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Fuel Adjustment Clause, Low Income
Weatherization, Rate Case Expenses
Witness: Tim M. Rush
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2012-0175

SURREBUTTAL TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
October 2012**

GMO Exhibit No. 136
Date 10/17/12 Reporter MM
File No. ER-2012-0175

SURREBUTTAL TESTIMONY

OF

TIM M. RUSH

Case No. ER-2012-0175

1 **Q: Please state your name and business address.**

2 A: My name is Tim M. Rush. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: Are you the same Tim M. Rush who pre-filed Direct and Rebuttal Testimony in this**
5 **matter?**

6 A: Yes, I am.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L Greater Missouri Operations Company (“GMO” or
9 the “Company”) for St. Joseph Light & Power (“L&P”) and Missouri Public Service
10 (“MPS”) territories.

11 **Q: What is the purpose of your Surrebuttal Testimony?**

12 A: My Surrebuttal Testimony will address the issues of revenues, rate design, Crossroads,
13 Fuel Adjustment Clause (“FAC”), Low Income Weatherization, and Rate Case Expenses.

14 **REVENUES**

15 **Q: Are you the witness for the Company responsible for revenues?**

16 A: Yes. I presented testimony on the revenues of the Company.

1 **Q: Have you reviewed the revenues utilized by Missouri Public Service Commission**
2 **Staff (“Staff”) in their updated cost of service models for both MPS and L&P?**

3 A: Yes. I have reviewed the cost of service models and the associated schedules and have
4 identified an issue with the revenues.

5 **Q: Would you please describe the issue?**

6 A: Yes. Similar to Kansas City Power & Light Company (“KCP&L”), I have identified an
7 issue with the treatment of a tie amount used to reconcile the test year revenues and sales
8 amount used in the study with the revenue amount recorded in the General Ledger of the
9 Company. The tie amount is used as a confirmation that the revenues developed from the
10 unit sales rebilled at the historical rates in the test period closely approximate the
11 recorded revenues in the test period. They have no unit sales associated with the tie
12 amount. During the year many adjustments may be made that could account for the
13 difference between the rebilling of the unit sales in the test period and the recorded value
14 used in the books and records. This could include bill adjustments from prior periods,
15 prorations of customer bills, and meter errors. The Company has not used the tie amount
16 in this or previous cases, regardless of its value, in the calculation of normalized revenues
17 for ratemaking, because it is simply used as a confirmation that the rebilling process is
18 accurate. Staff has been inconsistent with their treatment. Staff did not eliminate the tie
19 to the General ledger in the ER-2010-0356 case, understating normalized revenues
20 \$247,660 for MPS and \$161,162 for L&P. Staff did not eliminate the tie in the ER-2009-
21 0090 case. However, in the companion ER-2009-0089 case, Staff eliminated the
22 majority of the tie to the General Ledger when it was a negative (\$4.3 million) by
23 increasing normalized revenues by \$4.2 million. In the current case Staff proposed to

1 retain the tie amount of \$760,590 for MPS and \$69,159 for L&P, overstating the
2 revenues for each jurisdictional cost of service in the case. Again, no unit sales are
3 associated with this adjustment, because all of the sales are accounted for in the rebilling
4 process that both Staff and the Company use in the determination of revenues.

5 **Q: Have you reviewed the issue with Staff?**

6 A: Yes. On September 27th the Company held a meeting with representatives of Staff and
7 reviewed the treatment of the tie amount, discussed the elements that are represented in
8 the tie amount, and defined our position on the proper treatment of the tie amount. On
9 October 2nd, after considering our position, Staff communicated their plan to retain the tie
10 amount. Staff indicated their opinion that their historic treatment has been consistent and
11 the revenues should be included.

12 **Q: Do you agree with this position?**

13 A: No. I believe this treatment provides an inaccurate representation of revenues.

14 **Q: Please describe the elements that comprise the tie amount?**

15 A: I must briefly describe the process used to prepare our billed revenues in order to explain
16 the tie amount. At a high level, we use the actual data from our billing system to recreate
17 the billing determinants and reproduce the revenues associated with the test year.
18 Separately, revenues are recorded in the General Ledger of the Company. Because the
19 amounts in the General Ledger include all billing related transactions including
20 prorations, bill corrections, bill adjustments, and other non-billing amounts, the totals do
21 not tie with the revenues reproduced through our revenue process. The tie amount can be
22 positive or negative. The differences in this proceeding represent less than .14% for MPS
23 and .04% for L&P of the total revenues in this case.

1 **Q: Why should the tie amount be removed from the calculation of revenues?**

2 A: It is the position of the Company that the revenues used in the rate proceeding should
3 represent the normal revenues of the test period. Special efforts are made to correct the
4 revenue amounts to properly reflect weather normalization, customer growth, and
5 annualize rate increases occurring during the period. The amounts included in the
6 General Ledger tie amount represent one-time, non-normal, out of period transactions
7 that result from the billing process. Including these amounts distorts the revenues. Staff
8 has offered to adjust the amount if detailed support can be produced.

9 **Q: Is it possible to quantify each element within the tie amount?**

10 A: Only at a high level. In order to identify the detail of the tie amount it would require
11 evaluating every bill issued by the Company and compile each deviation from the normal
12 billing process.

13 **Q: What is your recommendation concerning the revenue tie amount?**

14 A: I recommend that the Commission accept the Company position and remove the tie
15 amounts from the calculation of normalized revenues. This will ensure that revenues are
16 appropriate for ratemaking purposes.

17 **RATE DESIGN**

18 **Q: Have you reviewed the Rebuttal Testimony provided by the parties in this case on**
19 **both class cost of service (“CCOS”) study and rate design?**

20 A: Yes. I have reviewed the Rebuttal Testimony of Michael Schepeler on behalf of Staff,
21 Barbara Meisenheimer on behalf of the Office of Public Counsel (“OPC”), Maurice
22 Brubaker on behalf of the Industrials, and F. Jay Cummings representing Southern Union
23 Company, d/b/a Missouri Gas Energy (“MGE”).

1 **Michael S. Scheperle Rebuttal**

2 **Q: Would you summarize Mr. Scheperle's rate design Rebuttal?**

3 A: Mr. Scheperle summarizes the various CCOS study results and reinforces his opinion
4 concerning the benefits of Staff's study. Mr. Scheperle then walks through the rate
5 design proposals offered by the parties and provides comments on each.

6 Mr. Sheperle brings out some very important points on page 2 and page 5 of his
7 Rebuttal Testimony that is sometimes overlooked by other parties and should be
8 emphasized in making any changes to the rate design that currently exists. He expresses
9 the following points:

10 1.) A CCOS study is not precise and should only be used as a guide for
11 designing rates.

12 2.) Bill impacts, revenue stability, rate stability and public acceptance need to
13 be considered.

14 **Q: Do you agree with his points to be considered in evaluating a CCOS and**
15 **recommending the appropriate rate design in this proceeding.**

16 A: I agree that a CCOS study should only be used as a guide and that bill impacts, revenue
17 stability, rate stability and public acceptance must be considered.

18 **Q: Do you believe that Mr. Scheperle followed those principles?**

19 A: To a certain extent, he did. However, on some of his recommendations, he did not follow
20 them.

21 **Q: Would you elaborate?**

22 A: Yes. On page 7 of his Rebuttal Testimony, Mr. Scheperle states beginning with the
23 question on line 18:

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Q. Does Staff agree with MGE's rate design recommendation to eliminate certain residential rate schedules?

A. Not entirely. MGE recommends revenue-neutral adjustments in current rates on the residential schedules for both MPS and L&P. MGE also recommends that the separate Residential Electric Space Heating schedules be eliminated and the customers served under these rate schedules be transferred to the Consolidated General Use schedules. Staff recommends the Commission not go so far and, instead, make winter rate adjustments for L&P of an additional 6% for the MO 920 and MO 922 winter energy block rate element. These adjustments will bring the winter season rates closer to GMO's cost to serve this class in the winter season. At this time, Staff does not support MGE's recommendation to eliminate the residential rate schedules mentioned above due to some customers receiving a large increase. For example, Staff computed an L&P residential customer with Space heating using 1,000 kWh per month in the summer and 1,500 kWh per month in the winter. Eliminating the L&P residential rate for space heating and transferring his usage to the residential General Use rate schedule would increase his annual bill by approximately 19%. Staff does not oppose retaining the all-electric residential rates, but recommends that customers on such rate schedule(s) be moved toward GMO's cost to serve them.

There are three points that I want to bring out of this Q&A.

- 1.) First, like with Mr. Scheperle, I do not support the position of MGE's proposed rate design. I previously responded to the MGE proposal in my Rebuttal Testimony. As I pointed out, no study or support was presented by MGE in its proposal. Nowhere has MGE taken into consideration the overall impacts on customers to its proposal.
- 2.) Second, I agree with Mr. Scheperle when he states that Staff is not opposed to all-electric residential rates. As I previously testified in my Rebuttal, all-electric, or space heating rates are well recognized in the industry. The Space Heating class has a different usage profile than non-electric heating electric customers.

1 Q: Do you have any other concerns you wish to address with regard to Mr. Scheperle's
2 Rebuttal Testimony regarding the residential rate design recommendations?

3 A: Yes. Mr. Scheperle has not shown the impacts on customers that his recommendation
4 will have. Below is a table that demonstrates the increases that customers would see
5 under the Staff proposal. As Mr. Scheperle pointed out, customer impacts, revenue
6 stability, rate stability and public acceptance are critical issues that should be addressed in
7 any rate design. As you can see, the overall impact to the L&P residential Space Heating
8 rate is substantial to the customers.

Space Heating Rate	Bill Impact*		
	High	Typical	Low
Staff Proposal			
L&P Residential - One Meter	5.12%	3.54%	0.47%
L&P Residential - Separate Meter	5.29%	3.23%	0.39%
L&P Non-Residential - Separate Meter	5.88%	3.25%	0.04%

* Bill impacts are calculated independent of any other approved revenue increase.

