**BEFORE THE PUBLIC SERVICE COMMISSION**
**OF THE STATE OF MISSOURI**

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| **In the Matter of The Empire** | **)** | |
| **District Electric Company's Request** | **)** | **Case No. ER-2016-0023** |
| **For Authority to Implement a General** | **)** | |
| **Rate Increase for Electric Service** | **)** | |

# MECG STATEMENT OF POSITIONS

In its May 18, 2016 *List of Issues*, Staff identifies 21 issues with varying numbers of subissues. MECG submits its Statement of Positions on the following discrete issues: Special Contract Revenues and Class Cost of Service / Rate Design including its 8 subissues. MECG reserves the right to take positions on other issues based upon the development of the evidence on those issues at the evidentiary hearing in this matter.

16. Special Contract Revenues: *Should Empire's other Missouri retail customers be held harmless of the revenue impact of the interruptible bill credits Empire offers to its Special Contract customer?*

Position: Staff's statement of this issue is misleading. Specifically, Staff's statement implies that there is harm associated with the interruptible credits that Empire provides to Praxair. The evidence in this case demonstrates that such an implication is incorrect.

While the rate schedule is unfortunately labeled as Special Contract – Praxair, the credits paid under this schedule are not a discount or associated with load retention. Rather, the evidence clearly indicates that the credits are associated with Praxair's willingness to interrupt its load. In this regard, the credits paid under the SC-P rate schedule are no different than the credits paid by Empire to two customers under the IR rate schedule.

The benefits associated with the existence of interruptible customers have been well documented. Unlike firm service customers, interruptible customers can have their service interrupted. Therefore, these customers do not drive the need for future capacity additions. In fact, given this fact, Empire excludes the load of interruptible customers from its projected load requirements in the integrated resource planning process. Given this, Empire's capacity needs are lower. In essence, the existence of interruptible service customers become another demand side option that Empire has to meet future load requirements. Clearly, Empire's firm service customers benefit from Empire's ability to meet load requirements through interruptible service customers.

Interestingly, Staff has repeatedly recognized the benefits of interruptible customers and allowed the recovery of interruptible credits in the ratemaking process. Specifically, Staff allows KCPL to recover interruptible credits associated with Mpower interruptible customers. Furthermore, Staff allows Empire to recover interruptible credits paid to customers under the IR

rate schedule. That said, based largely on the unfortunate name of the rate schedule (Special Contract – Praxair), Staff has disallowed the entirety of the SC-P interruptible credits.

While the interruptible compensation paid for Praxair's interruption is higher than that paid under Empire's IR rate schedule, the benefits associated with Praxair's interruptible nature is much greater than that provided by other interruptible customers. Specifically, Praxair's interruptible load represents over the vast majority of Empire's total interruptible load. Furthermore, while other interruptible customers require a minimum of four hours' notice, Praxair is capable of interrupting its load with only thirty minutes' notice. Additionally, Praxair's load can be interrupted more often and, unlike the IR customers, at any time during the week.

It is important to recognize that the SC-P interruptible credits have been repeatedly approved by this Commission. For over 20 years, the SC-P interruptible credit has been included in a rate schedule that was approved by the Commission. Given the fact that this is an approved rate, Staff bears a heightened burden to show that the rate is unreasonable.[1]

- Maini Rebuttal, pages 3-6.
- Nelson Surrebuttal, pages 17-18.

17. Class Cost of Service and Rate Design:

*A. What, if any, revenue neutral interclass shifts are supported by Class Cost of Service studies?*

Position: MECG recommends that the Commission make revenue neutral shifts consistent with its class cost of service study. As detailed in the testimony of MECG witness Maini, the revenue neutral shifts necessary to bring each class to equalized rates of return are as follows:

| Class | % Revenue Neutral Change | $ Revenue Neutral Change |
|---|---|---|
| Residential (RES) | +7.0% | $14,624,180 |
| Commercial (CB) | -6.2% | -$2,656,296 |
| Small Heating (SH) | +6.2% | $640,406 |
| General Power (GP) | -10.7% | -$9,562,371 |
| SC-Praxair | -5.2% | -$223,749 |
| Total Electric Building (TEB) | 1.3% | $476,306 |
| Feed Mill (PFM) | -12.5% | -$14,316 |
| Large Power (LP) | -3.5% | -$1,869,239 |
| Lighting | -18.4% | -$1,414,938 |

Source: Maini Surrebuttal, page 12.

[1] See, Section 386.430.

