

Exhibit No.:
Issues: Unreasonable current street lighting tariffs and actions of Ameren and unreasonable proposed increases
Witness: Steve Bender
Sponsoring Party: City of O'Fallon, Missouri
Type of Exhibit: Direct Testimony – Cost of Service and Rate Design
File No.: ER-2014-0258
Date Testimony Prepared: December 18, 2014

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

STEVE BENDER

ON

BEHALF OF

CITY OF O'FALLON, MISSOURI

*St. Charles, Missouri
December, 2014*

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

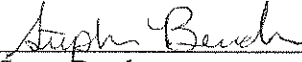
IN THE MATTER OF THE UNION ELECTRIC)
COMPANY, d/b/a AMEREN MISSOURI'S)
TARIFFS TO INCREASE ITS REVENUES)
OR ELECTRIC SERVICE)

File No: ER-2014-0258

AFFIDAVIT OF STEVE BENDER

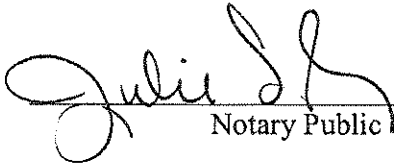
STATE OF MISSOURI)
) ss
COUNTY OF ST. CHARLES)

Steve Bender, of lawful age on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 12 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.



Steve Bender

Subscribed and sworn to before me this 18th day of December, 2014.



Notary Public

JULIE TAYLOR
Notary Public - Notary Seal
St. Charles County
STATE OF MISSOURI
My Commission Expires April 29, 2016
#12546073

1 DIRECT TESTIMONY

2 OF

3 STEVE BENDER

4 FILE NO. ER-2014-0258

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9 **Q. Please state your name and business address.**

10 A. My name is Steve Bender and my office address is 100 North Main Street,
11 O'Fallon, Missouri 63366.

12 **Q. By whom are you employed and what is your job title?**

13 A. I am the Director of Public Works for the City of O'Fallon, Missouri, and have
14 worked in that capacity since January of 2011.

15 **Q. Please describe your educational background, work experience and the**
16 **duties of your position?**

17 A. I received my Bachelor of Science in Civil Engineering from Marquette
18 University in 1992. From 1992 to 1999 I worked as a System Engineer for the St. Louis County
19 Water Company, which is now called Missouri American Water Company. Between 1999 and
20 2006, I worked as first a Civil, and then later a City Engineer for the City of St. Charles,
21 Missouri. In 2006, I began working as a City Engineer for the City of O'Fallon, Missouri.

22 In my position as Director of Public Works I am responsible for overseeing the four
23 composite divisions, which are the Street, Engineering, Environmental Services and
24 Water/Sewer Divisions, which includes managing in excess of one hundred employees.

25 **Q. Is the City of O'Fallon a customer of Ameren?**

26 A. Yes. The City of O'Fallon receives electric service from Ameren, pursuant to
27 Ameren's 5(M) tariff, for street lighting, and pays Ameren in excess of one million dollars per
28 year for street lighting services.

29 **Q. Why has the City intervened in this matter, and what is the purpose of your**
30 **testimony?**

31 A. On April 28, 2014, the City, along with the City of Ballwin, Missouri, filed a
32 complaint against Union Electric Company d/b/a Ameren Missouri challenging the
33 reasonableness of Ameren's street lighting tariffs and Ameren's refusal to sell substantially
34 depreciated street light fixtures to the cities at fair market value. The matter was dismissed by

1 the Commission on July 30, 2014. The two cities have appealed the Commission's order of
2 dismissal, and the matter is currently pending on appeal before the Western District of the
3 Missouri Court of Appeals. In its order of dismissal of the cities' Complaint, the Commission
4 noted that intervention in this rate case was appropriate stating that the cities "may apply to
5 intervene in [this] case if they wish to further pursue their attempts to obtain lower electric
6 rates."