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10 I have attached to my testimony as Schedule TMR-11 pages 1 through 3, a Bill
11 Impact Analysis for customers who would be impacted by Mr. Scheperle's proposal. Mr.
12 Scheperle is proposing to increase the residential space heating rate by 6% greater than
13 the overall average residential rates for the winter period in the first and second rate
14 block. This would have the impact of increasing the typical residential space heating
15 customer by over 3.54% annually and about \$7.14 per month in the winter time more
16 than the Company's proposed rate design.

17 I have a concern that increasing the rates paid by the Space Heating customers
18 will have unintended consequences. Additionally, because the impact will most likely be
19 highly publicized by MGE and others, it will most likely cause a significant stir by the

1 residential customers with electric heat. It is likely that the Company will see customers
2 shift from electric heat to an alternative heating source. As a result, the Company will
3 lose sales and ultimately lose margins, which means reduced earnings. Given the market
4 conditions currently in place, the Company will find it difficult to replace that loss of
5 revenue and the Company may be forced into additional rate proceedings to address the
6 loss.

7 **Q: Do you have any comments in regard to Mr. Scheperle’s Rebuttal Testimony**
8 **regarding the non-residential rate design recommendation beyond those you**
9 **addressed in Rebuttal?**

10 A: Again, I believe Mr. Scheperle is proposing to increase the non-residential space heating
11 customers without first evaluating the impact on those customers. The impacts on these
12 customers must be understood.

13 **Barbara Meisenheimer’s Rebuttal**

14 **Q: Would you summarize Ms. Meisenheimer’s rate design Rebuttal?**

15 A: Ms. Meisenheimer, representing OPC, does not offer a CCOS study but supports using
16 the Company study for rate design purposes. Concerning rates, Ms. Meisenheimer
17 proposes a limited revenue neutral shift for the Small General Service and Large Power
18 classes. For the MPS service area, she recommends an increase to the Large Power class
19 of one-half of the “revenue neutral shifts” indicated by the CCOS study. Under her
20 proposal the Small General Service class would receive a revenue neutral reduction equal
21 to the revenue neutral increase to the Large Power class. Similarly, for the L&P service
22 area, she recommends an increase to the Large Power class by one-half of the “revenue
23 neutral shifts” indicated by the CCOS study. For L&P Ms. Meisenheimer recommends

1 the Small General Service and Large General Service classes should share a revenue
2 neutral reduction equal to the revenue neutral increase received by the Large Power class.
3 The Small General Service class would receive approximately 75% of the offset and the
4 Large General Service receive 25% of the offset associated with the revenue neutral
5 increase to the Large Power class. For any approved increase, Ms. Meisenheimer is
6 proposing it be applied such that no classes should receive a net decrease. For any
7 approved decrease, Ms. Meisenheimer is proposing it be applied such that no classes
8 should receive a net increase.

9 **Q: Do you have any concerns with Ms. Meisenheimer's comments?**

10 A: Yes, as stated in my Rebuttal I reiterate my concern with a rate design that did not take
11 into account the customer shifts that will almost assuredly result from the proposal.
12 OPC's proposal does not explore the disruption of the relationship between the respective
13 General Service groups or the Large Power rate groups, leading to the potential rate
14 switching impact of its proposal. Rate switching is a very real risk to the Company and
15 its ability to realize the authorized rate increase amount. Rate designs must consider or
16 account for this occurrence.

17 **F. Jay Cummings Rebuttal**

18 **Q: Would you summarize Mr. Cummings' rate design Rebuttal?**

19 A: Mr. Cummings' Rebuttal Testimony focuses on the rate design recommendations of
20 Staff. Mr. Cummings continues to endorse his position concerning the elimination of the
21 heating rates. Mr. Cummings responds to Staff's Direct Testimony by saying that Staff
22 did not go far enough in its increase of the rates to the residential space heating class.

23 **Q: Do you agree with his conclusion?**

1 A: No.

2 **Q: Would you expand on that thought?**

3 A: Yes. The current rate design for residential rates of GMO and most other electric
4 companies use meters that are kwh meters and are based on averaging of both energy and
5 demand costs into energy blocks. This is often why the rates are declining. For GMO,
6 the incremental costs (i.e. energy) is around 3 cents per kwh, the demand and any
7 unrecovered customer costs are included in the remainder of the declining block energy
8 rates. By contrast, the MGE rates are designed to include a customer charge and demand
9 charge in the customer rate and include only energy in the energy rate. If GMO's rate
10 design were based on this methodology, its rates would have a very high customer charge
11 and a low energy rate as follows. These amounts are based on the CCOS results and are
12 prior to any rate increase.

13 \$94/month for MPS plus energy rate of 3.16 cents per Kwh

14 \$95/ month for L&P plus energy rate of 2.71 cents per Kwh

15 While this may be correct pricing consistent with the rate design of MGE, it is not the
16 current state of rate design we are at and I am not recommending this design. However,
17 this may be a more appropriate rate than the rate being proposed by Mr. Cummings.

18 **Q: Why doesn't the Company propose such a rate design?**

19 A: The main reason is customer impact and what appears to be the standard for electric rate
20 design across the country. Mr. Cummings has not shown the impacts on customers that
21 his recommendation will have. Below is a table that demonstrates the increases that
22 customers would see under both the Staff proposal.

Space Heating Rate	Bill Impact*		
	High	Typical	Low
MGE Elimination Proposal			
L&P Residential - One Meter	19.33%	7.84%	-2.75%
L&P Residential - Separate Meter	17.71%	12.58%	3.40%
MPS Residential - One Meter	8.11%	3.33%	-1.51%
MGE Retention Proposal			
L&P Residential - One Meter	6.80%	5.00%	2.52%
L&P Residential - Separate Meter	1.40%	-5.60%	-9.49%
MPS Residential - One Meter	17.01%	3.70%	-2.76%

* Bill impacts are calculated independent of any other approved revenue increase.

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I have attached to my testimony as Schedule TMR-12 pages 1 through 6, a Bill Impact Analysis for customers who would be impacted by Mr. Cumming's proposal. Additionally, we believe that the proposed rate design by the Company is the appropriate design, without a full rate design/CCOS study.

Q: Do you have any further concerns with Mr. Cummings' comments?

A: Mr. Cummings proposed rate changes are focused only on Residential rates and will result in considerable increases for customers in the Residential Space Heating class. Additionally, the proposed rate changes do not take into account the Company's requested revenue requirement which would add to the impact.

As in our prior rate case, MGE clearly has an ulterior motive - a direct economic incentive to prevent GMO from providing cost-based rates for customers who use electricity to heat their homes. Increasing the electric prices for new or existing customers who utilize electricity for space heating without any cost justification will likely result in less sales of electricity and more natural gas sales for MGE.

1 **Q: Does GMO maintain its position concerning the phase-in?**

2 A: Yes. The Company is not opposed to the Staff proposal; however, the amortization
3 period places a significant lag on the timeliness of the revenue recovery from the prior
4 rate case. It would be more appropriate for the amortization period of the phase-in to be
5 two (2) years, rather than the three (3) years proposed by Staff. This would result in full
6 recovery of the phase-in closer to June 25, 2014, the time that the phase-in was to be
7 completed. Staff's proposal would result in completion of the amortization period in
8 January, 2015. Therefore, if the Commission determines that the phase-in of the
9 remaining L&P rate increases from Case No. ER-2010-0356 should be cancelled and
10 recovery of the unrecovered phase-in be amortized over some period of time, then the
11 Company recommends the amortization period be set at two (2) years.

12 **CROSSROADS**

13 **Q: In the Rebuttal Testimony of Mr. Cary Featherstone, he refers to your Direct**
14 **Testimony on the issue of Crossroads. In which, he recites my testimony, which**
15 **states that the Company has: "included full plant balances and depreciation**
16 **reserves and expenses for Crossroads based on the jurisdictional plant balance,**
17 **which is included as an offset to rate base; [and GMO has] included the electric**
18 **transmission costs for getting power to the GMO territory." Why did the Company**
19 **include this in the case?**

20 A: Beyond the fact that this is what the cost of the plant is and the expenses in operating the
21 plant, the Crossroads issue decided in the last rate case is under appeal at the Missouri
22 Court of Appeals. This issue is addressed in more detail in the Surrebuttal Testimony of
23 Burton Crawford and Darrin Ives.

1 **Q: In the Rebuttal Testimony of Lena M. Mantle, page 2, she addresses the Non-**
2 **Unanimous Stipulation and Agreement filed on May 22, 2009, in Case No. ER-2009-**
3 **0090, where GMO agreed to provide a GMO-conducted analysis regarding the**
4 **Crossroads units, other capacity additions to GMO's generation resources and**
5 **purchased power agreements. Did GMO comply with this agreement?**

6 **A:** Yes, the Company did. However, according to Ms. Mantle, the study should have been
7 based on the year 2005, not 2010, the year that the study was done. Ms. Mantle
8 continues to look to the planning practices of GMO and turn her analysis to always look
9 at what should have happened in her view many years prior to today.

10 The following is the section from the Unanimous Stipulation and Agreement in
11 Case No. ER-2009-0090. From my understanding and interpretation of this agreement,
12 we are to look currently at options for adding generating capacity to GMO's system, not
13 what could have happened four years prior.

14 **8. Crossroads**

15 GMO agrees to explore all reasonable options to add generating capacity
16 to GMO's system and use its best efforts to determine the best terms
17 available for each such option. GMO will provide each Non-Utility
18 Signatory a written report of its efforts and decisions resulting from these
19 activities by no later than the date GMO files its next general rate case in
20 Missouri. In addition, GMO agrees to provide supporting information to
21 each Non-Utility Signatory that requests information regarding the written
22 report, subject to the Commission rule 4 CSR 240-2.135 on the treatment
23 of confidential information. Each Signatory reserves the right to assert any
24 position on the issue of whether the Crossroads Generating Facility
25 located in Mississippi should be included or excluded from GMO's rate
26 base and operating expenses in any future proceeding.