In this case, the Commission has been presented with the results of two different class cost of service studies. MECG's methodology, presented above, relies upon the widely used Average & Excess (A&E) approach to allocating fixed production costs. Staff's methodology, meanwhile, relies upon its misplaced use of the Base / Intermediate / Peak (BIP) fixed production cost allocator. As the evidence makes abundantly clear, the Staff's class cost of service study is flawed for several reasons and should not be used in this case.

***First***, Staff's study relies upon the inherently flawed BIP fixed production cost allocator. As the evidence demonstrates, the use of the BIP appears to be limited to the Missouri Staff. As MECG witness Maini points out,

> The BIP method first surfaced circa 1980 as an approach that some thought might be useful when trying to develop time-differentiated rates. However, the BIP method never caught on and is only infrequently seen in regulatory proceedings. The BIP method is certainly not among the frequently used mainstream cost allocation methodologies, and lacks meaningful precedent for its use.[2]

While KCPL once used the BIP methodology, is has rejected any further use of that allocator because of the development of the SPP Integrated Marketplace.

> The Company has utilized the BIP method previously in Missouri. . . . The recent transition of the SPP to an Integrated Marketplace (IM) with centralized dispatch has raised some concern about the BIP allocator. To utilize the BIP allocator one must assign the generating units into base, intermediate, and peak groups based on their use. Prior to the IM market, the Company provided its own generation to meet its load requirements. With the introduction of the IM market, we no longer use our generation to meet the Company's load requirements, but instead sell generation into the SPP market and buy our load requirements for the SPP market. I believe the IM market change in impacts the suitability of the BIP method as the production allocation.[3]

The primary flaw with Staff's BIP allocator is found in its over-reliance on class energy usage. Specifically, in manipulating its allocator, Staff attempts to classify each of Empire's generating units as either baseload, intermediate or peaking facilities. Staff then allocates Empire's investment in baseload facilities on the base of class energy usage. In doing so, Staff ignores the obvious capacity value provided by these units. As the evidence demonstrates, by failing to recognize the capacity value provided by these generating facilities, Staff ignores the fundamental tenet of system planning. . . the need to provide capacity to meet system peak.

> Once again, this [allocating on the basis of energy] is not consistent with how the system is planned. If the system were planned based primarily on energy production, then energy needs would be met primarily with wind generation (energy production, but very little capacity). System needs would be very rarely met with

[2] Maini Rebuttal, page 8.
[3] *Id.* at page 9 (citing to Rush Direct, Case No. ER-2014-0370, pages 46-47.

> coal or nuclear units that provide capacity value. This is obviously not the case today. Utilities serving Missouri customers have a diverse mix of resources including nuclear, coal and natural gas generation. This is because they also provide capacity value. Staff's BIP methodology fails to capture this basic concept.[4]

In the past, the Commission has expressly rejected fixed production cost allocators that rely heavily on class energy usage. Specifically, in a 2010 Ameren case, Staff relied upon a similarly flawed fixed production cost allocator, the Peak & Average methodology. In its Report and Order, the Commission expressly rejected Staff's approach because of its heavy reliance on class energy usage instead of also considering each class' contribution to system peak.[5] While Staff discontinued its use of the Peak & Average approach, it failed to truly consider the criticisms leveled by the Commission. Specifically, the Staff simply replaced its energy intensive Peak & Average approach with a similarly flawed BIP methodology. In fact, the evidence shows that, under Staff's flawed approach, 74% of Empire's investment in generating facilities is allocated on the basis of class energy usage.[6]

In contrast to Staff's energy intensive BIP methodology, MECG relies upon the Average & Excess (A&E) fixed production cost allocator. This allocator recognizes that Empire's investment in generating facilities is made to provide energy throughout the year (the <u>average</u> piece) as well as capacity to meet system peak (the <u>excess</u> piece). As such, the A&E methodology is consistent with the fundamental approach to system planning. Given its consistency with system planning fundamentals, the Commission, in its last decision on this issue, specifically approved the A&E methodology.[7] In fact, given his solid footing in system planning, the A&E methodology is relied upon by numerous state utility commissions and Missouri utilities including Ameren and Empire.[8]

The practical effect of Staff's failure to use an allocator that considers capacity value and the need to meet system peak is that Staff over-allocates these cost to high load factor classes.

