6/29/2005
EO-2002-384

Below are the Aquila Networks – L&P and Aquila Networks – MPS rate design proposals. Please note that much of this is taken from the notes we distributed at the 11/12/03 meeting of the parties to Docket No. EO-2002-384.

If Aquila Networks – L&P is to be sold, our preference is to leave their rate structure largely as is, and let the new owners decide what to do. That would minimize potential changes for customers as they transition from one owner to another. It would make some sense to change their method of accounting for Transmission vs. Primary vs. Secondary by creating rates with the differential built in, rather than discounting the base rate. That would also facilitate identification of the customers served at the various voltage levels. There are a few other changes that will simplify administration of the rates, which I will try to note in the appropriate section.

Residential: We propose three residential rates, based on MO860 (non-space-heating) and MO870 (space-heating), where the rates go up by block in the summer, and down by block in the winter, and MO915 (other residential) (see following paragraph). We aim to have the customer charge the same for both divisions. We are willing to consider combining MO860 and MO870. The arguments for it include ease of administration, being indifferent as to why customers use the energy in the winter, and that customers without space-heating generally will not get into the last energy blocks in the winter so they will not be getting the lower rate. Arguments against it are that sales people prefer to have a separate rate and that once the rates are consolidated, it would be an administrative burden (nightmare) to separate them in the future.

We probably need to maintain the separately metered rate, MO922 (RES SEP METER SPHT/WTHT), with its 92 customers. It is currently frozen. I would prefer to do away with it, but there is a question of the cost of the change – does the Company pay to change the metering, do we just add the meters and bill it as if it went through a single meter…

For rate MO915, we could either leave it as it is, with a customer charge and a single energy rate for the summer and another for the winter, or it could also be blocked, but the flat rate seems to work for it. A seasonal one step energy charge equaling the proposed SGS-Non-demand energy charge looks right. This rate would help MPS by covering all the separately metered barns, home workshops, well pumps, detached garages, and out buildings that we are currently billing on MO710. We would eliminate the argument whether the out building is non-residential commercial use or is truly residential usage. The Call Center would have less confusion and customers should accept the rate more readily.

Small General Service – maximum design demand 100 kW, Primary and Secondary versions: For non-demand metered customers, we propose energy rates blocked somewhat like residential, with summer blocks inclining at 1000 kWh and 5400 kWh, and winter blocks declining at 1000 kWh. For the demand metered customers, we propose an hours-of-use rate, with a higher energy charge for the first 180 hours, and a lower charge for the remainder.

We think that it would be better to do away with SGS-Primary. At a minimum we propose to freeze the rate. We are looking at customer impacts, but think that either switching the customers to LGS-P, or buying the transformers and having them return to SGS-S, are viable options.

We would probably need to maintain the separately metered rate, MO941, with its 103 customers. It is currently frozen. I would prefer to do away with it, but there is a question of the cost of the change – does the Company pay to change the metering, do we just add the meters and bill it as if it went through a single meter…

A couple of the L&P SGS rates have the same values, and we propose to consolidate them all onto the same rate, MO930.

We would also like to add a temporary service rate, designed to respond to the need of construction crews to have service while building a house. The rate would be its own flag to check to move the customer to another rate. The rate would be seasonal. The primary use for the rate is geared towards residential construction, but would also be used for temporary services such as carnivals and seasonal lighting. Construction for larger facilities would need to be limited, as that is not the intent of this rate.

Large General Service – maximum design demand 500 kW, Primary and Secondary versions: We propose an hours-of-use rate, with a higher energy charge for the first 180 hours, a lower charge for the second 180 hours, and the lowest charge for the remainder. Minimum demand of 100 kW for the demand charge.

Large Power Service – minimum design demand 500 kW, Primary and Secondary versions: We propose to leave these structures largely as is. The customers are sophisticated energy users, and seem satisfied with the current structures.

MO919: We propose to switch them to a structure like LPS-Secondary, and depending on where their rate level falls, perhaps rolling them into LPS.

MO650: This rate seems to work for the customer. It is a TOU rate, and falls into the following discussion. To the extent the customer made capital investment based on this rate, it may need to be maintained. Alternatively, we could come up with a special contract that is based on LPS-S and compensates them for their modified load shape and/or their investment in thermal energy storage.

TOU: The TOU rates, other than the L&P LPS, are almost entirely unused. A redesign seems appropriate, but I still question whether there is enough predictable variation in energy costs by TOU in the Midwest to justify TOU. The TOU rates were initially created as a haven for ballpark lights and racetracks that have very low load factors, but are predominantly off-peak use. All of those customers have since switched to non-TOU rates. The cost of metering for small loads is also a barrier.

RTP: We propose to freeze this rate, pending consideration of removing it.

SCR: The special contract rate is a usable tool, but we would prefer to move away from the RTP as a starting point for it. The value of the rate is for special situations where a standard rate does not fit the cost of serving a customer.

EDR: The economic development rider is addressed in the revenue case.

Reserve Distribution Capacity Rider: This could be handled by the SCR.

Schools & Churches, MO800, MO810, and MO811: We propose to fold these into the SGS rate. The L&P S&C rate is already the same as their SGS rate. Depending on customer impacts, this may warrant consideration of a phased-in structure – changes over a year or two to get to the final goal. The average kWh/year is as follows:

MO800	47,246 kwh/year
MO810	11,020 kwh/year
MO811	33,090 kwh/year

MO710	7,721 kwh/year
MO711	36,758 kwh/year

Lights: We would like to provide options where we provide the light and energy, or where we only provide energy. We need to restrict future availability of mercury vapor lights.