7 Accordingly, the City has intervened in this rate case to direct the Commission's attention
8 to the excessive rates that O'Fallon is paying for street lighting services, in light of the fact that
9 the City cannot reasonably avail itself of the 6(M) tariff due to Ameren's refusal to negotiate the
10 sale to the City of the substantially depreciated street light fixtures. The City will have to
11 indefinitely continue to pay for the lighting fixtures under the 5(M) rates even though it may
12 have already paid substantially more than the value of those fixtures. To allow Ameren its
13 proposed street lighting rate increase will further increase costs to the City and its taxpayers and
14 will be detrimental to the general welfare of the City's residents and taxpayers. In my opinion,
15 Ameren's street lighting rates, terms and conditions at present are unreasonable and there is no
16 reason for those rates to be increased. If Ameren does otherwise require a rate increase for
17 services, then a new tariff provision should be adopted to require Ameren to sell for fair market
18 value its fixtures, in a manner similar to the provision in the Kansas City Power & Light tariff.
19 This would alleviate the hardship suffered by O'Fallon and other similarly situated cities, while
20 allowing Ameren to be fairly compensated for the sale of its depreciated street light fixtures.

21 As such, the purpose of my direct testimony is to challenge the reasonableness of
22 Ameren's current street lighting tariffs and practices and to refute the need for any increase to the
23 rates of the 5(M) tariff.

24 **Q. How many street lights does Ameren provide for the City of O'Fallon?**

25 A. O'Fallon is served by approximately 4,442 street light fixtures of various types
26 from Ameren. Ameren currently owns all of the light fixtures, which is why O'Fallon is subject
27 to the 5(M) Company-Owned Street and Outdoor Area Lighting Tariffs, which are Ameren
28 Tariff Sheets numbered 58, 58.2, 58.3, 58.4 and 58.5. A copy of Ameren's most recent street
29 lighting bill to the City (November 2014) is attached to my testimony as Exhibit A and it reflects
30 billing for 4,442 street lights.

1 **Q. Does Ameren have a tariff that would be applicable for customers who own**
2 **their own street light fixtures?**

3 A. Yes. As I referenced earlier, Ameren has a Street and Outdoor Area Lighting
4 Customer owners, Service Classification No. 6(M) tariff, which are Ameren Tariff Sheets
5 numbered 59, 59.1, 59.2 and 59.3.

6 **Q. Is there a substantial difference between the pricing under the company-**
7 **owned and customer owned tariffs?**

8 A. Yes. Again, as I mentioned previously, under the company-owned tariff, the City
9 pays over \$1 million each year to Ameren for street light services. By contrast, if the City owned
10 the lighting fixtures, the City would pay approximately \$180,000 per year for energy and
11 maintenance under Tariff Sheet 59, which would be around \$820,000 per year less than the
12 current annual payment amounts.

13 **Q. Are the charges under the 5(M) tariff excessive?**

14 Yes. The approximate cost of \$820,000 per annum (\$1 million minus \$180,000) for the
15 use of Ameren's fixtures amounts to an annual cost, per fixture, of approximately \$185.00.
16 Accordingly, over a ten year period the City has paid approximately \$1,850.00 per light fixture.
17 Ameren admitted in response to the Cities' Complaint, which is on appeal, that many of the
18 fixtures were more than ten years old. Ameren disclosed in response to a data request that they
19 utilize a thirty year depreciation schedule for light fixtures, i.e. an annual depreciation of 3.33%.
20 This would mean that the City is being charged based upon a projected value of each fixture of
21 \$5,550.00. This number is far in excess of the amount that a street light fixture costs. In 2012
22 Ameren sold five light fixtures, poles and towers to Hunter Engineering attributing a modernized
23 collective value to each pole, tower and fixture of between \$1,205.66 and \$1,945.03, (see
24 Application number EO-2013-0013). It is unclear how much of each of these values is the cost
25 of the light fixture only. However, even if the vast majority of this price was the fixture, which
26 seems unlikely, over a thirty year span at the current 5(M) tariff rates the City will be paying
27 more than three times the value of each fixture. This represents an excessive amount for the use
28 and maintenance of the fixtures.