27 **Q: Did the Unanimous Stipulation and Agreement filed on May 22, 2009, in Case No.**
28 **ER-2009-0090, ever indicate that the study was to be performed for a period over**
29 **four years prior to the agreement?**

1 A: No. In fact, I can't imagine performing an analysis to determine the value of a plant
2 which is using four year old stale data. At that point, the plant was a merchant plant and
3 not part of the overall regulated rate base of GMO.

4 **FUEL ADJUSTMENT CLAUSE**

5 **Q: On page 1 of the Rebuttal Testimony of Staff witness Matthew Barnes, Mr. Barnes**
6 **charges that the Company did not provide a justification for keeping the current**
7 **95%/5% sharing mechanism in place in its Direct Testimony thus proposing an**
8 **85%/15% sharing. Is this true?**

9 A: No. The Company has justified and explained on a number of occasions, including in my
10 Rebuttal Testimony at pages 16-22, why the current sharing mechanism is appropriate.
11 All FACs in the state of Missouri have a 95%/5% sharing mechanism. The GMO FAC
12 has been in place since 2007. There have been three prudence reviews, nine semi-annual
13 filings, five true-up filings and three rate cases since the start of the FAC. Throughout
14 each of these reviews the sharing mechanism has stayed the same. In addition, the
15 Commission ruled in GMO's last rate case, Case No. ER-2010-0356, that there was no
16 basis for changing the existing FAC sharing mechanism. Based upon this history, the
17 Company saw no reason to justify again the continuation of the 95%/5% sharing. I did,
18 however, rebut the proposed change in my Rebuttal Testimony in this case.

19 **Q: On pages 2 and 3 of Mr. Barnes' Rebuttal Testimony he states that the 95%/5%**
20 **sharing mechanism does not give the Company enough incentive to keep fuel and**
21 **purchased power costs down, either in the short or long term. The reasoning he**
22 **provides is the extent of the Company's reliance on Purchased Power Agreements**

1 changed. GMO agrees with the majority of Staff's position discussed in the Rebuttal
2 Testimony of Henry Warren, with the exception of the following:

3 (1) That the Commission order GMO to include \$150,000 annually in revenues and
4 rates for low-income weatherization; and

5 (2) That any of the \$150,000 funds (plus any interest or return earned thereon) which
6 is not provided to the Weatherization Agencies in a year should be available in
7 subsequent years.

8 **Q: Do you agree with MDNR witness Adam Bickford's positions?**

9 A: Since Staff's position has changed from the direct filing, some of MDNR's statements are
10 no longer valid. I will address two items in MDNR witness Adam Bickford's testimony
11 where I disagree.

12 (1) That going forward, all weatherization funds should be distributed to the agencies
13 on a regular basis, and when there is carryover, the amount to be distributed in a
14 given year should include any carry over from the prior year; and

15 (2) That the Commission order GMO to provide monthly reports to the demand-side
16 management ("DSM") Advisory Group on low income weatherization funding
17 and expenditures and submit the reports as non-case related submissions in EFIS.

18 First, I will respond to the rolling over of funds. The program funds for the LIW
19 program, along with all of the DSM programs, are deferred in a regulatory asset until the
20 following rate case, at which time they are amortized over a specified period. Both Staff
21 and MDNR suggest that GMO requires a tariff change to be in compliance with the
22 Report and Order in Case No. ER-2010-0356. I disagree with this suggestion. GMO's

1 LIW program tariff does not state program funds will be carried over. In the Program
2 Reporting section of Sheet No. R-62.04, the tariff states:

3 ... The report will include the following information with breakdowns for
4 each of the participating Social Service Agencies: 2: Amount of program
5 funds, if any, rolled over from previous year.

6 This is not a requirement to roll over funds – it outlines a reporting requirement.

7 As discussed in my Rebuttal Testimony, with the exception of a select few, the
8 weatherization agencies have not been able to utilize the entire annual funding
9 allocations. If a weatherization agency depletes its annual allocation of weatherization
10 funding and requests additional funding, GMO would discuss the request with the DSM
11 Advisory Group and work within the DSM Advisory Group to provide additional
12 funding.

13 **Q: Do you have any further comments?**

14 A: Yes, I also wish to respond to MDNR’s recommendation that the Commission should
15 order GMO to provide monthly reports to the DSM Advisory Group on low income
16 weatherization funding and expenditures and submit the reports as non-case related
17 submissions in EFIS. GMO currently meets with the DSM Advisory Group on a
18 quarterly basis and provides program updates. GMO believes this is the appropriate
19 timeframe and does not see a necessity in creating additional reporting requirements for
20 the LIW program.

21 **RATE CASE EXPENSE**

22 **Q: Please discuss the rate case expense issue.**

23 A: OPC proposes that GMO not be allowed to recover a significant portion of its rate case
24 costs. The Company disagrees with this recommendation.

1 **Q: What is the overall basis for OPC's recommendation?**

2 A: I believe OPC's general point is that rate case costs are within a utility's control but that
3 utilities have no incentive to control these costs. Therefore, utilities should be penalized.

4 **Q: Is OPC's allegation addressed specifically to GMO?**

5 A: No. The same testimony was contained in the KCP&L Rebuttal Testimony of Mr.
6 Robertson. OPC appears to have a concern with all utilities. Mr. Robertson states on
7 page 6 of his Rebuttal Testimony, "Public Counsel has become increasingly concerned
8 with the level of rate case expense among utilities in general." OPC's various comments,
9 which I will rebut in this section of my testimony, do not address specific GMO
10 concerns. Actually, to be more precise, OPC's comments are not specific in any regard,
11 but are a series of generalities.

12 **Q: Are rate case costs within a utility's control?**

13 A: Partially. A utility can determine how it incurs costs to defend its positions, such as
14 whether to utilize outside attorneys or consultants as opposed to internal resources, and if
15 so which experts to utilize. However, to a large extent the level of expertise required and
16 costs incurred is a result of the issues the various parties introduce in a rate proceeding.
17 A utility has a right to defend its filing and to utilize whatever resources are necessary to
18 do so, as long as such costs incurred are prudent.

19 **Q: Can you provide a recent GMO example of rate case costs being much higher than**
20 **anticipated due to issues introduced by other parties, issues that were largely**
21 **unanticipated when the Company prepared its initial budget of rate case costs in the**
22 **proceeding?**

1 A: Yes. In GMO, as well as KCP&L's last rate cases, Case Nos. ER-2010-0356 and ER-
2 2010-0355 ("2010 Cases"), rate case costs were more than twice as much as initially
3 anticipated, due mainly to various prudence issues brought up by Staff regarding the
4 construction of Iatan 2. Since the history of the Iatan 2 issue is well known to the parties
5 in this case I will not go back over the details, but suffice it to say that both GMO and
6 KCP&L had a right to defend its position on this issue, and utilize the necessary experts
7 to do so, and the Commission apparently agreed in its Order in that case, disallowing
8 very little of the rate case costs incurred (less than 1%). As a reference, the Staff
9 proposed Iatan Unit 2 disallowances of \$184.7 million (total unit) while, based on the
10 Company's successful rebuttal, the Commission ordered disallowances of \$21.5 million
11 (total unit).

12 **Q: Can you provide an example of unanticipated costs in the current rate case?**

13 A: The Company did not anticipate Staff's depreciation positions as it thought the issue was
14 resolved from the last case. In order to respond to Staff's testimony, the Company
15 needed to use outside resources in order to evaluate, understand and respond to Staff's
16 positions.

17 In the KCP&L case, Case No. ER-2012-0174, Missouri Industrial Energy
18 Consumers/Midwest Energy Consumer's Group ("MIEC/MECG") has introduced many
19 off-system sales ("OSS") issues unanticipated when KCP&L prepared its initial rate case
20 expense budget. As a result, KCP&L has incurred far more expenses in rate case
21 expenses than initially estimated to respond to the fuel and OSS data requests received to
22 date from MIEC/MECG, coordinate and attend various meetings with them, etc. These

1 incremental rate case costs primarily relate to our consultants, Northbridge Group, Inc.
2 (“Northbridge”).

3 **Q: Regarding the incentive to control rate case costs, what support does OPC offer as**
4 **support that GMO, or any utility for that matter is not incented to control rate case**
5 **costs?**

6 A: None. I believe a quote from Mr. Robertson’s Rebuttal Testimony on pages 6-7 on that
7 issue is telling:

8 Company’s management apparently believes that because it decides to
9 incur outside legal and outside consultant costs to assist it in processing its
10 request for a rate increase, those expenditures should be considered and
11 authorized as an **automatic recovery** from ratepayers. Public Counsel
12 believes that rationale is neither appropriate or reasonable. It is not
13 appropriate because the idea itself results in monopolistic inefficiencies
14 which lead to higher rates than should have actually occurred. The utility
15 should always be **actively seeking to reduce its cost structure** so that
16 ratepayers do not end up paying higher rates than absolutely necessary, but
17 the **indiscriminate incurrence of excessive expenditures** runs counter to
18 that goal. Also, it is not reasonable due to the fact that if the expenditures
19 are to be incurred they must be done so with the understanding that they
20 are the most cost-effective alternative and that their incurrence will be
21 scrutinized thoroughly so as to avoid the payment of improper or
22 unreasonable charges. Company’s view that it can **spend whatever it**
23 **desires** to process its rate increase request, because the expenditures are an
24 **entitlement subject to automatic recovery**, provides no incentive for the
25 controlling of the costs at issue.” (Emphasis added).

26 As can be seen from this quote, OPC’s assertions are entirely generalities, with no
27 specific points regarding utilities in general and definitely nothing specific regarding
28 GMO.

29 **Q: Nonetheless, please address OPC’s assertions.**

30 A: To assist in that regard, I set in bold above the points that I believe are the most
31 significant. I believe these points can be summarized as follows: A utility does not
32 control its costs and spends whatever amount it wants because it knows it can pass all

1 costs through to ratepayers; that there is an entitlement to fully recover costs. While I
2 cannot speak for other utilities, I can state such is not the case with GMO and KCP&L.