> "All plants contribute towards meeting the system peak demands, and [Staff's] failure to consider the capacity value of these plants produces a biased result that over-allocates costs to high load factor customers and under-allocates costs to low load factor customers." "This means that there is an over allocation of base load capacity costs than is appropriate which ultimately results in assigning a disproportionate amount of costs to high load factor classes."[9]

Given this over allocation of costs to high load factor classes, Staff's approach makes it appear that such classes are paying rates that are <u>below</u> cost of service. In contrast, MECG's well-reasoned approach demonstrates that these classes are actually pay rates that are <u>above</u> cost of service.

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[4] Maini Rebuttal, page 12.
[5] *Report and Order*, Case No. ER-2010-0036, issued May 28, 2010, at pages 84-86.
[6] Maini Rebuttal, page 10.
[7] *Report and Order*, Case No. ER-2010-0036, issued May 28, 2010, at page 86.
[8] Maini Rebuttal, page 20.
[9] *Id.* at pages 12-13.

Recognizing the flaws in Staff's BIP methodology, MECG recommends that the Commission, like KCPL and other Missouri utilities, expressly reject Staff's flawed approach and instead adopt an A&E approach that recognizes the value of capacity and is consistent with system planning concepts.

***Second***, while less important, Staff's class cost of service approach is also flawed because it relies upon the BIP approach to allocate fuel costs. The problem with this is that Empire is a net purchaser of energy in the SPP Integrated Marketplace. Given that this energy is purchased out of the marketplace, it is impossible to determine whether such energy was generated by plants that are baseload, intermediate or peaking in nature. Nevertheless, Staff's approach makes the assumption that the energy is produced in the marketplace in the same proportions that it is generated by Empire's own units.[10] Instead, these costs should be allocated on the basis of class energy usage.[11]

***Third***, Staff failed to allocate non-fuel O&M costs in an appropriate method. Recognizing that these costs do not vary with the energy produced by the generating facilities, they are typically regarded as demand costs and allocated using the fixed cost production allocator. Staff fails to recognize the fundamental nature of these costs and, instead, develops another unique approach to allocating these costs.[12]

***Fourth***, Staff inappropriately allocated purchased power – capacity costs. Utilities routinely execute agreements with other utilities by which they will purchase energy, capacity or both from another utility. In this case, Empire has executed an agreement for the purchase of capacity costs. Given this, the costs have no correlation to the need for energy. Nevertheless, Staff has classified these costs as energy-related. As MECG points out, since these costs are expressly for the purpose of providing capacity, these costs should be allocated using the demand allocator.[13]

Clearly, Staff's unique approach is flawed. Given these numerous flaws, Staff's approach should not be relied upon by this Commission. Instead, the Commission should rely upon MECG's well-reasoned class cost of service study.

- Maini Rebuttal, pages 6-24.
- Maini Surrebuttal, 9-14.

*B. What, if any, revenue neutral interclass shifts should be made in designing the rates resulting from this case?*

Position: In its decision in Empire's last case, the Commission expressly recognized the importance of having industrial rates that are competitive.

[10] *Id.* at pages 14-15.
[11] *Id.* at pages 20-21.
[12] *Id.* at page 16.
[13] *Id.* at page 16.

> Competitive industrial rates are important for the retention and expansion of industries within Empire's service area. If businesses leave Empire's service area, Empire's remaining customers bear the burden of covering the utility's fixed costs with a smaller amount of billing determinants. This may result in increased rates for all of Empire's remaining customers.[14]

Given the importance of "competitive industrial rates," the Commission expressly relied on a bi-annual study conducted by EEI by which to assess the competitiveness of Empire's rates. This study expressly found that Empire's industrial rates are not competitive with the national average industrial rate. Specifically, the EEI study demonstrated that "Empire's average industrial rates are 16% above the national average, while its residential rates are 3.5% below the national average."[15] Recognizing the uncompetitive nature of Empire's industrial rates, the Commission ordered the elimination of 25% of the residential subsidy.[16]

An updated version of the EEI study shows that, despite the Commission's steps in the last case, Empire's industrial rates have become more uncompetitive when compared to the national average industrial rate. Specifically, the Commission's steps in the last case, as well as a decrease in Empire's fuel adjustment charge, means that Empire's industrial rate has decreased by 0.6%. That said, the national average industrial rate decreased by a much larger amount (2.2%) over that time. As such, Empire's industrial rate is now more uncompetitive when compared to the national average. Specifically, in the last case, Empire's industrial rate was 16% above the national average. Now, Empire's industrial rate is 18.7% above the national average industrial rate.[17] Equally concerning, Empire's industrial rate is 38% above the average Missouri industrial rate and 31% above the regional average industrial rate.[18]

In contrast, Empire's residential rate remains 2.3% below the national average residential rate.[19] Given that Empire's residential rate remains below the national average while Empire's industrial rate is so far above the national average, there are concerns regarding the viability of Empire's industrial base. Clearly, the Commission should take steps to eliminate the residential subsidy that is demonstrated by the MECG class cost of service study.