29 Furthermore, under Paragraph 7 of Tariff Sheet 48.5 of the 5(M) tariff, which I shall
30 discuss later, Ameren appears to value the depreciated value of a fixture after either 3 or 10 years
31 as being no more than \$100, which it considers sufficient to cover the cost of removal and "loss

1 of the remaining life value of such facilities.” At present, the City pays almost double this
2 amount each year of service for the cost of the fixture.

3 Also, in 2009, I conducted a review of the street light fixtures located in the City that I
4 believe to be more than 30 years old. At that time I found 98 street light fixtures that I believed
5 were over 30 years old, and some of which appeared to be more than 50 years old. I have
6 attached to my testimony as Exhibit B a summary of my findings from 2009.

7 **Q. Does the City wish to utilize and obtain service under the 6(M) tariff?**

8 A. Yes. The City would like to utilize and obtain service under the 6(M), customer-
9 owned tariff. The additional cost under the 5(M) tariff is for the benefit of utilizing Ameren-
10 owned lighting fixtures. However, the City has been paying this cost for an appreciable period
11 of time, over 40 years I believe, such that it is likely the City has already paid an amount equal to
12 or exceeding the cost of purchasing many of the street lighting fixtures. Accordingly, it would
13 provide long term cost savings to the City and its citizens if the City were allowed to acquire the
14 street light fixtures from Ameren.

15 **Q. Why has the City not changed to the 6(M) tariff?**

16 A. The biggest obstacle preventing the City from changing to the 6(M) tariff is the
17 acquisition of the street light fixtures. Paragraph 7, of Sheet 48.5, of the 5M Company-Owned
18 Street Lighting tariff pertains to termination and provides in part: “If customer requests in
19 writing the termination of all or a portion of any lighting service, not paid for in advance, within
20 three years of the installation of the lamps being terminated, or within ten years of the
21 installation of post top luminaires, wood poles or cable being terminated, customer shall pay in
22 advance to Company \$100.00 per lamp for both the removal costs associated therewith and the
23 loss of the remaining life value of such facilities. If said request for termination of lighting
24 service is made after the above three and ten year in-service periods, as applicable, and customer
25 requests a new lighting installation within twelve months after the removal of the prior
26 terminated lighting facilities, customer shall pay the amount specified earlier in this paragraph
27 for all facilities removed prior to Company making any new lighting installation.”

28 Although it would appear that many of the street lighting fixtures are too old to fall
29 within the requirement for the \$100.00 termination fee as referenced in the first part of Paragraph
30 7, depending upon how Ameren might attempt to interpret the second part of Paragraph 7,
31 Ameren could try to demand that O’Fallon pay the \$100 fee if the City terminates service and

1 then installs its own lights within one year. That is to say that if Ameren believes that
2 connecting service to City installed light fixtures is an “installation” under the tariff, then the
3 City would either have to go dark for 12 months or pay the fee. If Ameren does attempt to apply
4 the provision in that manner, I believe it would be appropriate for the Commission to strike it
5 from Ameren’s tariff. Such an interpretation of the tariff provision would constitute an
6 unreasonable expense to impose upon the City for wanting to change to the 6(M) tariff. It also
7 would restrict the ability for the City to install more energy efficient fixtures, such as LED
8 lighting, which is contrary to the policies advanced by the Commission and would be detrimental
9 to the public interest.

10 Similarly, Paragraph 4 of Ameren’s Sheet 58.4, of the 5M Company-Owned Street
11 Lighting tariff provides that “Where customer requests a conversion or modification of the size
12 or type of lamp currently installed, and Company would not otherwise be converting such lights,
13 Company will make the requested changes provided, however, that customer pays in advance to
14 the Company \$100.00 per lamp for both the removal cost and loss of the remaining life of such
15 lamps” This provision could also arguably require the payment of the \$100 fee, even if a
16 light fixture is too old to fall within the requirement for payment under Paragraph 7 of Sheet
17 48.5.