3 **Q: Why do you believe the Company does not take this view?**

4 A: I would point to two examples as being representative of the Company's attitude on this
5 subject. First, GMO's corporate values are centered around a balancing of the interests of
6 customers and shareholders, providing low cost, reliable energy to our customers, while
7 providing long-term earnings growth for shareholders. To achieve this goal it is in the
8 Company's best interests, and that of its customers and shareholders, to control costs.
9 Mr. Robertson discusses the balancing of customer and shareholder interests on pages 3-4
10 of his Rebuttal Testimony and in general I agree with his comments on those pages and
11 find them consistent with GMO's corporate values.

12 **Q: Please discuss the second example demonstrating that GMO does not take cost
13 control lightly.**

14 A: Company witness Terry Bassham, President and Chief Executive Officer ("CEO")
15 discusses the specific measures GMO has taken to control costs in his Direct Testimony
16 in this case (page 7). He addresses the Organization Realignment and Voluntary
17 Separation plan (referred to as "ORVS"), flat non-fuel operations and maintenance
18 budgets, capital budget review and non-critical project delays, Supply Chain
19 Transformation Program, the Generation division benchmarking project and Continued
20 flow-through of GMO acquisition synergy savings.

21 **Q: Can you provide some examples in the capital cost control area?**

22 A: Yes. GMO has demonstrated the same capital cost controls that are at KCP&L. KCP&L
23 has demonstrated its capital cost controls in recent large construction projects, including

1 the Iatan 1 Air Quality Control System and Iatan 2, both of which resulted in minimal
2 disallowances in recent Company rate cases (less than 1%).

3 **Q: Is this same attitude regarding cost control applicable to rate case costs?**

4 A: Yes, definitely. The Company's control of these costs begins with budgeting and goes on
5 from there through vendor procurement, invoice approval, monthly cost report review,
6 etc. The steps GMO employs in this process are documented in a flowchart attached to
7 Mr. John Weisensee's Rebuttal Testimony, Schedule JPW-7.

8 **Q: Did the Commission disallow significant GMO rate case costs in Case No. ER-2010-**
9 **0356 ("2010 Case")?**

10 A: No. The total disallowance was only \$95,000 for MPS and \$37,000 for L&P or less than
11 3% of rate case costs incurred in that case, a case that I mentioned earlier was very
12 complex with many issues to address.

13 **Q: If a utility has these rate case cost controls in place, isn't it still possible that it will**
14 **incur costs that are not prudent and should be disallowed?**

15 A: Yes. As just stated, the Commission disallowed some costs in the 2010 Case. The
16 Company fully endorses the scrutiny of rate case costs and the disallowance of imprudent
17 rate case costs, or any cost for that matter. The problem with OPC's recommendations is
18 that OPC does not present one piece of evidence that any of the costs that the Company
19 has incurred in this case, or is expected to incur based on GMO's rate case budget, is
20 imprudent.

1 **Q: Please discuss OPC's three proposed "solutions" to its perceived problem of GMO**
2 **not controlling rate case costs.**

3 A: First, I would state that no solutions are necessary, since OPC provided no specific
4 concerns regarding GMO's cost controls or costs incurred in this case. However, I will
5 address each of OPC's recommended "solutions." The first proposal is a sharing
6 mechanism. Mr. Robertson states on page 3 of his Rebuttal Testimony that "Since
7 shareholders benefit from the activities from which rate case costs are derived, as much
8 as, if not more than ratepayers, shareholders should also bear some of the burden of rate
9 case expense."

10 **Q: What concerns do you have with this recommendation?**

11 A: This suggestion ignores the regulatory process. It is the existence of the regulatory
12 process that requires the regulated company to incur rate case expenses. If not for the
13 regulatory framework, a public utility would be like the seller of any unregulated
14 commodity and would be able to change its rates without approval and would not incur
15 rate case expense. Because a regulatory review is necessary to adjust rates, costs incurred
16 to present and defend the case should be fully recoverable in rates, provided the costs are
17 prudently incurred. Like any other prudently incurred cost, a utility is allowed to recover
18 its costs under the regulatory compact.

19 **Q: Does OPC provide an example as to why a sharing mechanism is appropriate?**

20 A: Yes. Mr. Robertson uses Advertising Expense as an example on page 10 of his Rebuttal
21 Testimony, stating that while general and safety advertising is recoverable from
22 ratepayers, the cost of goodwill advertising is borne by shareholders. He feels the same
23 applies to rate case expense.

1 **Q: Is this an appropriate analogy?**

2 A: No. The Company agrees that certain advertising expense is “corporate image”-related
3 and should not be charged to ratepayers and has removed such costs in its filing (see the
4 Adjustment CS-90 section of the Direct Testimony of John Weisensee). The removal of
5 advertising costs from cost of service is not a sharing mechanism, but a removal of costs
6 that should not be borne by ratepayers.

7 **Q: Do you have any examples or analogies supporting the Company’s position that rate**
8 **case costs should not be shared?**

9 A: Yes. Payroll costs are a good example. OPC is not suggesting that these costs should be
10 shared between ratepayers and shareholders. The same could be said for about any
11 prudently incurred cost of doing business, including fuel costs, transmission,
12 maintenance, etc. Once again, under the regulatory compact, a utility is allowed to
13 recover these costs in their entirety, except for any imprudently incurred costs.

14 **Q: Does OPC have a specific sharing percentage in mind?**

15 A: OPC proposes a 50/50 sharing mechanism, as one alternative.

16 **Q: What is OPC’s basis for this specific recommendation?**

17 A: I have no idea; Mr. Robertson did not state a basis.

18 **Q: Has the Commission ever invoked a sharing mechanism for rate case costs?**

19 A: To my knowledge, in spite of OPC’s efforts at different points in time, the Commission
20 has not ordered a sharing of reasonable, prudently incurred rate case costs.

21 **Q: Has the Commission ever addressed this issue?**

22 A: Yes. In re St. Joseph Light & Power Company, 2 Mo.P.S.C.3d 248, 260 (1993). The
23 Commission stated:

1 The Commission does not want to put itself in the position of discouraging
2 necessary rate cases by discouraging rate case expense. This is a
3 particularly treacherous area for the Commission to be addressing in that
4 the Commission cannot be viewed as having a dampening effect upon a
5 regulated company's statutory procedural rights to seek out a rate increase
6 when it believes that facts so justify it. Disallowing prudently incurred
7 rate case expense can be viewed as violating the company's procedural
8 rights.

9 **Q: Please discuss OPC's second "solution."**

10 A: Its second proposal is that various rate case costs be disallowed, namely external costs
11 (outside counsel and consultants) and internal costs.

12 **Q: If external and internal costs are disallowed doesn't that basically eliminate
13 recovery of most all rate case costs?**

14 A: Yes, that covers about everything.

15 **Q: What is OPC's concern regarding external costs?**

16 A: OPC believes that the Company has the burden of proof and must establish that any
17 expenditure it incurs is prudent, reasonable, and necessary, and in the opinion of OPC
18 that has not occurred. Mr. Robertson further states on page 9 of his Rebuttal Testimony
19 that since the Company is using outside vendors those costs are not cost-effective and
20 therefore not reasonable or prudent.

21 **Q: Do you agree with this justification?**

22 A: No. As a company, we strive to balance cost control measures with providing the best
23 level of service possible. In the Rebuttal Testimony of John Weisensee, Schedule JPW-7,
24 is a flowchart which depicts the process the Company utilizes to manage rate case
25 expense and ensure the monitoring and control of those costs. I agree that GMO bears
26 the burden of proof, but the Company has laid out its estimated rate case costs for this
27 case, has provided various data request responses (and updates), and OPC has not

1 challenged one single specific cost. Once again, if OPC has specific concerns regarding
2 external rate case costs they should present those concerns to the Commission.
3 Otherwise, the Company has a right to utilize whatever resources it deems necessary to
4 defend its filing.

5 **Q: What is OPC's concern regarding internal costs?**

6 A: OPC is concerned that the Company may be doubling up on recovery of in-house rate
7 case costs, and therefore recommends a 50% disallowance of those costs. Mr. Robertson
8 states on pages 9-10 of his Rebuttal Testimony:

9 For example, rate case expense should not include recovery for expenses
10 that are otherwise included in test year expenses, including salaries for
11 utility employees that prepare the filing, act as witnesses or provide the
12 legal requirements to develop, process and implement the rate increase
13 request. Disallowing these costs from rate case expense will avoid
14 duplicate accounting of amounts already incorporated in operating
15 expense.

16 **Q: Is his concern justified?**

17 A: OPC's concern is justified, but its facts are not. GMO agrees that it would be
18 inappropriate to duplicate costs. However, there is no duplication. The rate case costs
19 that are deferred in a regulatory asset for recovery include only incremental costs; that is,
20 costs the Company would not otherwise incur absent the rate case. These costs include
21 all external costs (legal, consultants, printing, etc.) and incremental internal costs such as
22 travel expenses. The deferred costs do not include internal labor costs. Those costs
23 continue to be recovered through the payroll annualization process.

24 **Q: Please discuss OPC's third "solution."**

25 A: OPC offers an alternative position to the 50/50 sharing that would allocate the actual
26 costs incurred to shareholders and ratepayers based on a ratio of the revenue increase
27 authorized by the Commission to the revenue increase requested by the Company.

1 **Q: Does the Company agree with this alternative?**

2 A: No, not at all. There is no correlation between rate case expense recovery and the ratio of
3 the revenue increase received to the amount requested. If a utility were to be granted
4 100% of its request but have unreasonable or imprudent rate case costs would it be
5 reasonable that the utility be allowed to recover 100% of its rate case costs? At the
6 opposite extreme, if a utility is granted no rate increase but incurs prudent costs to defend
7 its claim should it be denied recovery of 100% its costs? As Mr. Robertson stated on
8 page 4 of his own Rebuttal Testimony, "Customers definitely have an interest in ensuring
9 that their utilities' rates are just and reasonable, which is the ultimate objective of any
10 rate case, whether it results in an increase or decrease in a given utility's rates...." I
11 believe the same could be said for the Company.