While tasked with the duty to represent all rate classes, Public Counsel has shown a definite affinity for the residential class in this case. Dissatisfied with the results of the EEI study, Public Counsel instead relies upon other numbers in an effort to show that Empire's industrial rates are actually 16.5% <u>below</u> the national average. Public Counsel's approach is misplaced for several reasons.

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[14] *Report and Order*, Case No. ER-2014-0351, issued June 24, 2015, at page 18.
[15] *Id.* at page 17.
[16] *Id.* at page 18.
[17] Maini Surrebuttal, page 6.
[18] *Id.*
[19] *Id.* at page 7.

***First***, in reaching its conclusion, Public Counsel relies upon a fictional 50 MW industrial customer. As MECG witness Maini demonstrates, however, Empire's largest industrial customer is approximately 10 MWs. As such, Public Counsel's approach is largely based on fiction.

***Second***, Public Counsel's conclusion is based upon a comparison to an unweighted arithmetic average industrial rate. In contrast, MECG's approach is a weighted average that considers total utility kWh sales. This fact is best demonstrated by analogizing to a football league with 6 quarterbacks with the following statistics:

| Team | Attempts | Completions | Completion % |
|---|---|---|---|
| Arizona | 603 | 346 | 57.4% |
| New York | 529 | 269 | 50.9% |
| Chicago | 152 | 103 | 67.8% |
| Los Angeles | 212 | 145 | 68.4% |
| Denver | 596 | 275 | 46.1% |
| Atlanta | 281 | 194 | 69.1% |
| Total | 2,373 | 1,332 | 56.1% |

In this analogy, the league average completion percentage is 56.1%. Under Public Counsel's unweighted approach, however, the league average completion becomes 60.0%.[20] In a similar fashion, Public Counsel's unweighted approach to the industrial rates results in a national average industrial rate that is much higher. By comparison, Empire's industrial rate looks much better.

***Third***, Public Counsel's approach is not only undermined by the EEI data, it is also proven faulty by real life evidence presented by Praxair and Walmart. Given the fact that each has facilities in multiple jurisdictions, MECG presented the testimony of Praxair witness Nelson and Walmart witness Chriss. Each demonstrates, based upon real life experience, that Empire's industrial rate is higher than the rate that it experiences in other jurisdictions. As Walmart witness Chriss points out, "[o]ur experience mirrors the results of the EEI Report and reinforces large customer concerns about the competitiveness of EDE's rates."[21] Similarly, Praxair witness Nelson states: "Praxair has comparison data from twenty-six states and provinces in the United States and Canada in which Praxair operates production plants. Of those twenty-six places, just one – California – has higher rates than Empire for electric power supplied by regulated utilities."[22]

Clearly, despite Public Counsel's misplaced claims to the contrary, Empire's industrial rate is higher than the national average industrial rate. Given that Empire's residential rate is below the national average residential rate, there are concerns that a residential subsidy is built into Empire's rates. That fear was confirmed in the class cost of service studies in this case.

Given the uncompetitive nature of Empire's industrial rates, it may be appropriate to perfectly align rates with cost of service. That said, MECG recognizes that this may necessitate an

[20] (57.4 + 50.9 + 67.8 + 68.4 + 46.1 +69.1) = 359.7 / 6 quarterbacks = 60.0%
[21] Chriss Surrebuttal, page 7.
[22] Nelson Surrebuttal, page 11.

increase for the residential class of 12.69%.[23] As such, in the interest of gradualism and to avoid any rate shock to the residential class, MECG recommend that the Commission eliminate 25% of the residential subsidy. Thus, MECG recommends the following revenue neutral shifts prior to the equal percentage allocation of any rate increase that the Commission authorized in this case.

| Class | % Revenue Neutral Change | $ Revenue Neutral Change | Recommended $ Change | Recommended % Change |
|---|---|---|---|---|
| Residential (RES) | +7.7% | +$15,981, 750 | +$4,000,000 | +1.92% |
| Commercial (CB) | -5.5% | -$2,367,869 | -$600,000 | -1.39% |
| Small Heating (SH) | +4.3% | +$452,482 | +$113,000 | +1.09% |
| General Power (GP) | -11.3% | -$10,072,655 | -$2,913,000 | -3.26% |
| SC-Praxair | -6.2% | -$269,062 | | |
| Total Electric Building (TEB) | +0.5% | +$181,794 | | |
| Feed Mill (PFM) | -13.1% | -$14,992 | | |
| Large Power (LP) | -4.6% | -$2,486,762 | -$600,000 | -1.12% |
| Lighting | -18.2% | -$1,404,697 | | |

Source: Maini Surrebuttal, page 12.