18 Therefore, if the City were to notify Ameren of its intent to terminate under the 5(M)
19 tariff, O’Fallon might have to pay the \$100 termination fee for each of the approximate 4,442
20 fixtures that would fall within this requirement, which could cost the City as much as
21 \$444,200.00. The City would then also have to pay the cost of acquiring and installing 4,442
22 new fixtures to replace those that the City paid Ameren to remove. These two costs added
23 together are a significant and unreasonable barrier to the City for changing to the 6(M) tariff.
24 Further, the cost to Ameren of removing and disposing of its 4,442 existing fixtures would be
25 significant and economically wasteful, given that the City would be a willing buyer at fair market
26 value.

27 **Q. Is there a way you propose that would allow the City to utilize the 6(M) tariff**
28 **while avoiding this economic waste?**

29 A. Yes. I believe it would make the most economic sense for the City to be able to
30 negotiate with Ameren to purchase the existing fixtures for fair market value. This would

1 prevent the wasting of the current fixtures, avoid the costly removal and disposal of the street
2 lights, and have a positive effect on the City's taxpayers in reducing the City's overall costs.

3 **Q. Have you discussed this with Ameren?**

4 A. Yes. They have indicated they have no interest whatsoever in negotiating with
5 the City for the sale of the existing fixtures.

6 **Q. Do you find Ameren's refusal to negotiate the sale of the existing fixtures
7 reasonable?**

8 A. No. It does not appear to me to be reasonable or to make economic sense to
9 refuse to negotiate for the sale of the light fixtures.

10 **Q. Have you found cases where Ameren has sold company owned assets to its
11 customers?**

12 Yes. In response to the data requests, Ameren disclosed a number of applications it has
13 filed over the last few years for the Commission to approve the sale of its assets to its customers,
14 when Ameren determined that it would be mutually beneficial. The Hunter matter I mention
15 previously is particularly relevant, which is Application number EO-2013-0013. In Hunter,
16 Ameren informed this Commission: "Ameren, Missouri has agreed to sell the facilities to Hunter
17 for \$2,210.91, which represents the total installed reproduction cost of the facilities less
18 accumulated depreciation. . . . The proposed transaction is in the best interests of not only
19 Ameren Missouri and Hunter, but the Company's other ratepayers as well. Hunter benefits
20 because it can continue to use the light fixtures to illuminate its parking lot, and also because it
21 can purchase the existing fixtures at a cost that is less than it would incur to acquire and install
22 new fixtures. Ameren Missouri and its customers benefit because the sale [of] the light fixtures
23 and related equipment will enable the Company to recover the net book value of assets that
24 might otherwise have to be removed from service and sold for salvage. Selling the assets in
25 place will also allow Ameren Missouri to avoid the cost of removing those assets, which further
26 benefits both the Company and its customers."

27 Unlike Hunter, which had the option of simply ceasing to utilize the street light fixtures if
28 it could not reach a deal with Ameren, the City is a captive customer with no viable alternative to
29 continuing to utilize Ameren's services without spending large sums of money for new
30 replacement streetlights.

1 In Application Number EO-2005-0369, Ameren filed an Application with the
2 Commission to approve the sale of a transformer to its customer, Behen's Container Service, for
3 \$5,439.70. The Commission approved the sale on June 16, 2005, noting that staff had found the
4 sale price to be the transformer's book value.

5 In Application Number EO-2008-0310, Ameren filed a Joint Application with Pemiscot-
6 Dunklin Electric Cooperative, Inc., seeking the Commission's approval of the transfer of assets
7 from Ameren to the Cooperative. Ameren sought to transfer a significant number of assets to the
8 cooperative including approximately 3,000 poles, 886 distribution transformers and over a
9 hundred miles of distribution and subtransmission facilities. The Commission approved the
10 transfer of assets on February 18, 2009.