12 **Q: Please summarize your thoughts on OPC's rate case expense proposals.**

13 A: OPC has filled its rate case expense testimony with generalities. Its comments could be
14 recycled and used in any utility case OPC is involved in. Rate case expense is not that
15 different from other expenses the Company incurs; if the costs are prudent and reasonable
16 a utility should be allowed to recover those costs in full. OPC has not provided any
17 specific evidence to the contrary. The Commission should reject OPC's
18 recommendation.

19 **Q: Does that conclude your testimony?**

20 A: Yes, it does.

**STAFF - L&P PROPOSED RESIDENTIAL BASE RATE - TYPICAL BILL IMPACT ANALYSIS
RATE MO920, MO921 (GENERAL USE WITH SPACE HEAT - ONE METER)**

Current Gen&SH Res (MO920, MO921) Schedule		Staff Proposed Gen&SH Res (MO920, MO921) Schedule	
Customer Charge	9.75	Customer Charge	9.75
Summer:		Summer:	
First 1000	\$0.1117	First 1000	\$0.11170
Over 1000	\$0.1117	Over 1000	\$0.11170
Winter:		Winter:	
First 1000	\$0.0776	First 1000	\$0.08226
Over 1000	\$0.0521	Over 1000	\$0.05523

AVERAGE MONTHLY USAGE

SUMMER KWH USAGE		WINTER KWH USAGE									
		0	200	500	750	1000	1250	1795	2000	3000	
Customer Charge		\$ 9.75	Winter Bill								
Proposed		\$ 9.75	\$ 25.27	\$ 48.55	\$ 67.85	\$ 87.35	\$ 100.38	\$ 128.77	\$ 139.45	\$ 181.55	
Change		0.00%	3.88%	4.80%	6.14%	8.33%	5.41%	5.54%	8.58%	5.70%	
Summer Bill		\$ 43.28	Annual (4 summer and 8 winter months)								
Proposed		\$ 43.28	\$ 375.20	\$ 861.44	\$ 718.64	\$ 871.84	\$ 878.08	\$ 1,209.20	\$ 1,268.64	\$ 1,705.44	
Change		0.00%	1.88%	3.32%	3.90%	4.28%	4.46%	4.73%	4.83%	5.12%	
300	Current	\$ 78.77	\$ 508.24	\$ 695.48	\$ 850.68	\$ 1,005.88	\$ 1,110.12	\$ 1,337.24	\$ 1,422.68	\$ 1,839.48	
	Proposed	\$ 78.77	\$ 516.68	\$ 714.12	\$ 876.60	\$ 1,043.16	\$ 1,153.56	\$ 1,384.36	\$ 1,484.92	\$ 1,926.78	
	Change	0.00%	1.48%	2.88%	3.28%	3.71%	3.91%	4.27%	4.37%	4.74%	
600	Current	\$ 87.94	\$ 563.92	\$ 740.16	\$ 895.36	\$ 1,050.56	\$ 1,154.80	\$ 1,381.92	\$ 1,487.36	\$ 1,884.16	
	Proposed	\$ 87.94	\$ 581.36	\$ 758.80	\$ 923.28	\$ 1,087.84	\$ 1,198.24	\$ 1,439.04	\$ 1,529.80	\$ 1,971.44	
	Change	0.00%	1.34%	2.62%	3.12%	3.58%	3.78%	4.13%	4.24%	4.53%	
850	Current	\$ 104.70	\$ 620.96	\$ 807.20	\$ 962.40	\$ 1,117.60	\$ 1,221.84	\$ 1,448.96	\$ 1,534.40	\$ 1,951.20	
	Proposed	\$ 104.70	\$ 626.40	\$ 825.64	\$ 990.32	\$ 1,154.88	\$ 1,265.28	\$ 1,506.08	\$ 1,596.64	\$ 2,038.48	
	Change	0.00%	1.20%	2.31%	2.90%	3.34%	3.68%	3.94%	4.06%	4.47%	
1000	Current	\$ 121.45	\$ 687.86	\$ 874.20	\$ 1,029.40	\$ 1,184.60	\$ 1,288.84	\$ 1,515.96	\$ 1,601.40	\$ 2,018.20	
	Proposed	\$ 121.45	\$ 685.40	\$ 892.84	\$ 1,067.32	\$ 1,221.88	\$ 1,332.28	\$ 1,573.08	\$ 1,663.64	\$ 2,105.48	
	Change	0.00%	1.08%	2.13%	2.71%	3.18%	3.37%	3.77%	3.88%	4.32%	
1220	Current	\$ 148.02	\$ 788.24	\$ 972.48	\$ 1,127.68	\$ 1,282.88	\$ 1,387.12	\$ 1,614.24	\$ 1,699.68	\$ 2,116.48	
	Proposed	\$ 148.02	\$ 793.88	\$ 991.12	\$ 1,165.60	\$ 1,320.16	\$ 1,430.56	\$ 1,671.36	\$ 1,781.92	\$ 2,203.76	
	Change	0.00%	0.86%	1.82%	2.48%	2.91%	2.13%	3.64%	3.68%	4.12%	
1500	Current	\$ 177.30	\$ 911.36	\$ 1,097.80	\$ 1,252.60	\$ 1,408.00	\$ 1,512.24	\$ 1,739.36	\$ 1,824.80	\$ 2,241.60	
	Proposed	\$ 177.30	\$ 916.80	\$ 1,116.24	\$ 1,280.72	\$ 1,445.28	\$ 1,555.68	\$ 1,796.48	\$ 1,887.04	\$ 2,328.88	
	Change	0.00%	0.82%	1.70%	2.23%	2.66%	2.87%	3.28%	3.41%	3.89%	
1980	Current	\$ 230.92	\$ 1,125.84	\$ 1,312.08	\$ 1,467.28	\$ 1,622.48	\$ 1,726.72	\$ 1,953.84	\$ 2,039.28	\$ 2,456.08	
	Proposed	\$ 230.92	\$ 1,133.28	\$ 1,330.72	\$ 1,485.20	\$ 1,659.76	\$ 1,770.16	\$ 2,018.88	\$ 2,101.52	\$ 2,543.36	
	Change	0.00%	0.68%	1.42%	1.90%	2.30%	2.52%	2.92%	3.06%	3.58%	
3000	Current	\$ 344.65	\$ 1,581.58	\$ 1,767.80	\$ 1,923.00	\$ 2,078.20	\$ 2,182.44	\$ 2,409.56	\$ 2,495.00	\$ 2,911.80	
	Proposed	\$ 344.65	\$ 1,589.00	\$ 1,788.44	\$ 1,950.82	\$ 2,115.48	\$ 2,226.88	\$ 2,468.68	\$ 2,557.24	\$ 2,999.08	
	Change	0.00%	0.47%	1.08%	1.45%	1.78%	1.98%	2.37%	2.48%	3.00%	

STAFF - L&P PROPOSED RESIDENTIAL BASE RATE - TYPICAL BILL IMPACT ANALYSIS
RATE MO922 (GENERAL USE - SEPARATE SPACE HEAT METER)

<u>Current Sep SH Mtr (MO922) Schedule</u>		<u>Staff Proposed Sep SH Mtr (MO922) Schedule</u>	
Customer Charge	5.21	Customer Charge	5.21
Summer:		Summer:	
All KWH	\$0.1143	All KWH	\$0.11430
Winter:		Winter:	
All KWH	\$0.0818	All KWH	\$0.08581

