

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Phase II investigation)
of the electric class cost of service) Case No. EO-93-351
for St. Joseph Light & Power Company.)

APPEARANCES

James C. Swearengen and Gary W. Duffy, Attorneys at Law, Brydon, Swearengen & England, P.O. Box 456, 312 East Capitol, Jefferson City, Missouri 65102, for St. Joseph Light & Power Company.

William M. Barvick, Attorney at Law, 240 East High Street, Suite 202, Jefferson City, Missouri 65101, for AG Processing, Inc.

Lewis R. Mills, Jr., Deputy Public Counsel, P.O. Box 7800, Jefferson City, Missouri 65102, for the Office of the Public Counsel and the Public.

Eric B. Witte, Assistant General Counsel, P.O. Box 360, Jefferson City, Missouri 65102, for the Staff of the Missouri Public Service Commission.

HEARING EXAMINER: Elaine E. Bensavage

REPORT AND ORDER

Procedural History

This docket was established on July 16, 1993, for the purpose of conducting Phase II of St. Joseph Light & Power Company's (SJLP or Company) electric class cost of service, and was an outgrowth of a Report And Order issued by the Missouri Public Service Commission (Commission) in two consolidated cases, Case Nos. ER-93-41 and EC-93-252. The genesis for an electric class cost of service study can be traced back to November 23, 1987, when a Motion For Initiation Of Electric Class Cost Of Service Study was filed in Case No. EC-88-107. Subsequently the study was divided into two phases. Phase I of the electric class cost of service study was completed in Case No. EO-88-158, and the results were implemented in Case Nos. ER-93-41 and EC-93-252.

After this docket was initiated for completion of Phase II of the electric class cost of service study, the Commission subsequently established a separate docket on August 3, 1993, for consideration of the allocation of costs between SJLP's electric, gas, and steam operations, Case No. EO-94-36. Intervention was granted to AG Processing, Inc. (AGP) on November 9, 1993. Thereafter a test year was set and procedural schedule established, various technical conferences were held by the parties, and the parties analyzed numerous data and produced and exchanged class cost of service studies, and a rate design study.

On January 13, 1995, the Staff of the Missouri Public Service Commission (Staff) filed a Stipulation And Agreement And Motion To Suspend Procedural Schedule (first stipulation) in Case Nos. EO-93-351 and EO-94-36. The Commission suspended the procedural schedules in both cases on January 17, 1995. Although this first stipulation was filed in Case No. EO-93-351, the stipulation resolved only the issues relating to cost allocations between SJLP's various operations, but indicated that a second stipulation resolving the electric class cost of service issues would be filed no later than March 31, 1995.

The Commission issued a Report And Order on February 10, 1995 in Case No. EO-94-36, approving the first stipulation. As part of the first stipulation approved by the Commission, revenues from SJLP's steam operations would decrease by \$550,000, a 7.5% decrease; recovery of the \$550,000 decrease in revenues would instead be shifted to the electric and gas operations. Consequently revenues from SJLP's electric operations would increase by \$500,000, a 0.71% increase, and revenues from its gas operations would increase by \$50,000, a 0.89% increase. The allocation shifts would result in no net change to SJLP's overall revenues, but would remain revenue-neutral. Implementation of the allocation shifts would

occur simultaneously with the rate changes resulting from Case No. EO-93-351, in order to minimize customer confusion which could result from two sets of rate changes occurring in temporal proximity.

On March 31, 1995, Staff filed a Stipulation And Agreement (second stipulation) in Case Nos. EO-93-351 and EO-94-36, purporting to resolve the remaining issues in Case No. EO-93-351. On April 13, 1995, the Commission issued an Order And Notice Of Hearing, which scheduled a hearing for the formal presentation of the stipulation by the parties to the Commission. On April 18, 1995, a hearing was held as scheduled.

Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

SJLP provides electric energy to customers in all or parts of ten northwest Missouri counties, including the City of St. Joseph, Missouri, gas in part of its North Division, and steam to industrial customers in the City of St. Joseph. The Company's electric operations include generation, transmission, and distribution of electric energy. Its address is located at 520 Francis Street, P.O. Box 998, St. Joseph, Missouri 64502-0998.

Since this Report And Order will address the concepts of allocations, class cost of service, and rate design, the Commission finds that understanding of its decision in this case will be enhanced by a brief and simple explanation of these concepts. The Commission cautions, however, that its definitions are not intended to be of a technical nature.

The concept of allocations generally pertains to a situation where a utility provides more than one form of energy to its customers. If a utility

provides electric, gas, and steam energy, as is the case with SJLP, the utility must assure that the revenues it derives from a particular energy division are in proportion to the costs attributable to those operations, so that the customers from one energy division do not end up subsidizing customers from another division. This is the issue that was dealt with in Case No. EO-94-36.

Class cost of service, on the other hand, involves the relationship of revenues to costs between different classes of customers within a given energy division. Generally speaking different customers are divided into classes based on certain characteristics such as the amount of energy consumed, the purpose for which it is used, and whether demand is uniform on a daily or seasonal basis, or fluctuates or peaks at certain times. Examples of common and easily recognizable classifications are those for residential, business or commercial, and industrial service. The purpose of a class cost of service study is to ensure that the customers of a particular class are contributing revenues in proportion to the costs required to serve that class of customers, so that one class of customers does not subsidize another.

Rate design, in contrast, is the method used to implement any revenue shifts required by the class cost of service study, as well as allocation shifts between utility operations. For example, within a given class there may be separate tariffs for customer charges, commodity charges, time or season of use charges, or for customers with differing characteristics within the class. The rate design will determine which specific rates will be affected by any required revenue increase or decrease, and in what proportions.

