

Notes from ECAM Workshop – January 24, 2013

Index of Abbreviations Used

MAWC – Denny Williams, Tom Simmons, Kevin Dunn
TDL – Terre du Lac – Mike Tilley
PP – Port Perry Mike Yamnitz
Liberty – Victor Edwards
RL – Rachel Lewis - Staff
DJ – Dale Johansen – Johansen Consulting – Rogue Creek
JB – Jim Busch - Staff
TR – Ted Robertson – OPC
ND – Natelle Dietrich – Staff
MO – Mark Oligschlaeger – Staff
LK – Lisa Kremer – Staff
Billie – Billie LaConte – BJC Hospitals
Dean C – Dean Cooper - MAWC

MAWC –

Nothing magical about the language. Stole broadly from electric rule for dfns and the like.

Tried to keep two things in mind.

1-Legislature trying to incorporate regulatory lag.

2-Reduce the number of rate cases.

Environmental concerns on a going forward basis.

Tied to last rate case, similar concept to the current ISRS.

Make sure all capital in rates in last case, then focus on capital improvements after that date. Use cost of capital determined in the last rate case.

O&M tied to the true-up date in the most recent rate case. Dollar for dollar impact on those, increases or decreases.

Does see some environmental changes that are coming down the pipe.

When there is a rate case, it would reset to zero. Plus there is a true-up to the charge.

Environmental Examples—

1 – NPDES process, govern the water quality after being discharged, effluent limits tightened. Six plants will be affected, four in SLCounty. Ph must be adjusted and there must be chlorination. This will be an ongoing process, so capital and OM expenses. Platte Cty and JC will be affected when the permits come up.

2-LT2 –Surface water, protection from parasites. Shoal creek and other plants on the Missouri river. UV will be used and significant OM expenses. On Missouri river, treatment has been satisfactory so far, but ongoing. A lot of testing

3-Groundwater rule- new chemicals and changes to distribution system. Modify sampling points

4-Stage 2 byproduct rule, recently changed. Limits are continuing to be lowered, might have more treatment. Operating costs increased because pumps have to be used more often. Minimize contact time.

5-UCMR (ECMR?) 1,2,3, etc – List of contaminants, updated every 5 years. As it changes additional treatment may be required.

Liberty – Question

6500 customers. Limits on systems customers for DNR compliance? Someone answered No.

Port Perry – Will have to fence the discharge area. And set up a chlorination for discharge water. Brought up for the first time.

MAWC –

There are big difference between the electric and the water rule. Tied back into definitions.

ND – Some things not included. I.e. Prudence reviews?

MAWC – prudence will be reviewed in the context of the capital expenditure. No sense for Staff to do both.

RL – Why did you not define true-up?

MAWC – No. Tried to explain a true-up on page 3, but if needed in dfns, can be added.

RL – there are certain items that Staff will want to be put back into the rule that are in the electric and statute.

MAWC – was picking and choosing what to include in the water rule.

MO – something could have been left out because MAWC may not understand why it was in the electric rule.

DJ – Qualifying cost? (1) (c) Cost incurred after last rate case for new rules or change in permits. Could a change in permit be related to existing regulation?

MAWC – Anything that changes. Address anything that is new, any changes in any requirements.

MO- protection health, safety, and environment? Whose health and safety?

MAWC – the public.

DJ – General rate proceeding? Does that include a small company rate request.

MAWC – not intended to preclude small.

RL – in the electric side there is submission of a monitoring report. Would you be willing to file one? Any thoughts why excluded?

MAWC – need better understanding of why this is required. Asking for recovery of expenses that have been incurred. Not opposed, but not understanding the purpose.

MO – Let me attempt. In the FAC and ECRM, one of the main interests is to look at the overall earnings of the Company to make sure that changes were not being made while the utility was in an overearnings situation.

MAWC – does not see the need to file this type of report.

ND – would this be an issue for the small companies?

TDLU – I don't think this would be an issue. Doesn't know how much this applies to us.

PP – doesn't see how this may apply to us.

Dean C. – general rate proceeding comes from the statute. Doesn't know how the small rule fits in.

DJ – updates during the project. Add something to the annual report form. Maybe electric is needed because the projects are longer and more substantial than on the water side.

ND – four years on the electric rule and no takers. Have you asked why?

MAWC – maybe some overreaching by the parties and they got caught at it. Not advantageous to them.

DJ – page 1, section 2, after full hearing. Does that come from statute?

Dean – Yes it does.

MO – would you look back? MAWC – No we would not, just going forward changes.

MO – would you capture accumulate depr and taxes in next ECAM filing?