AVERAGE MONTHLY USAGE

		WINTER KWH USAGE										
		0	200	500	597	1000	1250	1500	2000	3000		
SUMMER KWH USAGE		Customer Charge		Winter Bill								
0	Current	\$ 5.21	\$ 17.98	\$ 38.18	\$ 42.18	\$ 87.11	\$ 82.59	\$ 98.08	\$ 129.01	\$ 190.91		
	Proposed	\$ 5.21	\$ 18.33	\$ 38.02	\$ 44.38	\$ 70.82	\$ 87.23	\$ 103.63	\$ 136.44	\$ 202.05		
	Change	0.00%	4.21%	5.14%	5.27%	5.83%	6.62%	6.68%	6.76%	5.84%		
		Summer Bill		Annual (4 summer and 8 winter months)								
300	Current	\$ 39.50	\$ 298.72	\$ 447.28	\$ 495.28	\$ 694.88	\$ 818.72	\$ 942.48	\$ 1,190.08	\$ 1,685.28		
	Proposed	\$ 39.50	\$ 304.64	\$ 482.16	\$ 513.04	\$ 724.56	\$ 855.84	\$ 987.04	\$ 1,249.52	\$ 1,774.40		
	Change	0.00%	1.88%	3.33%	3.89%	4.27%	4.53%	4.73%	4.99%	5.29%		
420	Current	\$ 53.22	\$ 353.60	\$ 502.16	\$ 550.16	\$ 749.76	\$ 873.60	\$ 997.36	\$ 1,244.96	\$ 1,740.16		
	Proposed	\$ 53.22	\$ 359.62	\$ 517.04	\$ 567.92	\$ 779.44	\$ 910.72	\$ 1,041.82	\$ 1,304.40	\$ 1,829.28		
	Change	0.00%	1.67%	2.96%	3.33%	3.96%	4.25%	4.47%	4.77%	5.12%		
700	Current	\$ 85.22	\$ 481.60	\$ 630.16	\$ 678.16	\$ 877.76	\$ 1,001.60	\$ 1,125.36	\$ 1,372.96	\$ 1,868.16		
	Proposed	\$ 85.22	\$ 487.52	\$ 645.04	\$ 695.92	\$ 907.44	\$ 1,038.72	\$ 1,189.82	\$ 1,432.40	\$ 1,957.28		
	Change	0.00%	1.23%	2.36%	2.82%	3.39%	3.71%	3.96%	4.33%	4.77%		
850	Current	\$ 102.37	\$ 550.20	\$ 688.76	\$ 746.76	\$ 946.36	\$ 1,070.20	\$ 1,193.96	\$ 1,441.56	\$ 1,936.76		
	Proposed	\$ 102.37	\$ 556.12	\$ 713.84	\$ 764.52	\$ 978.04	\$ 1,107.32	\$ 1,238.52	\$ 1,501.00	\$ 2,025.88		
	Change	0.00%	1.08%	2.13%	2.38%	3.14%	3.47%	3.73%	4.12%	4.60%		
1000	Current	\$ 119.51	\$ 618.78	\$ 767.32	\$ 815.32	\$ 1,014.92	\$ 1,138.76	\$ 1,282.52	\$ 1,510.12	\$ 2,005.32		
	Proposed	\$ 119.51	\$ 624.68	\$ 782.20	\$ 833.08	\$ 1,044.60	\$ 1,175.88	\$ 1,307.08	\$ 1,569.58	\$ 2,094.44		
	Change	0.00%	0.98%	1.94%	2.18%	2.92%	3.28%	3.53%	3.94%	4.44%		
1200	Current	\$ 142.37	\$ 710.20	\$ 858.76	\$ 906.76	\$ 1,106.36	\$ 1,230.20	\$ 1,353.96	\$ 1,601.56	\$ 2,096.76		
	Proposed	\$ 142.37	\$ 718.12	\$ 873.64	\$ 924.52	\$ 1,138.04	\$ 1,267.32	\$ 1,398.52	\$ 1,661.00	\$ 2,185.88		
	Change	0.00%	0.83%	1.73%	1.98%	2.88%	3.02%	3.29%	3.71%	4.26%		
1500	Current	\$ 178.68	\$ 847.36	\$ 995.92	\$ 1,043.92	\$ 1,243.52	\$ 1,367.36	\$ 1,491.12	\$ 1,738.72	\$ 2,233.92		
	Proposed	\$ 178.68	\$ 853.28	\$ 1,010.80	\$ 1,061.68	\$ 1,273.20	\$ 1,404.48	\$ 1,535.68	\$ 1,798.18	\$ 2,323.04		
	Change	0.00%	0.70%	1.49%	1.70%	2.39%	2.71%	2.99%	3.42%	3.96%		
1860	Current	\$ 231.52	\$ 1,066.60	\$ 1,215.36	\$ 1,263.36	\$ 1,462.96	\$ 1,688.80	\$ 1,710.56	\$ 1,958.16	\$ 2,453.36		
	Proposed	\$ 231.52	\$ 1,072.72	\$ 1,230.24	\$ 1,281.12	\$ 1,492.84	\$ 1,623.92	\$ 1,755.12	\$ 2,017.60	\$ 2,542.48		
	Change	0.00%	0.58%	1.22%	1.41%	2.03%	2.34%	2.69%	3.04%	3.63%		
3000	Current	\$ 348.11	\$ 1,533.16	\$ 1,881.72	\$ 1,729.72	\$ 1,929.32	\$ 2,053.16	\$ 2,176.92	\$ 2,424.52	\$ 2,919.72		
	Proposed	\$ 348.11	\$ 1,539.08	\$ 1,896.60	\$ 1,747.48	\$ 1,956.00	\$ 2,060.28	\$ 2,221.48	\$ 2,483.96	\$ 3,008.84		
	Change	0.00%	0.39%	0.88%	1.03%	1.54%	1.81%	2.05%	2.45%	3.05%		

MGE - L&P PROPOSED RESIDENTIAL BASE RATE - TYPICAL BILL IMPACT ANALYSIS - RATE ELIMINATION
RATE MO920, MO921 (GENERAL USE WITH SPACE HEAT - ONE METER)

Current Gen&SH Res (MO920, MO921) Schedule			MGE Proposed Gen&SH Res (MO920, MO921) Schedule		
Customer Charge		9.75	Customer Charge		9.75
Summer:			Summer:		
First 1000	\$0.1117		First 1000	\$0.11440	
Over 1000	\$0.1117		Over 1000	\$0.11440	
Winter:			Winter:		
First 1000	\$0.0776		First 1000	\$0.07420	
Over 1000	\$0.0521		Over 1000	\$0.07420	

AVERAGE MONTHLY USAGE

SUMMER KWH USAGE		WINTER KWH USAGE										
		0	200	500	750	1000	1250	1785	2000	3000		
Customer Charge		\$ 9.75	Winter Bill									
0	Current	\$ 9.75	\$ 25.27	\$ 48.55	\$ 67.95	\$ 87.35	\$ 100.36	\$ 128.77	\$ 139.45	\$ 191.55		
	Proposed	\$ 9.75	\$ 24.59	\$ 46.85	\$ 65.40	\$ 83.95	\$ 102.50	\$ 142.94	\$ 158.15	\$ 232.36		
	Change	0.00%	-2.89%	-3.50%	-3.78%	-3.89%	2.11%	11.00%	13.41%	21.30%		
Summer Bill		\$ 43.26	Annual (4 summer and 8 winter months)									
300	Current	\$ 43.26	\$ 375.20	\$ 561.44	\$ 716.64	\$ 871.84	\$ 978.08	\$ 1,203.20	\$ 1,288.64	\$ 1,705.44		
	Proposed	\$ 44.07	\$ 373.00	\$ 551.08	\$ 699.48	\$ 847.88	\$ 996.28	\$ 1,319.80	\$ 1,441.48	\$ 2,035.08		
	Change	1.87%	-0.59%	-1.65%	-2.39%	-2.78%	2.07%	9.89%	11.88%	19.33%		
600	Current	\$ 76.77	\$ 509.24	\$ 695.48	\$ 850.68	\$ 1,005.88	\$ 1,110.12	\$ 1,337.24	\$ 1,422.68	\$ 1,839.48		
	Proposed	\$ 78.39	\$ 510.28	\$ 688.36	\$ 836.76	\$ 985.16	\$ 1,133.56	\$ 1,457.08	\$ 1,578.76	\$ 2,172.36		
	Change	2.11%	0.20%	-1.02%	-1.84%	-2.06%	2.11%	6.86%	10.87%	18.10%		
700	Current	\$ 87.94	\$ 553.92	\$ 740.16	\$ 895.36	\$ 1,050.56	\$ 1,154.80	\$ 1,381.92	\$ 1,487.36	\$ 1,884.16		
	Proposed	\$ 89.83	\$ 558.04	\$ 734.12	\$ 882.52	\$ 1,030.92	\$ 1,179.32	\$ 1,502.84	\$ 1,824.52	\$ 2,218.12		
	Change	2.15%	0.38%	-0.82%	-1.43%	-1.87%	2.12%	8.76%	10.71%	17.72%		
850	Current	\$ 104.70	\$ 620.96	\$ 807.20	\$ 962.40	\$ 1,117.60	\$ 1,221.84	\$ 1,448.96	\$ 1,534.40	\$ 1,951.20		
	Proposed	\$ 106.89	\$ 624.68	\$ 802.76	\$ 951.16	\$ 1,099.56	\$ 1,247.96	\$ 1,571.48	\$ 1,693.16	\$ 2,286.76		
	Change	2.18%	0.60%	-0.66%	-1.17%	-1.61%	2.14%	8.46%	10.38%	17.20%		
1000	Current	\$ 121.45	\$ 687.96	\$ 874.20	\$ 1,029.40	\$ 1,184.60	\$ 1,288.84	\$ 1,515.96	\$ 1,601.40	\$ 2,018.20		
	Proposed	\$ 124.16	\$ 693.32	\$ 871.40	\$ 1,019.80	\$ 1,168.20	\$ 1,316.80	\$ 1,640.12	\$ 1,761.80	\$ 2,355.40		
	Change	2.22%	0.78%	-0.32%	-0.93%	-1.38%	2.16%	8.19%	10.02%	16.71%		
1220	Current	\$ 148.02	\$ 786.24	\$ 972.48	\$ 1,127.68	\$ 1,282.88	\$ 1,387.12	\$ 1,614.24	\$ 1,699.68	\$ 2,116.48		
	Proposed	\$ 149.32	\$ 794.00	\$ 972.08	\$ 1,120.48	\$ 1,268.88	\$ 1,417.28	\$ 1,740.80	\$ 1,862.48	\$ 2,456.08		
	Change	2.26%	0.99%	-0.04%	-0.64%	-1.09%	2.17%	7.84%	6.88%	16.05%		
1500	Current	\$ 177.30	\$ 911.36	\$ 1,097.60	\$ 1,252.80	\$ 1,408.00	\$ 1,512.24	\$ 1,739.36	\$ 1,824.80	\$ 2,241.60		
	Proposed	\$ 181.35	\$ 922.12	\$ 1,100.20	\$ 1,248.80	\$ 1,397.00	\$ 1,545.40	\$ 1,868.92	\$ 1,990.60	\$ 2,584.20		
	Change	2.28%	1.18%	0.24%	-0.34%	-0.78%	2.19%	7.48%	6.09%	15.28%		
1980	Current	\$ 230.92	\$ 1,125.64	\$ 1,312.08	\$ 1,467.28	\$ 1,622.48	\$ 1,726.72	\$ 1,953.84	\$ 2,039.28	\$ 2,456.08		
	Proposed	\$ 236.28	\$ 1,141.76	\$ 1,319.84	\$ 1,468.24	\$ 1,616.64	\$ 1,765.04	\$ 2,088.56	\$ 2,210.24	\$ 2,803.84		
	Change	2.31%	1.41%	0.59%	0.07%	-0.38%	2.22%	6.90%	8.38%	14.18%		
3000	Current	\$ 344.85	\$ 1,581.58	\$ 1,767.80	\$ 1,923.00	\$ 2,078.20	\$ 2,182.44	\$ 2,409.56	\$ 2,495.00	\$ 2,911.80		
	Proposed	\$ 352.95	\$ 1,608.52	\$ 1,788.60	\$ 1,935.00	\$ 2,093.40	\$ 2,231.80	\$ 2,555.32	\$ 2,677.00	\$ 3,270.60		
	Change	2.35%	1.70%	1.08%	0.62%	0.26%	2.28%	6.05%	7.28%	12.32%		