The Stipulation And Agreement herein is comprised of the text of the stipulation, plus four schedules attached thereto. Schedule 1 contains specimen tariffs for electric operations; Schedule 2 contains a written description of the

class cost of service shifts and the various rate design changes proposed to implement them, plus charts showing the overall impact on various customer groups, the impact on a typical residential customer, and the impact at various levels of usage for different categories of residential customers; Schedule 3 contains specimen tariffs for gas operations; and Schedule 4 contains specimen tariffs for steam operations.

The Stipulation And Agreement was admitted into evidence at the hearing as Exhibit 1, and is attached hereto and incorporated herein by reference as Attachment 1. It purports to be a settlement of all issues pertaining to this case. Due to the voluminous nature of the specimen tariffs, and considering that the Company will be required subsequently to file tariffs in conformity with the specimen tariffs, the Commission will not include Schedules 1, 3, and 4, which are attached to the stipulation, as part of Attachment 1. Attachment 1 will, however, include Schedule 2.

The Stipulation And Agreement provides for changes in the rates of SJLP's electric customers among the various classes of customers. Rates for residential customers will increase by 2.73%, rates for small general service customers will decrease by 8.71%, rates for large general service customers will decrease by 2.08%, rates for large power customers will increase by 2.73%, and rates for lighting will remain at the current level. These increases and decreases in electric rates incorporate the \$500,000 allocations revenue shift approved in EO-94-36. The \$50,000 increase in gas rates and \$550,000 decrease in steam rates approved in EO-94-36 are also included in the stipulation, with the gas increase and steam decrease to be implemented on an equal percentage basis.

Schedule 2 of the stipulation states that class revenue requirements are being moved toward cost-of-service levels, and describes the general features of the stipulated electric rate design, as follows:

(A) Residential tariffs:

(1) Customer charges will be increased to reflect the costs of meter reading, billing, facilities, and so on. Three general application tariffs will have a monthly charge of \$5.68; hobby shops, barns, and well pumps will have a monthly charge of \$6.20; and the tariff for separately metered space or water heating will have a monthly charge of \$3.00 year-round, to recover incremental customer costs.

(2) Declining block rates will be replaced by a uniform summer energy charge, to send customers appropriate price signals.

(3) Seasonally differentiated rates will be implemented, with higher summer rates, for hobby shops, barns, well pumps, and so on.

(4) A summer/winter rate differential will be contained in all tariffs.

(5) Tariffs for separately metered space or water heating will be consolidated. A current provision for the pooling of a customer's summer usage will be eliminated.

(B) Commercial and industrial tariffs:

(1) Four categories of tariffs to match size and load factor characteristics are being created: (a) General Service-Limited Demand -- tariffs for general use, space heating, and churches and schools; (b) General Service -- tariffs for general use and space heating, for less than 40 kW usage; (c) Large General Service -- general use tariff for usage between 40 to 500 kW; and (d) Large Power Service -- general use tariff for usage over 500 kW.

(2) Larger customers will bear a progressively larger amount of unbundled charges; a facilities charge will be implemented for all but the smallest customers; and seasonally differentiated demand charges will be implemented for customers 40 kW or larger.

(3) Customers can choose the tariff under which the customer will be served, based on size and load characteristics.

(4) Tariffs will be synchronized so that there is little bill difference for customers near the boundary of two tariffs.

(5) Price incentives to improve load factor will be strengthened.

(6) Rates will be seasonally differentiated, with summer rates higher, to reflect costs.

(7) Time-of-use tariffs with high on-peak demand rates and energy rates based on incremental costs will be introduced for Large Power customers, and load shifts encouraged.

(8) Tariffs will recognize voltage level differences regarding Large General Service and Large Power customers, including an adjustment to reflect losses associated with metering at voltage level above secondary, and a discount for customers who provide their own secondary distribution equipment.

(9) Tariffs will be consolidated for separately metered space or water heating. A current provision for the pooling of a customer's summer usage will be eliminated.

(10) Special tariffs for water pumping will be eliminated.

(C) Addition of tariffs for time-of-use costs and avoided costs:

(1) An optional time-of-use tariff will be offered to residential, small general service, and large general service customers. This tariff will not become effective till January 1, 1996, to allow time to implement new billing

procedures. The tariff will provide an incentive to shift load, and will more accurately reflect the cost of atypical-usage customers.

(2) Multi-year contracting for curtailable service will be allowed, so SJLP has a greater assurance of a given level of interruption when planning for future capacity needs. Credits for curtailable service will reflect SJLP's avoided costs.

(D) Modification of lighting tariffs:

(1) Tariffs for municipal street lighting and other government-owned street lighting will be consolidated.

(2) Mercury vapor fixtures for street and private area lighting will be eliminated; replacements will be limited to current inventory.

(3) A customer charge for outdoor night lighting will be added to reflect the cost of meter reading, billing, facilities, and so on.

(4) New 400 watt metal halide light fixtures will be offered for private area lighting.

The Commission, after considering the aforesaid Stipulation And Agreement and the attachments thereto, and the examination of the parties at the hearing, determines that this Stipulation And Agreement is just and reasonable as to all the provisions contained therein. The parties agreed at the hearing that the stipulated changes in rates and rate design bring SJLP closer to actual cost of service. The new rates and rate design should assist SJLP in meeting important goals, such as giving customers more accurate price signals and reducing the likelihood of cross-subsidization between classes of customers.

At the hearing SJLP also asked that in the event the stipulation is approved, the Company be allowed to implement its revised tariffs for bills rendered on and after the effective date of the Commission's Report And Order,

as opposed to service rendered on and after the effective date. SJLP explains that (1) there will be some cost to the Company in the proration of customers between the current and new rate design; (2) there may be customer confusion regarding the proration; and (3) the difference in customers' bills if the new rate design is implemented on a bills-rendered basis will be small.