11 In Application Number EO-2013-0044, Ameren filed an Application seeking the
12 approval of the sale of a transformer and related facilities to Bussen Quarries, Inc., for \$9,376.74,
13 which Ameren stated "represents the total installed reproduction cost of the facilities less
14 accumulated depreciation." The Commission approved the sale on October 24, 2012.

15 In Application EO-2014-0009, Ameren sought the Commission's approval for the sale of
16 a transformer to FormPak, Inc. for \$6,215.96 which again "represents the depreciated net book
17 value of the facilities as of the date of the parties' agreement" – from paragraph 9 of Ameren's
18 Application. Ameren also noted in paragraph 8 of the Application that "[t]he proposed
19 transaction is in the best interests of both Ameren Missouri and FormPak. Purchasing the
20 transformer at Ameren Missouri's net book value instead of continuing to pay the monthly rental
21 payments prescribed in the Transformer Rental Agreement would allow FormPak to pursue a
22 course it has determined to be more financially advantageous. Ameren Missouri, and ultimately
23 its customers, would similarly benefit because the sale of the transformer will enable the
24 Company to fully recover the net book value of the assets that it proposes to sell to FormPak."

25 Most recently in EO-2014-0296, Ameren sought and received the Commission's
26 approval for the sale of two transformers to Silgan Plastic Food Containers Corporation. Much
27 of Ameren's reasoning in the Silgan matter are of equal applicability to the City's reasons for
28 wanting to purchase Ameren's street light fixtures. Ameren stated in paragraphs 7 and 8 of its
29 application that:

30 "One of the transformers used to serve Silgan failed recently. The terms
31 of the Transformer Rental Agreement required Silgan to bear various costs of

1 replacing that transformer. The transformer's failure and the resulting costs to
2 Silgan caused both the Company and Silgan to reconsider and re-evaluate whether
3 it was advantageous to continue the rental arrangement. Both parties concluded
4 that it is more cost-effective for Silgan to purchase the transformers and terminate
5 the rental agreement, which would allow Silgan to avoid future monthly rental
6 payments for the transformers, as required by that agreement.

7 The proposed transaction is in the best interests of both Ameren Missouri
8 and Silgan. As noted in the preceding paragraph, purchasing the transformers
9 would allow Silgan to avoid future monthly lease payments and all other
10 obligations imposed by the Transformer Rental Agreement. For example, selling
11 the transformer in place also will allow Silgan to avoid various costs it would
12 incur if Ameren Missouri is required to remove or replace one or both of the
13 transformers in the future, which are among the customer's responsibilities under
14 the terms of the Transformer Rental Agreement. Ameren Missouri, and
15 ultimately its customers, would benefit because the proposed sale price of the
16 transformers will enable the Company to fully recover the net book value of the
17 transformers. In addition, authorizing the sale of the transformers is consistent
18 with Ameren Missouri's current policy and approved tariff, which makes the
19 Company responsible for equipment and fixtures required to provide electric
20 service on its side of the customer's meter but makes the customer responsible for
21 equipment and fixtures beyond the customer's meter."

22 **Q. Are you aware if any other electric utility company has adopted a tariff**
23 **provision that would allow for a municipality to purchase street light fixtures for fair**
24 **market value from the utility?**

25 A. Yes I am. While investigating and researching this matter I learned of a tariff
26 provision of the Kansas City Power & Light Company that provides: "The Municipality shall
27 have the right and option to purchase on a mutually agreed specified purchase date, upon one (1)
28 year's written notice to the Company prior to the specified purchase date, only that portion of the
29 Street Lighting System determined by the Company in use and useful and devoted exclusively to
30 furnishing street lighting service within the corporate limits of the Municipality (the "property to
31 be sold"). The purchase price for the property to be sold shall be and consist of all of the