MAWC – envisions this would work like the ISRS.

PP – it may be cheaper to build a new plant. MAWC – Yes.

DJ – for a smaller system. Single-well ok for now. But needed a second source of supply, it would require a new well. that would be included.

PP – what if already built, but no pipes because can't afford? MAWC – sure.

RL – Section 3, is there a reason for the 90 days limit?

MAWC – there is no operation of law date. It is needed.

Section (1) - definitions

RL – True-up definition should be included.

Electric rule (1) (C) 2. Should be added.

JB – General rate proceeding and the definition for small company rate request.

JB – Rate classes dfn? Others – maybe we can just ignore.

Section (2) Applications to establish

TR – MAWC a little liberal in its application. “Any party may modify” What about oppose?

RL – Yes, and there are some other language that is similar.

MAWC – those extra modifiers confuse the situation.

MAWC – does modify mean oppose.

TR – should be similar to electric.

MAWC – many paragraphs that don't add anything.

JB – the statute gives the Commission the ability to reject, modify, or accept.

Liberty – Understand the efficiency of starting with the electric rule, but water needs to be made sure it stands on its own.

TR – make sure it follows the statute.

Section (3) Periodic Adjustments

RL – staff may have some substantial changes.

MO – going back to the electric. One mandatory with one discretionary. This rule, no mandatory adjustments.

MAWC – this was designed like the ISRS. Don't understand why there is mandatory.

MO – you could see widely fluctuating revenues. May not be the same for water, Staff will have to look further into this.

MAWC – A lot of three is just recognition that there is no operation of law date. This ECAM does not accomplish anything unless it has some end date. A purpose was to reduce lag which does not occur with an order to do that.

Liberty – 90-days for an order to made. Gas is much quicker turn-around. Anyway to do it much quicker.

MAWC – written in 60-days with 90-days for hearing.

Liberty – there is the ability to do a true-up so if something is wrong, it can be caught on the back-end. If there is no good reason to change.

JB – there are more items to address in this type of filing that will take Staff longer to review before it can make its recommendation.

Billie – in the electric rule, there is the ability for the Commission to take into account business risk.

RL – we will address.

MAWC – there is also language that the company has the opportunity to earn a fair return.

Thought the Commission always had that right to look at the business risk.

Section (4) True-ups

RL – Staff may propose language to add to this.

TR – what does it mean that the true up will be between revenue authorized and the revenue collected.

MAWC – an amount will be allowed to be collected in a given year. If the Company collects more?

TR – will the company charge what is billed vs. actually collected.

Liberty – in gas ISRS, what is billed.

DJ – from a small company perspective, it was what is collected. I would have to chose this to make sure it was is collected. Thus there is no reason to change the language.

JB – should there be two rules?

PP – Always thought there should be separation.

MAWC – doesn't have a strong feeling. Haven't heard any differences.

DJ – I don't think there is a need. If changes, then just include them.

TR – I see a real big problem with the small companies.

DJ – the definition needs to be tight as to what is a qualified expense.

DJ – goes back to section 3, should there be a requirement for one filing per year. Why wouldn't you just use the true-up on a set period of time. Only filed if no other filings.

RL – this also ties into the prudence reviews, which is statutory.

MAWC – the company does not want to get into the situation where it is over or under collection. Does not have a problem doing a true-up once per year or 18-months.

Section (5)

MAWC – solves all the paragraphs.

CB – this is something that will have to be altered for the small company since a small company may not go to the end of the case.

DJ – Yes, that is correct.

Billie – Last sentence of (5), is not prohibited of filing a new one if the ECAM is eliminated.

There seems to be confusion.

MAWC – There for consumer review.

Staff will be submitting further language.

Billie – for disclosure on the bill, will this be like the ISRS and disclosed on the bill.

MAWC – it is a rate that is a consumption rate that will be on the bill.

Liberty – any objection to it being a fixed charge per customer.

DJ – regardless of how it is to be collected, it must be set out on the bill.

MAWC – if the desire is to make it a fixed charge, the rule may need to be changed and language added.

Liberty – maybe need the flexibility to have either a consumption or fixed charge.

DJ – going through the rule, there is nothing in there about how to collect it nor does there need to be for the flexibility.

MAWC – if say a mandate, we can.

DJ – I don't think you want to make it mandatory one way or another. Clarification would be okay.

TDL – depending upon what the cause is, it could be either way.

MO – MAWC currently has an ISRS, is it foreseeable that there are costs under the proposed ECAM that could be collected via the ISRS.

MAWC- maybe language needs to be included to exclude ISRS dollars.

LK – in theory could have both the ISRS and ECAM on their bill.

YES.