The Commission has carefully considered SJLP's request, and although it is aware that the new rates are revenue-neutral to the Company, and that none of the parties object to this plan, the Commission cannot accede to SJLP's request. SJLP's request was not a part of the stipulation, and the Commission did not have the benefit of the parties' legal research on the issue of the Commission's authority to grant such a request. Mr. Witte of the Staff stated at the hearing on the stipulation that SJLP's request "...raises a legal question that I haven't done any research on, whether or not, if you implemented the tariffs today, whether you could bill people on those tariffs for service they received yesterday." Tr. 106, lines 10-13. In addition, Mr. Mills of the Office of the Public Counsel, when asked how long he had been aware of the Company's proposal, stated: "I've been aware of this question close to an hour and a half now." Tr. 107, lines 15-16. As a general proposition, the Commission is of the opinion that substantive additions or changes to a stipulation such as the one before us should be formally incorporated into the stipulation, with the parties given the opportunity to properly evaluate the merits of the proposal, including an opportunity to do any necessary legal research, rather than informally proposed without adequate notice to either the parties or the Commission.

While administratively convenient to SJLP, the plan for implementation on a bills-rendered basis raises the issue of retroactive

ratemaking. For example, if a customer were billed the day after the effective date of the tariffs, that customer would be billed under the new rate design for the entire preceding billing period, even though the new rate design did not go into effect until the day before actual billing commenced. Such a result would seem contradictory to a tariff system, as it would defeat the purpose of giving customers notice of the rates under which they will be charged, through the method of filed tariffs.

The Commission's own research indicates that § 393.140(11), RSMo 1994, which generally grants to the Commission the power to require electrical corporations to file with the Commission and keep open to public inspection schedules showing all rates and charges made, established, enforced, or to be charged or enforced, makes no mention of Commission authority to permit new rates to be charged for previously rendered service. More persuasively, § 393.140(11) specifically states: "No corporation shall charge, demand, collect or receive a greater or less or different compensation for any service rendered or to be rendered than the rates and charges applicable to such services as specified in its schedule filed and in effect at the time;..." Certainly this statute is suggestive that SJLP's proposal is inappropriate; however, as stated earlier, the Commission has not had the benefit of the parties' research on this issue. Thus, although the Commission has serious reservations about the propriety of authorizing tariffs to be filed on a bills-rendered basis, it will not decide the issue on the record before it. Nonetheless, given the posture of this case, the Commission cannot grant SJLP's request.

In restating portions of the stipulation, the Commission is not changing the language and terms of the stipulation, but adopts it in full as resolving all issues which were set out therein. The Commission in adopting this

stipulation is satisfied that the negotiated settlement represents a reasoned and fair resolution of the issues in this case and that it would be in the best interests of all parties for the Commission to adopt this Stipulation And Agreement.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law:

St. Joseph Light & Power Company is a public utility subject to the jurisdiction of the Commission pursuant to Chapters 386 and 393, RSMo 1994.

Pursuant to § 536.060, RSMo 1994, the Commission may approve a stipulation and agreement concluded among the parties as to any issues in a contested case. The standard for Commission approval of a stipulation and agreement is whether it is just and reasonable. The Commission, in accordance with its statutory power, has determined that this Stipulation and Agreement which settles all issues raised in this case is just and reasonable and appropriate, and therefore should be approved in full.

Based upon the Commission's findings of facts in this case and conclusions of law, the Commission determines that just and reasonable revised tariffs in substantially the form as set forth in Schedules 1, 3, and 4 to the Stipulation and Agreement should be filed by the Company, designed to put into effect the rate design agreed to by the parties and approved by the Commission in this Report And Order, in order to implement the allocation shifts approved in Case No. EO-94-36 and the class cost of service shifts approved herein. Said tariffs and rate schedules shall contain a thirty-day effective date and shall be filed within thirty days of the effective date of this Report And Order.

IT IS THEREFORE ORDERED:

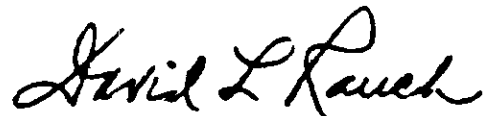
1. That the Missouri Public Service Commission hereby approves and adopts the Stipulation And Agreement filed on March 31, 1995, which was agreed to and signed by St. Joseph Light & Power Company, the Staff of the Missouri Public Service Commission, the Office of the Public Counsel, and AG Processing, Inc., and which is incorporated herein by reference and attached hereto as Attachment 1.

2. That St. Joseph Light & Power Company be and is hereby authorized to file revised electric, gas, and steam tariffs for the approval of the Commission, consistent with the specimen tariffs contained in Schedules 1, 3, and 4 to the Stipulation And Agreement filed by the parties on March 31, 1995, and consistent with this Report And Order.

3. That the revised tariffs referenced in Ordered Paragraph 2 shall contain a thirty-day effective date, and shall be filed within thirty (30) days of the effective date of this Report And Order.

4. That this Report And Order shall become effective on May 16, 1995.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,
Kincheloe, and Crumpton, CC., Concur.

Dated at Jefferson City, Missouri,
on this 5th day of May, 1995.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Phase II	)	
Investigation of the electric	)	Case No. EO-93-351
class cost of service for	)	
St. Joseph Light & Power Company	)	
	)	

In the matter of the allocation	)	
of St. Joseph Light & Power	)	Case No. EO-94-36
Company's costs between its	)	
electric, gas and steam	)	
jurisdictions.	)	

FILED

MAR 31 1995

STIPULATION AND AGREEMENT

MISSOURI
PUBLIC SERVICE COMMISSION

Comes now the Staff of the Missouri Public Service Commission ("Staff"), the Office of Public Counsel ("Public Counsel"), Ag Processing, Inc. ("AGP") and St. Joseph Light & Power Company ("SJLP" or "Company"), by counsel, being all of the parties to the captioned proceedings, and for their Stipulation and Agreement respectfully state as follows:

1. Case No. EO-93-351 was created by the Missouri Public Service Commission ("Commission") for the purpose of conducting the Phase II Investigation of SJLP's class cost of service and was an outgrowth of Case No. EO-88-158, Case No. ER-93-41 and Case No. EC-93-252. Case No. EO-94-36 concerns the allocation of costs between SJLP's electric, gas and steam jurisdictions.