1 following: [a] the reproduction cost new less depreciation; [b] consequential and severance
2 damages which will result or accrue to the Company from the sale and transfer of said property
3 to the Municipality; [c] an allowance for the loss of a portion of the Company's going concern
4 value; [d] all materials and supplies related uniquely to the property to be sold; [e] all expenses
5 in connection with such sale; and [f] all other damages sustained by the Company by reason of
6 such sale. The Municipality may purchase a portion or portions of the Street lighting System
7 from time to time by giving written notice to the Company at least three months before the
8 intended purchase date. The purchase price for said portion or portions shall be calculated
9 pursuant to the above pricing formula for purchase of the entire system."

10 **Q. Are you referring to tariff 15.12, from KCPL tariff sheets 1.50 (effective**
11 **February 20, 1978), 1.51 (effective December 16, 1989), 1.52 (effective December 16, 1989)**
12 **and 1.53 (effective December 16, 1989)?**

13 A. Yes.

14 **Q. And is a copy of this tariff from the Commission's EFIS system attached to**
15 **your testimony as Exhibit C?**

16 A. Yes.

17 **Q. Would you propose that Ameren adopt a similar tariff provision to that**
18 **contained in Exhibit C?**

19 A. If Ameren remains unwilling to negotiate with their 5(M) tariff customers, then I
20 believe that such a tariff provision should be adopted that requires Ameren to sell the street light
21 fixtures for fair market value. I have attached to my testimony a proposed tariff provision, as
22 Exhibit D.

23 **Q. If the Commission were to adopt a tariff provision such as that contained in**
24 **Exhibit C, would the City be interested in utilizing the option to purchase the street**
25 **lighting fixtures?**

26 A. Yes. The City would of course have to review what the market value of the street
27 lighting fixtures would be prior to utilizing such a tariff provision. However, if as I anticipate, it
28 would make economic sense for the City to purchase the street lighting fixtures at market value,
29 then the City would be interested in using such a tariff provision.

30 **Q. Are you aware of any incidences where the Commission has ordered the sale**
31 **of assets by a regulated company absent consent by the company?**

1 A. Yes. The Commission did so in December, 1987, in *RE: Detariffing of Embedded*
2 *Customers Premises Equipment owned by Independent Telephone Companies*, 90 P.U.R. 4th
3 428, 1987 WL 258075 (Mo. PSC). In that case the Commission ordered the transfer of
4 ownership of customer premises equipment (CPE, i.e. telephones, modems, jacks and inside
5 wiring), from dozens of independent telephone companies to the customers who had been paying
6 for such equipment for years in their monthly telephone rates.

7 The Commission held in that matter “that it has the necessary authority to order the
8 transfer of ownership of the embedded CPE from the telephone companies to customers. This
9 authority is derived from the Commission’s broad discretion to set just and reasonable rates and
10 the requirements of the FCC.”

11 **Q. Have you examined how the proposed increase in the 5(M) tariff will effect**
12 **O’Fallon?**

13 A. Yes. As an illustration, Ameren provides service to 3,822 of the “9500 HPS Post
14 Top” street light fixtures. Under the current 5(M) tariff, O’Fallon pays a monthly fee per fixture
15 of \$21.85, which equates to \$83,510.70 per month for that particular type of fixture. The
16 proposed amended tariff rate for that same class of fixture is \$23.96 per fixture per month. This
17 equates to \$91,575.12 per month, which is an increase of \$8,064.42 per month just for this type
18 of street light fixture. O’Fallon receives a 10% discount under the current tariff (Tariff Sheet
19 58.2). Ameren’s proposed tariff also has a 10% discount. Applying the discount to the these
20 rates means that under the existing tariff O’Fallon is paying \$75,159.63, and under the proposed
21 tariff O’Fallon would pay \$82,417.61, which results in a monthly increase of \$7,257.98. Over
22 the course of a year, therefore, O’Fallon would be paying an additional \$87,095.74 for “9500
23 HPS Post Top” street light fixtures, further exacerbating the inequity in Ameren’s 5(M) tariff.

