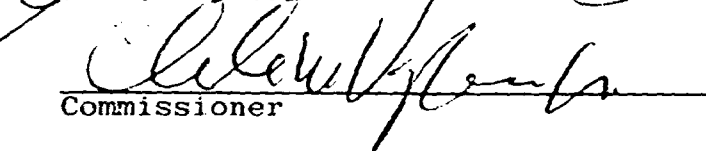
IT IS FURTHER ORDERED, that the Applicant shall file with this Commission, within thirty (30) days from the date of this Order, its tariff sheets setting forth the rates and charges approved herein.

Done at Frankfort, Kentucky, this 17th day of December 1980.

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE KENTUCKY ENERGY REGULATORY COMMISSION IN CASE NO. 7900 DATED DECEMBER 17, 1980.

The following rates and charges are prescribed for the customers in the area served by Kentucky Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

TARIFF R. S.*
(Residential Service)

RATE.

Service Charge	\$ 3.00 per month
Energy Charge	
First 500 kWhrs per month	3.663¢ per kwhr
Next 1000 kWhrs per month	2.935¢ per kwhr
Over 1500 kWhrs per month	2.631¢ per kwhr

MINIMUM CHARGE.

The Service Charge.

TARIFF G. S.*
(General Service)

RATE.

Service Charge	
Non Demand Metered Customers	\$ 7.50 per month
Demand Metered Customers	8.50 per month
Energy Charge	
Kwhrs equal to first 50 times kw of monthly billing demand	5.451¢ per kwhr
Kwhrs equal to next 150 times kw of monthly billing demand	4.097¢ per kwhr
Kwhrs in excess of 200 times kw of monthly billing demand	2.511¢ per kwhr

CREDITS MODIFYING RATE.

Bills computed under the rate set forth herein will be modified by credits as follows:

(A) Delivery Voltage.

The rate set forth in this tariff is based upon the delivery and measurement of transformed energy. When the measurement of energy is made at the primary voltage of the transmission or distribution line serving the customer, the kWhrs as measured will be multiplied by .95.

(B) Equipment Supplied by Customer.

When the customer furnishes and maintains the complete substation equipment including any and all transformers and/or switches and/or other apparatus necessary for the customer to take his entire service at the primary voltage of the transmission or distribution line from which service is to be received, a credit of \$0.24 per kw of monthly billing demand will be applied to each monthly net bill.

TARIFF G. S. (Cont'd.)
(General Service)

MINIMUM CHARGE.

The Service Charge.

Any industrial and coal mining customer contracting for 3 phase service after October 1, 1959 shall contract for capacity sufficient to meet their normal maximum requirements in kw, but not less than 10 kw. Monthly billing demands of these customers shall not be less than 60% of contract capacity and the minimum monthly charge shall be \$ 3.29 per kw of monthly billing demand, subject to applicable equipment credit and fuel adjustment clause, plus the service charge.

SPECIAL TERMS AND CONDITIONS.

See Terms and Conditions of Service.

This tariff is also available to customers having other sources of electrical energy supply but who desire to purchase service from the company. Where such conditions exist the customer shall contract for the maximum amount of demand in kw which the company might be required to furnish, but not less than 3 kw. The company shall not be obligated to supply demands in excess of that contracted for. In the event that the customer's actual demand, as determined by demand meter or indicator, in any month exceeds the amount of his then existing contract demand, the contract demand shall then be increased automatically to the maximum demand so created by the customer. Where service is supplied under the provisions of this paragraph, the billing demand each month shall be the contract demand instead of the billing demand defined under paragraph "Measurement of Energy and Determination of Demand" and the minimum charge shall be as follows:

Service Charge	\$ 8.50 per month
First 3 kw of fraction thereof of contract demand	\$16.22 per month
Each kw of contract demand in excess of 3 kw	\$ 3.25 per month per kw

TARIFF M. W.*
(Municipal Waterworks)

RATE.