2. Pursuant to a procedural schedule established by the Commission in Case No. EO-93-351, the parties have exchanged class cost of service studies, have produced and analyzed data and have held technical conferences. On or about September 16, 1994, the parties exchanged a rate design study and since that time have

pursued a negotiated settlement of all matters in connection with these dockets.

3. The parties previously entered into a Stipulation and Agreement ("the First Stipulation") in connection with both Case No. EO-93-351 and Case No. EO-94-36 which was ultimately approved by the Commission in its Report and Order issued on February 10, 1995. The First Stipulation provided, among other things, that SJLP should decrease revenues from its steam jurisdiction by \$550,000 or 7.5 percent. This allocation shift would increase SJLP's revenues from its electric jurisdiction by \$500,000 or 0.71 percent, and would increase revenue from its gas jurisdiction by \$50,000, or 0.89 percent. These jurisdictional revenue shifts would result in no net change in SJLP's overall revenues and would bring each jurisdiction's revenue requirement closer to the requirements which the parties deem appropriate. The First Stipulation further provided that the \$500,000 increase in the electric jurisdiction should be implemented on the basis of an electric rate design for SJLP which would result from Case No. EO-93-351. The First Stipulation also provided that rate changes resulting from both cases should occur simultaneously in the interest of presenting SJLP's customers with only one rate change while preserving revenue neutrality to SJLP. The First Stipulation was conditioned upon the parties filing with the Commission an additional Stipulation and Agreement containing specimen tariffs no later than March 31, 1995. As a consequence, the parties are filing the instant Stipulation

and Agreement which contains specimen tariffs and which disposes of all issues in these dockets.

4. Attached hereto and made a part hereof for all purposes as Schedule 1 are specimen revised electric tariffs which are designed to implement the rate design agreed to by the parties to this case and to recover the \$500,000 increase provided for in Case No. EO-94-36. The rationale for the \$500,000 increase resulting from changes in allocations has been presented to the Commission in the context of Case No. EO-94-36 and approved by the Commission in its Report and Order dated February 10, 1995. A detailed explanation of the electric rate design and the manner in which the increase is to be implemented through changes proposed in SJLP's revised electric tariffs is set out in Schedule 2, attached hereto and made a part hereof for all purposes.

5. Attached hereto and made a part hereof for all purposes as Schedule 3 are specimen revised gas tariffs which are designed to recover the \$50,000 increase provided for in Case No. EO-94-36. Both the rationale for the \$50,000 increase resulting from changes in allocations and the manner in which the increase is to be implemented, on an equal percentage basis, was presented to the Commission in the context of Case No. EO-94-36 and approved by the Commission in its Report and Order dated February 10, 1995.

6. Attached hereto and made a part hereof for all purposes as Schedule 4 are specimen revised steam tariffs which are designed to implement the \$550,000 reduction provided for in Case No. EO-94-36. Both the rationale for the \$550,000 reduction resulting from

changes in allocations and the manner in which the reduction is to be implemented, an equal percentage basis, was presented to the Commission in the context of Case No. EO-94-36 and approved by the Commission in its Report and Order dated February 10, 1995.

7. Except to the extent specified herein, none of the signatories hereto shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost determination or cost allocation underlying or allegedly underlying this Stipulation and Agreement and the revised electric, gas and steam tariffs provided for herein.

8. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement in total, or in the event revised electric, gas and steam tariffs agreed to herein do not become effective in accordance with the provisions contained herein, this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions contained herein.

9. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the signatories waive their respective rights to cross-examine witnesses and to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 1994; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1994; and their

respective rights to judicial review pursuant to Section 386.510 RSMo 1994.

10. This Stipulation and Agreement represents a negotiated settlement for the sole purpose of disposing of these cases, and none of the signatories to this Stipulation and Agreement shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in any other proceeding, except as otherwise specified herein.

11. At the Commission's request, the Staff may give the Commission a written explanation of its rationale for entering into this Stipulation and Agreement if the Staff also gives a copy of its explanation to each signatory. In that event, each signatory may give the Commission a responsive written explanation within five (5) business days of receipt of the Staff's explanation, if the responding signatory contemporaneously gives a copy of such responsive written explanation to all other signatories. Each signatory agrees to keep the Staff's and other signatory's explanation confidential, and to treat them as privileged to the same extent as settlement negotiations under the Commission's rules. No signatory acquiesces in or adopts the explanations of another signatory. Such explanations shall not become a part of the record in these cases nor bind or prejudice any signatory in any proceeding.

12. The Staff may provide whatever oral explanation the Commission requests at any agenda meeting, if the Commission has given notice that it may consider this Stipulation and Agreement at

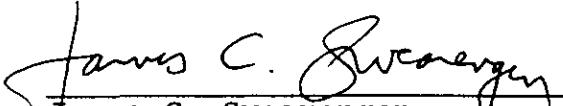
the meeting. The Staff shall inform the other signatories as soon as practicable when the Staff learns that the Commission will request such explanation. The Staff's explanation in agenda shall be subject to public disclosure, except to the extent it pertains to matters protected from disclosure.

WHEREFORE, the undersigned parties respectfully request the Commission to approve this Stipulation and Agreement and to direct St. Joseph Light & Power Company to file tariffs in substantial compliance therewith.