In addition, given how far rates are above cost of service for the SC-Praxair, Feed Mill and Lighting classes, MECG recommends that these classes not receive any change in rates as a result of this case. As such, MECG recommends that any rate increase be allocated on an equal percentage basis, after the foregoing revenue neutral changes, to the residential, commercial, small heating, general power, total electric building and large power rate classes.

In its rebuttal testimony, Public Counsel rejects the idea of any revenue neutral shifts. While making this effort to protect the residential class from any rate increase, Public Counsel fails to provide a class cost of service study to support its position. Rather, Public Counsel vaguely implies that any revenue neutral shift will expose the residential class to rate shock.[24]

Recognizing that Public Counsel made no effort to quantify its residential rate shock, MECG assessed the impact on the average residential customer associated with its proposed revenue neutral shift. That analysis shows that the average residential customer will pay an additional $2.63 / month associated with the proposed MECG revenue neutral shift. Certainly, this does not constitute "rate shock." As such, Public Counsel's concerns should be disregarded.

- Maini Direct, pages 7-9.
- Maini Surrebuttal, pages 3-17.
- Chriss Surrebuttal.
- Nelson Surrebuttal.

[23] Maini Surrebuttal, page 14.
[24] Marke Rebuttal, pages 37-38.

*C. What, if any, changes to the residential customer charge are supported by Class Cost of Service studies?*

Position: See the position provided in response to subissue 17D *infra*.

*D. What, if any, changes to the residential customer charge should be made in designing the rates resulting from this case?*

Position: MECG supports the position advanced by Empire and Staff on this issue. The Commission is undoubtedly familiar with the fact that, given the expansion of conservation, the residential class repeatedly fails to produce revenues that match the revenue requirement to be collected from that class. The failure of the residential class to produce revenues equal to its cost of service has led to regulatory proposals and legislation to decouple residential revenues from usage as well as revenue sufficiency mechanisms. Interestingly, the failure to collect adequate residential revenues can be solved in a more simple fashion. Specifically, by collecting an appropriate level of revenues from the residential customer charge, the utility is provided a heightened level of certainty that it will actually collect the residential revenue requirement.

With this in mind, the Commission should take steps to ensure that more of the recovery of fixed costs from the residential class be recovered through the residential customer charge. In this way, the utility collects less of the residential revenue requirement from usage charges. Such steps should provide greater revenue stability for the utility. This is beneficial to all classes because it will lower the utility's risk which may decrease the utility's return on equity.

*E. How should revenue requirement related to energy efficiency programs be allocated to the customer classes?*

Position: Any revenue requirement associated with energy efficiency programs should be allocated in a manner that considers the usage of opt out customers.

*F. How should any revenue requirement increase be implemented in this case?*

Position: The revenue requirement increase in this case should be allocated on an equal percentage basis, after MECG's proposed revenue neutral shifts, to the residential, commercial, small heating, general power, total electric building and large power rate classes. Given the fact that their rates are significantly above cost of service, MECG recommends that the SC-Praxair, Feed Mill and Lighting classes see no change in rates as a result of this case. See the position provided in response to 17B, *supra*, for a greater discussion on this issue.

● Maini Surrebuttal, pages 14-17.

*G. Should the Commission open a working docket so the parties to this case can discuss the implementation of revised block rate designs for Empire's residential customers?*

Position: So long as the working docket is limited to the residential class, MECG takes no position on this issue.

*H. What, if any, changes to the General Power, SC-P and Large Power customer, demand and energy rate elements should be made in designing the rates resulting from this case?*

Position: In its Direct Testimony, Empire proposed that any rate increase for the General Power, SC-P and Large Power classes be collected by increasing the fixed components (customer and demand charges) of the rate schedules.[25] In this way, the energy charges for these rate schedules would remain the same.

While it agrees with the direction of Empire's proposal, MECG proposes that the Large Power and SC-P tailblock energy charges be reduced by 10% and the customer and demand charges be increased to make up the difference. The need to reduce the tailblock energy charge is driven by several factors.

