Proposed B1 Rate Tariff Justification

1. The reason for filing this rate is to give another rate option to potential new industrial customers that may locate in the Clark Energy service area. Using EKPC rate schedule B as basis for developing the new rate allows Clark Energy to offer a more competitive rate for industrial customers. We feel by offering a more attractive rate it will help in economic development endeavors in our area.

2. In analyzing the rate our goal was to provide a better rate for industrial loads while maintaining a similar margin for Clark Energy as compared to the Clark Energy rate P.

3. We have elected to have the demand charges for contract demand and the excess contract demand to match the demand charges at the wholesale level for EKPC rate B.

4. The charge for the energy (kwh rate) in the proposed rate is 1 cent higher than the kwh charge in the wholesale EKPC rate. This was done to provide an adequate margin to Clark Energy at the retail level.

5. The facility charge has been set at $840.00 per month. This was done to accommodate the fact that loads at levels generally greater than 1000 kw which we believe that future industrial loads will fall into this range, are typically served by a three-phase underground pad mounted transformer and require primary underground cable to provide service. These larger transformers are typically not available for overhead use and are more expensive than overhead transformers. The underground conductors are also typically more expensive than that of comparable overhead conductors. As seen in the analysis the $840.00 facility charge also allows us to maintain a comparable margin for the proposed rate when compared to margins for the existing P rate.

6. An analysis of the margins for the prosed B rate compared to the existing P rate was made to see if proposed rate provided comparable margins. The input data consisted of using demands of 500 kw, 750kw, 1000 kw, 1500 kw and 2500 kw. The kwh used for the calculation was based on the minimum kwh of 425 times the demand and one based on 475 times the demand. This result in looking at loads that are based on approximate load factors of 60% and 65%. The results showed that the proposed rate provides comparable margins to the existing P rate, with a slight decrease in margins at loads larger than 1500. This would seem to be acceptable outcome and meet our goal of designing a rate that produced comparable margins to our P rate.