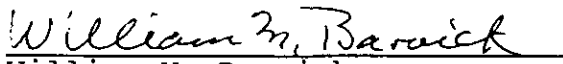
THE STAFF OF THE MISSOURI
PUBLIC SERVICE COMMISSION


Eric Witte
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

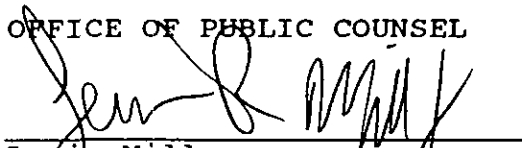
ST. JOSEPH LIGHT & POWER
COMPANY


James C. Swearingen
Brydon, Swearingen & England
P.O. Box 456
Jefferson City, MO 65102

AG PROCESSING, INC.


William M. Barvick
240 East High, Room 202
Jefferson City, Missouri 65101

OFFICE OF PUBLIC COUNSEL


Lewis Mills
Office of Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

ST. JOSEPH LIGHT & POWER COMPANY CASE NO. EO-93-351
GENERAL FEATURES OF THE STIPULATED ELECTRIC RATE DESIGN

A. CLASS REVENUE REQUIREMENTS ARE BEING MOVED TOWARDS COST-OF-SERVICE LEVELS.

- (1) Cost of service studies submitted by the parties show that increases to the residential and large power cost of service classes and decreases to the small general service and large general service cost of service classes are warranted.
- (2) This electric rate design is based on a 2.73% increase for both the residential and large power classes, an 8.71% decrease for the small general service class, and a 2.08% decrease for the large general service class. The lighting class will remain at the current revenue level. These revenue shifts include the \$500,000 (0.71%) increase in electric revenues resulting from Case No. EO-94-36.

B. RESIDENTIAL TARIFFS ARE BEING RE-DESIGNED.

- (1) Customer charges are being increased to better reflect the costs associated with meter reading, billing, and facilities on the customer's premise.

The three residential general application tariffs will have a uniform monthly customer charge of \$5.68 per month. The residential tariff for hobby shops, barns, well pumps, etc. will have a customer charge of \$6.20 per month. The residential tariff for separately metered space and/or water heating will have a \$3.00 per month customer charge, assessed year round, to recover incremental customer costs.

- (2) Declining block rate structures in the summer, which result in a customer's average cost per kWh declining with additional electricity use, are being replaced with a single, uniform summer energy charge on all residential tariffs. This rate structure will send customers the appropriate price signal.
- (3) The tariff for the Residential-General Service tariff 150 institutes seasonally differentiated rates (summer rates higher than winter rates). This tariff--for hobby shops, barns, well pumps, etc.--maintains its traditional link with the smallest commercial tariff.
- (4) All residential tariffs contain a summer/winter rate differential which better reflects SJLP's seasonal costs.

- (5) The current separately-metered residential space heating and/or water heating tariffs are being consolidated into a single tariff. The current provision for pooling a customer's summer usage is being eliminated. No new customers will be allowed service under this tariff.

C. COMMERCIAL & INDUSTRIAL TARIFFS ARE BEING EXTENSIVELY RE-DESIGNED.

- (1) Four basic categories of commercial and industrial tariffs were designed. Each set is intended to serve customers with similar size and load factor characteristics.

General Service-Limited Demand: These tariffs were designed for the smallest non-residential customers. There are three similar tariffs: one for general use; one for customers with electric space heating; and one for churches & schools.

General Service: These tariffs were designed for the small (less than 40 kW), demand-metered customers. There are two similar tariffs: one for general use; and one for customers with electric space heating.

Large General Service: This general use tariff was designed for mid-sized (40-500 kW) customers.

Large Power Service: This general use tariff was designed for the largest (500+ kW) customers.

- (2) Tariffs were designed so that larger customers face a progressively larger amount of unbundled charges. This unbundling better matches the way in which costs are incurred with the way costs are recovered.

Facilities charges, which recover the costs associated with distribution facilities and customer-related expenses, are being implemented for all but the smallest customers.

Seasonally-differentiated demand charges are being implemented for customers 40 kW or larger in size.

- (3) Each customer will be allowed to choose the most advantageous tariff for which he qualifies based on his size and load characteristics.
- (4) Rate structures and rate levels for commercial & industrial tariffs have been synchronized in such a way that there is little difference in the annual bill of a customer near the boundary of being served by two tariffs. This rate continuity allows for an orderly

transition from one tariff to another as a customer grows.

- (5) Price incentives to customers to improve their load factor are being strengthened.
- (6) The stipulated tariffs institute seasonally differentiated rates (summer rates higher than winter rates) and set the summer/winter rate differential at a level which better reflect SJLP's seasonal costs.
- (7) A time-of-use tariff with high on-peak demand rates and energy rates based on incremental costs has been developed for the Large Power customers.

Customers can expand their operations in off-peak periods at a low incremental cost and can generate savings by limiting their demands during the on-peak period.

- (8) The Large General Service and Large Power tariffs recognize voltage level differences between customers.

One provision adjusts the customer's metered energy and metered demand prior to billing to reflect the losses associated with metering at a voltage level above secondary.

Another provision provides a discount for customers who provide and maintain their own secondary distribution equipment.

- (9) The current separately-metered commercial space heating and/or water heating tariffs are being consolidated into a single tariff. The current provision for pooling a customer's summer usage is being eliminated. No new customers will be allowed service under this new tariff.
- (10) Special tariffs for water pumping are being eliminated.

D. SPECIAL TARIFFS REFLECTING TIME-OF-USE COSTS AND AVOIDED COSTS ARE BEING ADDED.

- (1) An optional time-of-use tariff is offered to residential, small general service and large general service customers. This tariff will not become effective until January 1, 1996, to allow SJLP the necessary time to implement new billing procedures.

This tariff provides price incentives for customers to shift their load from SJLP's higher cost hours to the lower cost hours.