**MGE - L&P PROPOSED RESIDENTIAL BASE RATE - TYPICAL BILL IMPACT ANALYSIS - RATE RETENTION
RATE MO920, MO921 (GENERAL USE WITH SPACE HEAT - ONE METER)**

Current Gen&SH Res (MO920, MO921) Schedule			MGE Proposed Gen&SH Res (MO920, MO921) Schedule		
Customer Charge		9.75	Customer Charge		9.75
Summer:			Summer:		
First 1000	\$0.1117		First 1000	\$0.11440	
Over 1000	\$0.1117		Over 1000	\$0.11440	
Winter:			Winter:		
First 1000	\$0.0778		First 1000	\$0.08230	
Over 1000	\$0.0521		Over 1000	\$0.05880	

AVERAGE MONTHLY USAGE

SUMMER KWH USAGE		WINTER KWH USAGE									
		0	200	500	750	1000	1250	1795	2000	3000	
		Customer Charge									
0	Current	\$ 9.75	Winter Bill								
	Proposed	\$ 9.75	\$ 25.27	\$ 48.55	\$ 67.95	\$ 87.35	\$ 100.38	\$ 128.77	\$ 139.45	\$ 181.55	
	Change	0.00%	\$ 26.21	\$ 50.90	\$ 71.48	\$ 92.05	\$ 108.25	\$ 137.21	\$ 148.85	\$ 205.65	
			3.72%	4.84%	5.19%	6.38%	6.65%	6.66%	6.74%	7.36%	
		Summer Bill									
300	Current	\$ 43.26	Annual (4 summer and 8 winter months)								
	Proposed	\$ 44.07	\$ 375.20	\$ 561.44	\$ 716.64	\$ 871.84	\$ 976.08	\$ 1,203.20	\$ 1,268.64	\$ 1,705.44	
	Change	1.87%	\$ 385.96	\$ 583.48	\$ 748.12	\$ 912.68	\$ 1,026.28	\$ 1,273.96	\$ 1,367.08	\$ 1,821.48	
			2.87%	3.63%	4.39%	4.88%	5.14%	5.88%	6.09%	6.80%	
600	Current	\$ 76.77	\$ 509.24	\$ 695.48	\$ 850.68	\$ 1,005.88	\$ 1,110.12	\$ 1,337.24	\$ 1,422.88	\$ 1,839.48	
	Proposed	\$ 76.39	\$ 523.24	\$ 720.76	\$ 885.40	\$ 1,049.96	\$ 1,183.96	\$ 1,411.24	\$ 1,504.36	\$ 1,958.76	
	Change	2.11%	\$ 2.76%	\$ 3.63%	\$ 4.09%	\$ 4.38%	\$ 4.81%	\$ 5.63%	\$ 5.74%	\$ 6.48%	
700	Current	\$ 87.94	\$ 553.92	\$ 740.16	\$ 895.36	\$ 1,050.56	\$ 1,154.80	\$ 1,381.92	\$ 1,467.36	\$ 1,884.16	
	Proposed	\$ 89.83	\$ 569.00	\$ 766.52	\$ 931.16	\$ 1,095.72	\$ 1,209.32	\$ 1,457.00	\$ 1,550.12	\$ 2,004.52	
	Change	2.16%	\$ 2.72%	\$ 3.66%	\$ 4.00%	\$ 4.30%	\$ 4.72%	\$ 5.43%	\$ 5.64%	\$ 6.39%	
850	Current	\$ 104.70	\$ 620.96	\$ 807.20	\$ 962.40	\$ 1,117.60	\$ 1,221.84	\$ 1,448.06	\$ 1,534.40	\$ 1,951.20	
	Proposed	\$ 108.99	\$ 637.64	\$ 835.16	\$ 999.80	\$ 1,164.36	\$ 1,277.96	\$ 1,525.64	\$ 1,618.76	\$ 2,073.16	
	Change	2.19%	\$ 2.69%	\$ 3.48%	\$ 3.89%	\$ 4.18%	\$ 4.59%	\$ 5.29%	\$ 5.50%	\$ 6.25%	
1000	Current	\$ 121.45	\$ 687.96	\$ 874.20	\$ 1,029.40	\$ 1,184.60	\$ 1,288.84	\$ 1,515.96	\$ 1,601.40	\$ 2,018.20	
	Proposed	\$ 124.15	\$ 706.28	\$ 903.60	\$ 1,068.44	\$ 1,233.00	\$ 1,346.80	\$ 1,594.28	\$ 1,687.40	\$ 2,141.80	
	Change	2.22%	\$ 2.68%	\$ 3.39%	\$ 3.79%	\$ 4.09%	\$ 4.49%	\$ 5.17%	\$ 5.37%	\$ 6.12%	
1220	Current	\$ 146.02	\$ 786.24	\$ 972.48	\$ 1,127.68	\$ 1,282.88	\$ 1,387.12	\$ 1,614.24	\$ 1,699.68	\$ 2,116.48	
	Proposed	\$ 149.32	\$ 806.96	\$ 1,004.48	\$ 1,169.12	\$ 1,333.68	\$ 1,447.28	\$ 1,694.96	\$ 1,788.08	\$ 2,242.48	
	Change	2.28%	\$ 2.64%	\$ 3.29%	\$ 3.67%	\$ 3.98%	\$ 4.34%	\$ 5.00%	\$ 5.20%	\$ 5.96%	
1500	Current	\$ 177.30	\$ 911.36	\$ 1,097.60	\$ 1,252.80	\$ 1,408.00	\$ 1,512.24	\$ 1,739.36	\$ 1,824.80	\$ 2,241.60	
	Proposed	\$ 181.35	\$ 935.08	\$ 1,132.60	\$ 1,297.24	\$ 1,461.80	\$ 1,575.40	\$ 1,823.08	\$ 1,916.20	\$ 2,370.60	
	Change	2.28%	\$ 2.60%	\$ 3.19%	\$ 3.58%	\$ 3.82%	\$ 4.18%	\$ 4.81%	\$ 5.01%	\$ 5.76%	
1980	Current	\$ 230.82	\$ 1,125.84	\$ 1,312.08	\$ 1,467.28	\$ 1,622.48	\$ 1,726.72	\$ 1,953.84	\$ 2,039.28	\$ 2,456.08	
	Proposed	\$ 236.28	\$ 1,154.72	\$ 1,352.24	\$ 1,516.88	\$ 1,681.44	\$ 1,795.04	\$ 2,042.72	\$ 2,135.84	\$ 2,590.24	
	Change	2.31%	\$ 2.87%	\$ 3.06%	\$ 3.36%	\$ 3.63%	\$ 3.98%	\$ 4.68%	\$ 4.74%	\$ 5.46%	
3000	Current	\$ 344.85	\$ 1,581.56	\$ 1,767.80	\$ 1,923.00	\$ 2,078.20	\$ 2,182.44	\$ 2,408.56	\$ 2,495.00	\$ 2,911.80	
	Proposed	\$ 352.95	\$ 1,621.48	\$ 1,819.00	\$ 1,983.64	\$ 2,148.20	\$ 2,261.80	\$ 2,509.48	\$ 2,602.60	\$ 3,057.00	
	Change	2.35%	\$ 2.62%	\$ 2.90%	\$ 3.15%	\$ 3.37%	\$ 3.64%	\$ 4.15%	\$ 4.31%	\$ 4.99%	

MGE - L&P PROPOSED RESIDENTIAL BASE RATE - TYPICAL BILL IMPACT ANALYSIS - RATE ELIMINATION
RATE MO922 (GENERAL USE - SEPARATE SPACE HEAT METER)

<u>Current Sep SH Mtr (MO922) Schedule</u>		<u>MGE Proposed Sep SH Mtr (MO922) Schedule</u>	
Customer Charge	5.21	Customer Charge	5.21
Summer:		Summer:	
All KWH	\$0.1143	All KWH	\$0.11700
Winter:		Winter:	
All KWH	\$0.0619	All KWH	\$0.07420