Service Charge	\$16.25 per month
Energy Charge	
First 10,000 kWhrs used per month	3.248¢ per kwhr
Next 90,000 kWhrs used per month	2.655¢ per kwhr
All over 100,000 kWhrs used per month	2.506¢ per kwhr

MINIMUM CHARGE.

This tariff is subject to a minimum monthly charge equal to the sum of the service charge plus \$ 1.97 per kva as determined from customer's total connected load. The minimum monthly charge shall be subject to adjustments as determined under the Fuel Adjustment Clause.

TARIFF E. H. S.*
(Electric Heating Schools)

RATE.

First 500 kWhrs per month multiplied by the number of classrooms in entire school	5.048 ¢ per kwhr
Balance of kWhrs	2.653 ¢ per kwhr

TARIFF E.H. S.*(Cont'd)
(Electric Heating Schools)

Where every energy requirement, including, but not limited to, heating, cooling and water heating, of an individual school building or an addition to an existing school building including college and university buildings is supplied by electricity furnished by the company, all energy shall be billed at 2.653 ¢ per kwhr.

MINIMUM CHARGE.

\$17.85 per month.

SURCHARGE.

A Surcharge will be applied to the net amount of each monthly bill in accordance with the following schedule:

Service rendered May 19, 1980 through May 18, 1981 40 Percent

This tariff will terminate May 18, 1981.

TARIFF L. G. S.*
(Large General Service)

AVAILABILITY OF SERVICE:

Replaces service formerly offered under Tariffs LP and CPO.

Available for general service. Customers shall contract for a definite amount of electrical capacity in kilovolt-amperes, which shall be sufficient to meet normal maximum requirements but in no case shall the capacity contracted for be less than 50 kva. The Company may not be required to supply capacity in excess of that contracted for except by mutual agreement. Contracts will be made in multiples of 25 kva.

RATE.

Service Charge	\$56.00 per month
Energy Charge	
Kwhrs equal to the first 30 times the kva of monthly billing demand	6.653 ¢ per kwhr
Kwhrs equal to the next 170 times the kva of monthly billing demand	3.361 ¢ per kwhr
Kwhrs in excess of 200 times the kva of monthly billing demand	2.174 ¢ per kwhr

MINIMUM CHARGE.

This tariff is subject to a minimum monthly charge to the sum of the service charge plus \$3.10 per kva of monthly billing demand. The minimum monthly charge so determined shall be subject to (a) adjustments as determined under the "Fuel Clause," (b) credits as determined under clause entitled "Equipment Supplied by Customer."

DELAYED PAYMENT CHARGE.

This tariff is net if account is paid in full within 15 days of date of bill. On all accounts not so paid an additional charge of 2% of the amount of such bill will be made.

TARIFF L. G. S.*(Cont'd.)
(Large General Service)

MONTHLY BILLING DEMAND.

Billing demand in kva shall be taken each month as the highest 15-minute integrated peak in kilowatts as registered during the month by a 15-minute integrating demand meter or indicator, or at the company's option as the highest registration of a thermal type demand meter or indicator, divided by the average monthly power factor established during the month corrected to the hearest kva. Monthly billing demand established hereunder shall not be less than the customer's contract capacity except that where the customer purchases his entire requirements for electric light, heat and power under this tariff the monthly billing demand shall not be less than 60% of the contract capacity. In no event shall the monthly billing demand be less than 50 kva.

DELIVERY VOLTAGE.

The rate set forth in this tariff is based upon the delivery and measurement of energy at standard distribution voltages established by the company of not less than a nominal voltage of approximately 2,400 volts nor more than a nominal voltage of approximately 34,500 volts. For the delivery and measurement of energy at any voltage less than the voltage of established distribution lines operating within these limits an additional charge will be made of \$.23 per month per kva of monthly billing demand.

EQUIPMENT SUPPLIED BY CUSTOMER.

When the customer owns, operates and maintains the complete substation equipment, including all transformers, switches, and other apparatus necessary for receiving and purchasing electric energy at the primary voltage of transmission lines operated at approximately 46,000 or 69,000 volts and when the customer owns all equipment beyond the delivery point of service, bills hereunder shall be subject to a credit of \$.36 per kva of monthly billing demand.