This tariff provides customers with atypical usage patterns an alternative to the general application tariffs which may more accurately recover their individual cost to serve.

- (2) A rider for curtailable service allows for multi-year contracting between SJLP and its qualifying customers, giving SJLP greater assurance of a given level of interruption when planning for future capacity needs. The level of credits for curtailable service reflect SJLP's avoided costs.

E. EXISTING LIGHTING TARIFFS ARE BEING MODIFIED.

- (1) Municipal street lighting and other government-owned street lighting are being consolidated into a single tariff.
- (2) Mercury vapor fixtures for both street lighting and private area lighting will not be available for future installations. Replacement fixtures will be limited to current SJLP inventory.
- (3) A customer charge is being implemented for the outdoor night lighting tariff to reflect the cost associated with meter reading, billing, and facilities on the customer's premises.
- (4) A new 400 watt metal halide light fixture is being offered in the private area lighting tariff.

ST. JOSEPH LIGHT & POWER COMPANY ELECTRIC RATE DESIGN

THE IMPACT OF STIPULATED RATES ON CUSTOMER GROUPS

	SJLP Current Tariff *	Residential	General Service- Limited Demand (201,221,261)	General Service (211,222)	Separate Meter Heat (641)	Large General Service (311)	Large Power Service (411)	Total
110	Residence Service-General Use	1.91%						1.91%
120	Residence Service-With Space Heating	3.27%						3.27%
135	Residence Service-With Water Heating	5.44%						5.44%
150	Residence General Service-General Use	-4.55%						-4.55%
210	General Service - General Use		0.47%	-11.71%		-14.47%		-7.33%
220	General Service-With Space Heating		1.10%	-4.76%		-2.14%		-3.29%
250	General Service-Business Power		-23.63%	-16.85%		-19.14%		-17.15%
260	General Service-Churches & Schools		5.75%	-3.70%		-7.90%		-1.91%
310	Large Power Service-General Use		-47.81%	-11.55%		-1.77%	1.91%	0.38%
320	Large Power Service-With Space Heating			-10.50%		0.53%	5.48%	1.98%
551	Special Use-Lake Pumping		75.52%	54.33%				69.92%
620	Separate Meter - Space Heating	3.29%		7.67%	7.27%			6.63%
630	Separate Meter-Residential Water Heating	27.70%						27.70%
640	Separate Meter - Space & Water Heating	8.14%			31.69%	30.09%		28.31%
790	Municipal Off-Peak Pumping Service		25.53%	6.25%		-3.49%		4.55%
791	Special Use-Pumping		77.56%	21.46%		0.17%		2.01%
	Total	2.73%	1.22%	-11.33%	14.84%	-1.99%	2.14%	0.71%

* All lighting tariffs will remain at current revenue levels.

THE NUMBER OF CUSTOMERS WHO WILL BE SERVED ON EACH STIPULATED TARIFF

	SJLP Current Tariff	Residential	General Service- Limited Demand (201,221,261)	General Service (211,222)	Separate Meter Heat (641)	Large General Service (311)	Large Power Service (411)	Total
110	Residence Service-General Use	36,156						36,156
120	Residence Service-With Space Heating	9,020						9,020
135	Residence Service-With Water Heating	7,292						7,292
150	Residence General Service-General Use	777						777
210	General Service - General Use		3,787	1,173		67		5,027
220	General Service-With Space Heating		204	485		53		742
250	General Service-Business Power		28	378		17		423
260	General Service-Churches & Schools		357	20		50		427
310	Large Power Service-General Use		7	38		622	40	707
320	Large Power Service-With Space Heating			3		145	5	153
551	Special Use-Lake Pumping		6	1				7
620	Separate Meter - Space Heating	102		1	111			214
630	Separate Meter-Residential Water Heating	15						15
640	Separate Meter - Space & Water Heating	12			52	1		65
790	Municipal Off-Peak Pumping Service		29	27		6		62
791	Special Use-Pumping		2	1		3		6
	Total	53,375	4,420	2,127	163	964	45	61,094

**ST. JOSEPH LIGHT & POWER COMPANY ELECTRIC RATE DESIGN
THE IMPACT OF STIPULATED RATES ON TYPICAL RESIDENTIAL CUSTOMERS**

RESIDENTIAL SERVICE - GENERAL USE (110)

	<u>Summer Average</u>	<u>Winter Average</u>	<u>Annual Average</u>
Monthly Use (kWh)	876	550	659
Monthly Bill on Current Rate (\$)	\$59.07	\$39.17	\$45.81
Monthly Bill on Stipulated Rate (\$)	\$62.59	\$37.59	\$45.93
Change in Monthly Bill:			
Dollar Change	\$3.52	(\$1.58)	\$1.44
Percent Change	5.97%	-4.04%	0.26%
Approximate No.of Customers			36,500

RESIDENTIAL SERVICE - WITH SPACE HEATING (120)

	<u>Summer Average</u>	<u>Winter Average</u>	<u>Annual Average</u>
Monthly Use (kWh)	1,166	2,061	1,762
Monthly Bill on Current Rate (\$)	\$72.72	\$80.88	\$78.16
Monthly Bill on Stipulated Rate (\$)	\$81.45	\$80.50	\$80.82
Change in Monthly Bill:			
Dollar Change	\$8.73	(\$0.38)	\$31.89
Percent Change	12.01%	-0.47%	3.40%
Approximate No.of Customers			9,000

RESIDENTIAL SERVICE - WITH WATER HEATING (135)

	<u>Summer Average</u>	<u>Winter Average</u>	<u>Annual Average</u>
Monthly Use (kWh)	1,028	914	952
Monthly Bill on Current Rate (\$)	\$64.63	\$48.50	\$53.88
Monthly Bill on Stipulated Rate (\$)	\$72.48	\$50.02	\$57.50
Change in Monthly Bill:			
Dollar Change	\$7.85	\$1.52	\$43.54
Percent Change	12.14%	3.13%	6.73%
Approximate No.of Customers			7,300