***First***, Empire has recently noted concerns with its over-collection of fixed costs through energy charges.

> For classes with demand charges, the proportion of costs recovered in fixed charges is larger but is still not equal to the entire fixed costs. Even after excluding the cost of energy, the portion of volumetric recovery is still significant and is an unacceptable basis for meeting the standard of just and reasonable rates.[26]

Given these expressed concerns, MECG's proposal will result in Empire collecting a greater amount of its LP and SC-P revenue requirement through fixed charges.

***Second***, it is well established that proper rate design dictates that fixed costs be collected through customer and demand charges. In this way, the energy charges only collect those costs that vary with the amount of electricity used by a customer. As Empire readily admits, this rate case is driven by Empire's need to collect increased fixed costs. Since these costs do not change with customer usage, it is inappropriate to collect those costs through an increase in the energy charges.[27] In fact, recognizing that Empire's fuel costs have been flat in recent years, it is illogical that Empire's energy charges should increase.[28]

***Third***, the evidence elicited in the case demonstrates that, both on a marginal and embedded cost basis, Empire's fuel costs have decreased significantly in recent years. Since energy charged

[25] Keith Direct, page 9.
[26] Maini Direct, page 22 (citing to Overcast Direct, Case No. ER-2014-0351, at pages 23-24.
[27] Maini Direct, page 21.
[28] *Id.* at page 22.

did not follow the decrease in fuel costs, Empire now collects an inappropriate amount of fixed costs through the energy charges. Specifically, on a marginal cost basis, MECG witness Maini showed that the SPP local marginal price for energy at the Empire node has decreased by 33% since the last case.[29]

On an embedded cost basis, the change in the LP tailblock energy charge relative to the change in fuel costs is even more dramatic. While the FAC base amount has decreased by 5.7% over the past 8 years, the tailblock energy rate has increased approximately 28.3%.[30] As MECG's witness notes, "[t]his means that an ever increasing amount of fixed costs are being recovered through the variable tailblock energy charge."[31]

In its testimony, Staff resists such change. Without providing any substantive concerns, Staff simply seeks to postpone any changes in the tailblock energy charge until Empire's billing system has been upgraded. Staff's argument is illogical and simply continues its punitive approach to high load factor industrial customers. Simply, Staff's attempt to tie a change in the tailblock energy charge to an upgrade in the Empire billing system is nonsensical.

> I believe that waiting to make a reduction in the tailblock energy charge until other enhancements occur creates further misalignments and sends inaccurate pricing signals. The decision to delay any consideration of time-differentiated billing demand was made because of concerns that Empire's billing system could not handle such changes without manual intervention. On the other hand, rate design changes to the tailblock energy charge do not raise similar concerns. Unlike a time-differentiated billing demand, Empire's billing system already handles a tailblock energy charge. My proposal simply changes the amount of this charge. As such, my proposal is easily handled by Empire's billing system and should not arbitrarily wait until a billing system change.[32]

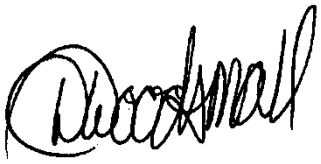
Interestingly, Staff's resistance to MECG's LP rate design proposal is undermined by its own evidence. Specifically, MECG proposes to decrease the summer and winter LP tailblocks to 3.315 ¢/kWh and 3.197 ¢/kWh respectively. In its class cost of service study, Staff's analysis shows that the average LP energy charges for the summer and winter are 2.877 ¢/kWh and 2.567 ¢/kWh. Thus, MECG's proposed tailblock energy charges are still "13% and 20% higher than Staff's calculated seasonal charges for the LP class."[33] Given this, MECG's recommended tailblock energy charge reduction makes sense and is supported by Staff's own analysis.[34]

- Maini Direct, pages 18-25.
- Maini Surrebuttal, pages 18-22.

[29] *Id.* at pages 24-25.
[30] Maini Surrebuttal, page 22.
[31] *Id.*
[32] *Id.* at page 19.
[33] *Id.* at pages 20-21.
[34] *Id.* at page 21.

Respectfully submitted,

WOODSMALL LAW OFFICE



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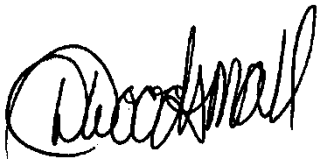
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by email, facsimile or First Class United States Mail to all parties by their attorneys of record as provided by the Secretary of the Commission.



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Dated: May 20, 2016