POWER FACTOR.

The rate set forth in this tariff is based upon the maintenance by the customer of an average monthly power factor of 85% as shown by integrating instruments. When the average monthly power factor is above or below 85%, the kWhrs as metered will be for billing purposes, multiplied by the following constants:

Average Monthly Power Factor	Constant
1.00	.951
.95	.965
.90	.981
.85	1.000
.80	1.023
.75	1.050
.70	1.0835
.65	1.1255
.60	1.1785
.55	1.2455
.50	1.3335

Constants for power factors other than given above will be determined from the same formula used to determine those given.

TERM.

Variable but not less than 1 year.

TARIFF L. G. S. *(Cont'd.)
(Large General Service)

SPECIAL TERMS AND CONDITIONS.

See Terms and Conditions of Service.

This tariff is available for resale service to legitimate electric public utilities and to mining and industrial customers who furnish service to customer-owned camps or villages where living quarters are rented to employees and where the customer purchases power at a single point for both his power and camp requirements.

This tariff is also available to customers having other sources of energy supply but who desire to purchase service from the company. Where such conditions exist the monthly billing demand shall not be less than the customer's contract capacity.

TARIFF Q. P.*
(Quantity Power)

AVAILABILITY OF SERVICE.

Replaces service formerly offered under Tariff LCP.

Available for power service. Customers shall contract for a definite amount of electrical capacity in kilowatts which shall be sufficient to meet normal maximum requirements, but in no case shall the capacity contracted for be less than 1,000 kw. The company may not be required to supply capacity in excess of that contracted for except by mutual agreement. Contracts will be made in multiples of 100 kw.

RATE.

Service Charge	\$ 310.00	per month
Demand Charge	\$ 4.8298	per kw
Energy Charge	1.3500	¢ per kwhr
Reactive Demand Charge:		
For each kilovar of lagging reactive		
demand in excess of 50% of the kw		
of monthly billing demand	\$.37	per kvar

DELIVERY VOLTAGE.

The rate set forth in this tariff is based upon the delivery and measurement of energy at standard distribution voltages established by the company of not less than approximately 2,400 volts nor more than approximately 34,500 volts. Where service is delivered from lines operated at a nominal voltage of approximately 34,500 volts or less, service hereunder shall be delivered and measured at the primary voltage of the said line.

EQUIPMENT SUPPLIED BY CUSTOMER.

When the customer owns, operates, and maintains the complete substation equipment, including all transformers, switches and other apparatus necessary for receiving and purchasing electric energy at the voltage of transmission lines operated at voltages in excess of approximately 34,500 volts and when the customer owns all equipment beyond the delivery point of service, bills hereunder shall be subject to a credit of \$.37 per kw of monthly billing demand.

TARIFF Q. P.* (Cont'd.)
(Quantity Power)

MONTHLY BILLING DEMAND.

The billing demand in kw shall be taken each month as the highest single 30-minute integrated peak in kw as registered during the month by a demand meter or indicator, or, at the company's option, as the highest registration of a thermal type demand meter or indicator. The billing demand shall in no event be less than 60% of the contract capacity of the customer, nor less than 1000 kw.

The reactive demand in kvars shall be taken each month as the highest single 30-minute integrated peak in kvars as registered during the month by a demand meter or indicator, or, at the company's option, as the highest registration of a thermal type demand meter or indicator.

MINIMUM CHARGE.

This tariff is subject to a minimum monthly charge equal to the sum of the service charge and the demand charge multiplied by the greater of (a) 1,000 kw, or (b) 60% of the customer's contract capacity.

DELAYED PAYMENT CHARGE.

This tariff is net if account is paid in full within 20 days of date of bill. On all accounts not so paid, an additional charge of 2% of the total amount billed will be made.

TERM OF CONTRACT.

Contracts under this tariff will be made for not less than 1 year with self-renewal provisions for successive periods of 1 year each, until either party shall give at least 60 days written notice to the other of the intention to discontinue at the end of any yearly period. The company will have the right to make contracts for periods of longer than 1 year.