ST. JOSEPH LIGHT & POWER COMPANY ELECTRIC RATE DESIGN
THE RELATIONSHIP BETWEEN STIPULATED RATES AND CURRENT RATES AT VARIOUS USAGE LEVELS

RESIDENTIAL SERVICE - GENERAL USE (110)

kWh	Summer				Winter				Annual Average			
	Current Bill	Settled Bill	Diff (\$)	Diff (%)	Current Bill	Settled Bill	Diff (\$)	Diff (%)	Current Bill	Settled Bill	Diff (\$)	Diff (%)
0	\$2.86	\$5.68	\$2.82	98.60%	\$2.86	\$5.68	\$2.82	98.60%	\$2.86	\$5.68	\$2.82	98.60%
100	\$9.46	\$12.18	\$2.72	28.75%	\$9.46	\$11.48	\$2.02	21.35%	\$9.46	\$11.71	\$2.25	23.82%
200	\$16.06	\$18.68	\$2.62	16.31%	\$16.06	\$17.28	\$1.22	7.60%	\$16.06	\$17.75	\$1.69	10.50%
300	\$22.66	\$25.18	\$2.52	11.12%	\$22.66	\$23.08	\$0.42	1.85%	\$22.66	\$23.78	\$1.12	4.94%
400	\$29.26	\$31.68	\$2.42	8.27%	\$29.26	\$28.88	(\$0.38)	-1.30%	\$29.26	\$29.81	\$0.55	1.89%
500	\$35.86	\$38.18	\$2.32	6.47%	\$35.86	\$34.68	(\$1.18)	-3.29%	\$35.86	\$35.85	(\$0.01)	-0.04%
600	\$42.46	\$44.68	\$2.22	5.23%	\$42.46	\$40.48	(\$1.98)	-4.66%	\$42.46	\$41.88	(\$0.58)	-1.37%
700	\$48.71	\$51.18	\$2.47	5.07%	\$48.01	\$45.53	(\$2.48)	-5.17%	\$48.24	\$47.41	(\$0.83)	-1.72%
800	\$54.61	\$57.68	\$3.07	5.62%	\$52.51	\$49.83	(\$2.68)	-5.10%	\$53.21	\$52.45	(\$0.76)	-1.43%
1,000	\$66.41	\$70.68	\$4.27	6.43%	\$61.51	\$58.43	(\$3.08)	-5.01%	\$63.14	\$62.51	(\$0.63)	-1.00%
1,250	\$81.16	\$86.93	\$5.77	7.11%	\$72.76	\$69.18	(\$3.58)	-4.92%	\$75.56	\$75.10	(\$0.46)	-0.61%
1,500	\$95.91	\$103.18	\$7.27	7.58%	\$84.01	\$79.93	(\$4.08)	-4.86%	\$87.98	\$87.68	(\$0.30)	-0.34%
1,750	\$110.66	\$119.43	\$8.77	7.93%	\$95.26	\$90.68	(\$4.58)	-4.81%	\$100.39	\$100.26	(\$0.13)	-0.13%
2,000	\$125.41	\$135.68	\$10.27	8.19%	\$106.51	\$101.43	(\$5.08)	-4.77%	\$112.81	\$112.85	\$0.04	0.03%
2,500	\$154.91	\$168.18	\$13.27	8.57%	\$129.01	\$122.93	(\$6.08)	-4.71%	\$137.64	\$138.01	\$0.37	0.27%
3,000	\$184.41	\$200.68	\$16.27	8.82%	\$151.51	\$144.43	(\$7.08)	-4.67%	\$162.48	\$163.18	\$0.70	0.43%
3,500	\$213.91	\$233.18	\$19.27	9.01%	\$174.01	\$165.93	(\$8.08)	-4.64%	\$187.31	\$188.35	\$1.04	0.55%
4,000	\$243.41	\$265.68	\$22.27	9.15%	\$196.51	\$187.43	(\$9.08)	-4.62%	\$212.14	\$213.51	\$1.37	0.65%

RESIDENTIAL SERVICE - WITH SPACE HEATING (120)