24 The City also receives service to 170 “6800 MV Open Btm” fixtures, which after
25 applying the discount would see a monthly increase in cost under the proposed tariff from
26 \$1,595.79 to \$1,750.32 per month. Annualized, this is an increase in cost from \$19,149.48 to
27 \$21,003.84.

28 The City receives service to 139 “9500 HPS Open Btm” fixtures, which after applying
29 the discount would see a monthly increase in cost under the proposed tariff from \$1,304.79 to
30 \$1,431.14. Annualized, that is an increase from \$15,657.52 to \$17,173.73.

1 The City receives service to 120 “25500 HPS Enclosed” fixtures, which after applying
2 the discount would see a monthly increase in cost under the proposed tariff from \$1,840.32 to
3 \$2,017.44. Annualized, that is an increase from \$22,083.84 to \$24,209.28.

4 The City receives service to 110 “6800 MV Post Top” fixtures, which after applying the
5 discount would see a monthly increase in cost under the proposed tariff from \$2,163.15 to
6 \$2,372.04. Annualized, that is an increase from \$25,957.80 to \$28,464.48.

7 The City receives service to 53 “20000 MV Enclosed” fixtures, which after applying the
8 discount would see a monthly increase in cost under the proposed tariff from \$812.80 to \$891.04.
9 Annualized, that is an increase from \$9,753.70 to \$10,692.43.

10 The City receives service to 14 “50000 HPS Enclosed” fixtures, which after applying the
11 discount would see a monthly increase in cost under the proposed tariff from \$382.79 to \$419.71.
12 Annualized, that is an increase from \$4,593.46 to \$5,036.47.

13 The City receives service to 5 “50000 HPS Direct” fixtures, which after applying the
14 discount would see a monthly increase in cost under the proposed tariff from \$153.95 to \$168.80.
15 Annualized, that is an increase from \$1,847.34 to \$2,025.54.

16 The City receives service to 4 “36000 MH Direct” fixtures, which after applying the
17 discount would see a monthly increase in cost under the proposed tariff from \$77.87 to \$85.39.
18 Annualized, that is an increase from \$934.42 to \$1,024.70.

19 The City receives service to 2 “100000 HPS Direct” fixtures, which after applying the
20 discount would see a monthly increase in cost under the proposed tariff from \$123.08 to \$134.96.
21 Annualized, that is an increase from \$1,477.01 to \$1,619.57.

22 The City receives service to 1 “34000 MH Direct” fixture, which after applying the
23 discount would see a monthly increase in cost under the proposed tariff from \$19.47 to \$21.35.
24 Annualized, that is an increase from \$233.60 to \$256.18.

25 The City receives service to 1 “9500 HPS Enclosed” fixture, which after applying the
26 discount would see a monthly increase in cost under the proposed tariff from \$10.61 to \$11.64.
27 Annualized, that is an increase from \$127.33 to \$139.64.

28 The City receives service to 1 “25500 HPS Direct” fixture, which after applying the
29 discount would see a monthly increase in cost under the proposed tariff from \$19.47 to \$21.35.
30 Annualized, that is an increase from \$233.60 to \$256.18.

1 Based upon these increases, the proposed tariff would result in an increase in the monthly
2 cost for street lighting services to the City from \$83,663.72 to \$91,742.79 This would equate to
3 an annualized increase in the cost of service from \$1,003,964.64 to \$1,100,913.48. This is an
4 increase in cost of over 8%. It should be noted that in performing my calculations, when
5 necessary I rounded up to 2 decimal places.

6 **Q. Does this conclude your direct testimony?**

7 A. Yes.