SPECIAL TERMS AND CONDITIONS.

See Terms and Conditions of Service.

This tariff is available to customers having other sources of energy supply.

This tariff is available for resale service to legitimate electric public utilities and to mining and industrial customers who furnish service to customer-owned camps or villages where living quarters are rented to employees and where the customer purchases power at a single point for his power and camp requirements.

TARIFF I. P. *
(Industrial Power)

AVAILABILITY OF SERVICE.

Replaces service formerly offered under Tariffs HTP and TP.

Available to industrial customers whose plants are located adjacent to existing transmission lines of the company when the company has sufficient capacity in generating stations and other facilities to supply the customer's requirements. The company reserves the right to specify the times at which deliveries hereunder shall commence.

The customer shall contract for a definite amount of electrical capacity which shall be sufficient to meet his normal maximum requirements and the company shall not be required to supply capacity in excess of that contracted for except by mutual agreement. Contracts hereunder will be made for minimum capacities of 9,000 kilovolt-amperes and in no event will the company supply capacity to any customer in excess of 150,000 kva.

RATE.

Service Charge	\$2,694.00 per month
Demand Charge	\$ 4.7154 per kva
Energy Charge	1.315¢ per kwhr

MONTHLY BILLING DEMAND.

The monthly billing demand in kva shall be taken each month as the highest single 30 minute integrated peak in kva as registered during the month by a demand meter. The billing demand shall in no event be less than 60% of the contract capacity of the customer, nor less than 9,000 kva.

DELIVERY VOLTAGE.

The rates set forth in this tariff are based upon the delivery and measurement of energy at subtransmission line voltage (34.5-69 kv). Company shall determine and advise customer which of its subtransmission lines will be utilized to deliver service hereunder and shall specify the voltage thereof.

If the customer takes delivery of voltages in excess of 69,000 volts, the demand charge as set forth above shall be reduced by \$.38 per kva.

Customer shall own, operate, and maintain all necessary substation equipment, including transformers and appurtenances thereto, for receiving and purchasing all electric energy. Company shall own, operate, and maintain necessary metering equipment.

POWER FACTOR.

The customer shall utilize and operate such equipment as will produce a power factor, both at the time of peak and throughout each month, of not less than 85% leading or lagging.

MINIMUM CHARGE.

This tariff is subject to a minimum monthly charge equal to the sum of the service charge and the demand charge multiplied by the greater of a) 9,000 kva or b) 60% of the customer's contract capacity.

TARIFF I. P. *(Cont'd.)
(Industrial Power)

DELAYED PAYMENT CHARGE.

Bills computed under this tariff are due and payable within 15 days of date of bill. On all accounts not so paid, an additional charge of 5% of the total amount billed will be made.

TERMS OF CONTRACT.

Contracts under this tariff will be made for a term of years taking into consideration the size of the load, the location of the load, and the amount of facilities to be furnished by the company in serving the load, but contracts will not be made for initial periods of less than 3 years with self-renewal provisions for successive periods of at least 2 years each. Contracts may be cancelled or reduced in capacity by either party at the end of initial or renewal periods on a minimum of 12 months' prior written notice to the other party.

SPECIAL TERMS AND CONDITIONS.

See Terms and Conditions of Service.

TARIFF L. P.
(Large Power)

AVAILABILITY OF SERVICE.

Cancelled. Replaced by Tariff L.G.S.

TARIFF C. P. O.
(Capacity Power-Optional)

AVAILABILITY OF SERVICE.

Cancelled. Replaced by Tariff L. G. S.

TARIFF L. C. P.
(Large Capacity Power)

AVAILABILITY OF SERVICE.

Cancelled. Replaced by Tariff Q.P.

TARIFF H. T. P.
(High Tension Power)

AVAILABILITY OF SERVICE.

Cancelled. Replaced by Tariff I. P.

TARIFF T. P.
(Transmission Power)

AVAILABILITY OF SERVICE.

Cancelled. Replaced by Tariff I. P.

* The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment Clause."