kWh	Summer				Winter				Annual Average			
	Current Bill	Settled Bill	Diff (\$)	Diff (%)	Current Bill	Settled Bill	Diff (\$)	Diff (%)	Current Bill	Settled Bill	Diff (\$)	Diff (%)
0	\$3.94	\$5.68	\$1.74	44.16%	\$3.94	\$5.68	\$1.74	44.16%	\$3.94	\$5.68	\$1.74	44.16%
100	\$9.84	\$12.18	\$2.34	23.78%	\$8.24	\$9.98	\$1.74	21.12%	\$8.77	\$10.71	\$1.94	22.11%
200	\$15.74	\$18.68	\$2.94	18.68%	\$12.54	\$14.28	\$1.74	13.88%	\$13.61	\$15.75	\$2.14	15.73%
300	\$21.64	\$25.18	\$3.54	16.36%	\$16.84	\$18.58	\$1.74	10.33%	\$18.44	\$20.78	\$2.34	12.69%
400	\$27.54	\$31.68	\$4.14	15.03%	\$21.14	\$22.88	\$1.74	8.23%	\$23.27	\$25.81	\$2.54	10.91%
500	\$33.44	\$38.18	\$4.74	14.17%	\$25.44	\$27.18	\$1.74	6.84%	\$28.11	\$30.85	\$2.74	9.75%
600	\$39.34	\$44.68	\$5.34	13.57%	\$29.74	\$31.48	\$1.74	5.85%	\$32.94	\$35.88	\$2.94	8.93%
700	\$45.24	\$51.18	\$5.94	13.13%	\$34.04	\$35.78	\$1.74	5.11%	\$37.77	\$40.91	\$3.14	8.31%
800	\$51.14	\$57.68	\$6.54	12.79%	\$38.34	\$40.08	\$1.74	4.54%	\$42.61	\$45.95	\$3.34	7.84%
1,000	\$62.94	\$70.68	\$7.74	12.30%	\$46.94	\$48.68	\$1.74	3.71%	\$52.27	\$56.01	\$3.74	7.15%
1,250	\$77.69	\$86.93	\$9.24	11.89%	\$54.94	\$56.18	\$1.24	2.26%	\$62.52	\$66.43	\$3.91	6.25%
1,500	\$92.44	\$103.18	\$10.74	11.62%	\$62.94	\$63.68	\$0.74	1.18%	\$72.77	\$76.85	\$4.07	5.60%
1,750	\$107.19	\$119.43	\$12.24	11.42%	\$70.94	\$71.18	\$0.24	0.34%	\$83.02	\$87.26	\$4.24	5.11%
2,000	\$121.94	\$135.68	\$13.74	11.27%	\$78.94	\$78.68	(\$0.26)	-0.33%	\$93.27	\$97.68	\$4.41	4.72%
2,500	\$151.44	\$168.18	\$16.74	11.05%	\$94.94	\$93.68	(\$1.26)	-1.33%	\$113.77	\$118.51	\$4.74	4.17%
3,000	\$180.94	\$200.68	\$19.74	10.91%	\$110.94	\$108.68	(\$2.26)	-2.04%	\$134.27	\$139.35	\$5.07	3.78%
3,500	\$210.44	\$233.18	\$22.74	10.81%	\$126.94	\$123.68	(\$3.26)	-2.57%	\$154.77	\$160.18	\$5.41	3.49%
4,000	\$239.94	\$265.68	\$25.74	10.73%	\$142.94	\$138.68	(\$4.26)	-2.98%	\$175.27	\$181.01	\$5.74	3.27%

ST. JOSEPH LIGHT & POWER COMPANY ELECTRIC RATE DESIGN
THE RELATIONSHIP BETWEEN STIPULATED RATES AND CURRENT RATES AT VARIOUS USAGE LEVELS

RESIDENTIAL SERVICE - WITH WATER HEATING (135)

kWh	Summer				Winter				Annual Average			
	Current Bill	Settled Bill	Diff (\$)	Diff (%)	Current Bill	Settled Bill	Diff (\$)	Diff (%)	Current Bill	Settled Bill	Diff (\$)	Diff (%)
0	\$4.00	\$5.68	\$1.68	42.00%	\$4.00	\$5.68	\$1.68	42.00%	\$4.00	\$5.68	\$1.68	42.00%
100	\$9.90	\$12.18	\$2.28	23.03%	\$9.10	\$11.08	\$1.98	21.76%	\$9.37	\$11.45	\$2.08	22.21%
200	\$15.80	\$18.68	\$2.88	18.23%	\$14.20	\$16.48	\$2.28	16.06%	\$14.73	\$17.21	\$2.48	16.83%
300	\$21.70	\$25.18	\$3.48	16.04%	\$19.30	\$21.88	\$2.58	13.37%	\$20.10	\$22.98	\$2.88	14.33%
400	\$27.60	\$31.68	\$4.08	14.78%	\$24.40	\$27.28	\$2.88	11.80%	\$25.47	\$28.75	\$3.28	12.88%
500	\$33.50	\$38.18	\$4.68	13.97%	\$29.50	\$32.68	\$3.18	10.78%	\$30.83	\$34.51	\$3.68	11.94%
600	\$39.40	\$44.68	\$5.28	13.40%	\$34.60	\$38.08	\$3.48	10.06%	\$36.20	\$40.28	\$4.08	11.27%
700	\$45.30	\$51.18	\$5.88	12.98%	\$39.30	\$42.53	\$3.23	8.22%	\$41.30	\$45.41	\$4.11	9.96%
800	\$51.20	\$57.68	\$6.48	12.66%	\$43.60	\$46.03	\$2.43	5.57%	\$46.13	\$49.91	\$3.78	8.19%
1,000	\$63.00	\$70.68	\$7.68	12.19%	\$52.20	\$53.03	\$0.83	1.59%	\$55.80	\$58.91	\$3.11	5.58%
1,250	\$77.75	\$86.93	\$9.18	11.81%	\$62.95	\$61.78	(\$1.17)	-1.86%	\$67.88	\$70.16	\$2.28	3.36%
1,500	\$92.50	\$103.18	\$10.68	11.55%	\$73.70	\$70.53	(\$3.17)	-4.30%	\$79.97	\$81.41	\$1.45	1.81%
1,750	\$107.25	\$119.43	\$12.18	11.36%	\$84.45	\$79.28	(\$5.17)	-6.12%	\$92.05	\$92.66	\$0.61	0.67%
2,000	\$122.00	\$135.68	\$13.68	11.21%	\$95.20	\$88.03	(\$7.17)	-7.53%	\$104.13	\$103.91	(\$0.22)	-0.21%
2,500	\$151.50	\$168.18	\$16.68	11.01%	\$116.70	\$105.53	(\$11.17)	-9.57%	\$128.30	\$126.41	(\$1.89)	-1.47%
3,000	\$181.00	\$200.68	\$19.68	10.87%	\$138.20	\$123.03	(\$15.17)	-10.98%	\$152.47	\$148.91	(\$3.55)	-2.33%
3,500	\$210.50	\$233.18	\$22.68	10.77%	\$159.70	\$140.53	(\$19.17)	-12.00%	\$176.63	\$171.41	(\$5.22)	-2.96%
4,000	\$240.00	\$265.68	\$25.68	10.70%	\$181.20	\$158.03	(\$23.17)	-12.79%	\$200.80	\$193.91	(\$6.89)	-3.43%