AVERAGE MONTHLY USAGE

		WINTER KWH USAGE								
		0	200	600	700	1000	1250	1785	2000	3000
SUMMER KWH USAGE										
		Customer Charge		Winter Bill						
0	Current	\$ 5.21	\$ 17.59	\$ 38.16	\$ 48.54	\$ 67.11	\$ 82.99	\$ 116.32	\$ 129.01	\$ 190.91
	Proposed	\$ 5.21	\$ 20.05	\$ 42.31	\$ 57.15	\$ 79.41	\$ 97.96	\$ 138.40	\$ 153.81	\$ 227.81
	Change	0.00%	13.99%	17.81%	17.74%	18.33%	18.61%	18.98%	19.07%	18.33%
		Summer Bill		Annual (4 summer and 8 winter months)						
300	Current	\$ 39.50	\$ 298.72	\$ 447.28	\$ 548.32	\$ 694.88	\$ 818.72	\$ 1,088.56	\$ 1,190.08	\$ 1,685.28
	Proposed	\$ 40.31	\$ 321.64	\$ 499.72	\$ 618.44	\$ 796.52	\$ 944.92	\$ 1,268.44	\$ 1,390.12	\$ 1,983.72
	Change	2.05%	7.67%	11.72%	13.20%	14.63%	15.41%	16.52%	16.81%	17.71%
600	Current	\$ 73.79	\$ 435.88	\$ 584.44	\$ 663.48	\$ 832.04	\$ 955.88	\$ 1,225.72	\$ 1,327.24	\$ 1,822.44
	Proposed	\$ 75.41	\$ 462.04	\$ 640.12	\$ 758.84	\$ 836.92	\$ 1,085.32	\$ 1,408.84	\$ 1,530.52	\$ 2,124.12
	Change	2.20%	6.00%	9.83%	11.03%	12.61%	13.84%	14.94%	16.32%	16.55%
700	Current	\$ 85.22	\$ 481.60	\$ 630.18	\$ 729.20	\$ 877.76	\$ 1,001.60	\$ 1,271.44	\$ 1,372.96	\$ 1,868.16
	Proposed	\$ 87.11	\$ 508.84	\$ 686.92	\$ 805.64	\$ 983.72	\$ 1,132.12	\$ 1,455.64	\$ 1,577.32	\$ 2,170.92
	Change	2.22%	5.96%	9.01%	10.48%	12.07%	13.05%	14.49%	14.88%	16.21%
850	Current	\$ 102.37	\$ 550.20	\$ 698.78	\$ 797.80	\$ 946.38	\$ 1,070.20	\$ 1,340.04	\$ 1,441.56	\$ 1,936.76
	Proposed	\$ 104.66	\$ 579.04	\$ 757.12	\$ 875.64	\$ 1,053.92	\$ 1,202.32	\$ 1,525.84	\$ 1,647.52	\$ 2,241.12
	Change	2.24%	5.24%	8.35%	9.78%	11.37%	12.35%	13.87%	14.29%	16.71%
1000	Current	\$ 119.51	\$ 618.78	\$ 767.32	\$ 866.36	\$ 1,014.92	\$ 1,138.76	\$ 1,408.60	\$ 1,510.12	\$ 2,005.32
	Proposed	\$ 122.21	\$ 649.24	\$ 827.32	\$ 948.04	\$ 1,124.12	\$ 1,272.52	\$ 1,596.04	\$ 1,717.72	\$ 2,311.32
	Change	2.28%	4.93%	7.82%	9.20%	10.76%	11.75%	13.31%	13.75%	15.26%
1220	Current	\$ 144.88	\$ 719.36	\$ 867.92	\$ 966.96	\$ 1,115.52	\$ 1,239.36	\$ 1,509.20	\$ 1,610.72	\$ 2,105.92
	Proposed	\$ 147.95	\$ 752.20	\$ 930.28	\$ 1,049.00	\$ 1,227.08	\$ 1,375.48	\$ 1,699.00	\$ 1,820.68	\$ 2,414.28
	Change	2.27%	4.57%	7.18%	8.48%	10.00%	10.98%	12.68%	13.04%	14.64%
1500	Current	\$ 178.86	\$ 847.36	\$ 995.92	\$ 1,094.96	\$ 1,243.52	\$ 1,367.36	\$ 1,637.20	\$ 1,738.72	\$ 2,233.92
	Proposed	\$ 180.71	\$ 883.24	\$ 1,081.32	\$ 1,180.04	\$ 1,358.12	\$ 1,508.52	\$ 1,830.04	\$ 1,951.72	\$ 2,545.32
	Change	2.29%	4.23%	8.67%	7.77%	9.22%	10.18%	11.78%	12.26%	13.94%
1980	Current	\$ 231.52	\$ 1,066.80	\$ 1,215.36	\$ 1,314.40	\$ 1,462.96	\$ 1,586.80	\$ 1,856.84	\$ 1,958.16	\$ 2,453.36
	Proposed	\$ 236.87	\$ 1,107.88	\$ 1,285.96	\$ 1,404.68	\$ 1,582.76	\$ 1,731.16	\$ 2,054.68	\$ 2,176.36	\$ 2,769.96
	Change	2.31%	3.88%	5.81%	8.87%	8.18%	9.10%	10.87%	11.14%	12.90%
3000	Current	\$ 348.11	\$ 1,533.18	\$ 1,881.72	\$ 1,780.76	\$ 1,929.32	\$ 2,053.16	\$ 2,323.00	\$ 2,424.52	\$ 2,919.72
	Proposed	\$ 358.21	\$ 1,585.24	\$ 1,763.32	\$ 1,882.04	\$ 2,060.12	\$ 2,208.52	\$ 2,532.04	\$ 2,653.72	\$ 3,247.32
	Change	2.33%	3.40%	4.86%	5.69%	6.78%	7.57%	8.00%	9.45%	11.22%

MGE - L&P PROPOSED RESIDENTIAL BASE RATE - TYPICAL BILL IMPACT ANALYSIS - RATE RETENTION
RATE MO922 (GENERAL USE - SEPARATE SPACE HEAT METER)

Current Sep SH Mtr (MO922) Schedule		MGE Proposed Sep SH Mtr (MO922) Schedule	
Customer Charge	5.21	Customer Charge	5.21
Summer:		Summer:	
All KWH	\$0.1143	All KWH	\$0.11700
Winter:		Winter:	
All KWH	\$0.0818	All KWH	\$0.05510

AVERAGE MONTHLY USAGE

		WINTER KWH USAGE										
		0	200	500	700	1000	1250	1785	2000	3000		
SUMMER KWH USAGE		Customer Charge		Winter Bill								
0	Current	\$ 5.21	\$ 17.99	\$ 36.18	\$ 48.54	\$ 87.11	\$ 82.58	\$ 116.32	\$ 129.01	\$ 190.91		
	Proposed	\$ 5.21	\$ 16.23	\$ 32.78	\$ 43.78	\$ 60.31	\$ 74.09	\$ 104.11	\$ 115.41	\$ 170.51		
	Change	0.00%	-7.73%	-8.40%	-8.81%	-10.13%	-10.28%	-10.56%	-10.84%	-10.88%		
		Summer Bill		Annual (4 summer and 8 winter months)								
300	Current	\$ 39.50	\$ 298.72	\$ 447.28	\$ 546.32	\$ 694.88	\$ 818.72	\$ 1,088.50	\$ 1,190.08	\$ 1,685.28		
	Proposed	\$ 40.31	\$ 291.08	\$ 423.32	\$ 511.48	\$ 643.72	\$ 753.88	\$ 994.12	\$ 1,084.52	\$ 1,525.32		
	Change	2.05%	-2.58%	-5.36%	-8.58%	-7.36%	-7.91%	-6.68%	-8.87%	-9.48%		
600	Current	\$ 73.79	\$ 435.88	\$ 584.44	\$ 683.48	\$ 832.04	\$ 955.88	\$ 1,225.72	\$ 1,327.24	\$ 1,822.44		
	Proposed	\$ 75.41	\$ 431.48	\$ 563.72	\$ 651.88	\$ 794.12	\$ 894.36	\$ 1,134.52	\$ 1,224.92	\$ 1,665.72		
	Change	2.20%	-1.01%	-3.65%	-4.62%	-5.78%	-6.44%	-7.44%	-7.71%	-8.60%		
700	Current	\$ 85.22	\$ 481.88	\$ 630.16	\$ 729.20	\$ 877.78	\$ 1,001.60	\$ 1,271.44	\$ 1,372.88	\$ 1,868.16		
	Proposed	\$ 87.11	\$ 476.28	\$ 610.52	\$ 698.88	\$ 830.82	\$ 941.18	\$ 1,181.32	\$ 1,271.72	\$ 1,712.52		
	Change	2.22%	-0.89%	-3.12%	-4.19%	-5.34%	-6.03%	-7.08%	-7.37%	-8.33%		
850	Current	\$ 102.37	\$ 550.20	\$ 698.76	\$ 797.80	\$ 948.36	\$ 1,070.20	\$ 1,340.04	\$ 1,441.56	\$ 1,936.76		
	Proposed	\$ 104.66	\$ 548.48	\$ 680.72	\$ 768.88	\$ 901.12	\$ 1,011.38	\$ 1,251.52	\$ 1,341.92	\$ 1,782.72		
	Change	2.24%	-0.31%	-2.58%	-3.62%	-4.78%	-5.50%	-6.61%	-6.81%	-7.98%		
1000	Current	\$ 119.51	\$ 618.78	\$ 767.32	\$ 866.36	\$ 1,014.92	\$ 1,138.76	\$ 1,408.60	\$ 1,510.12	\$ 2,005.32		
	Proposed	\$ 122.21	\$ 618.98	\$ 750.92	\$ 839.08	\$ 971.32	\$ 1,081.58	\$ 1,321.72	\$ 1,412.12	\$ 1,852.82		
	Change	2.28%	-0.01%	-2.14%	-3.18%	-4.30%	-5.02%	-6.17%	-6.48%	-7.60%		
1220	Current	\$ 144.88	\$ 716.38	\$ 867.92	\$ 966.96	\$ 1,115.52	\$ 1,239.36	\$ 1,509.20	\$ 1,610.72	\$ 2,105.92		
	Proposed	\$ 147.95	\$ 721.84	\$ 853.88	\$ 942.04	\$ 1,074.28	\$ 1,184.52	\$ 1,424.68	\$ 1,515.08	\$ 1,955.88		
	Change	2.27%	0.32%	-1.82%	-2.58%	-3.70%	-4.42%	-6.00%	-6.84%	-7.12%		
1500	Current	\$ 178.66	\$ 847.38	\$ 995.92	\$ 1,094.96	\$ 1,243.52	\$ 1,367.36	\$ 1,637.20	\$ 1,738.72	\$ 2,233.92		
	Proposed	\$ 180.71	\$ 852.68	\$ 984.92	\$ 1,073.08	\$ 1,205.32	\$ 1,315.58	\$ 1,555.72	\$ 1,646.12	\$ 2,088.92		
	Change	2.29%	0.63%	-1.10%	-2.00%	-3.87%	-3.78%	-4.88%	-6.35%	-6.58%		
1880	Current	\$ 231.52	\$ 1,066.80	\$ 1,215.38	\$ 1,314.40	\$ 1,462.96	\$ 1,586.80	\$ 1,856.64	\$ 1,958.16	\$ 2,453.36		
	Proposed	\$ 236.87	\$ 1,077.32	\$ 1,209.58	\$ 1,287.72	\$ 1,429.96	\$ 1,540.20	\$ 1,780.56	\$ 1,870.78	\$ 2,311.56		
	Change	2.31%	0.99%	-0.48%	-2.17%	-4.26%	-2.94%	-4.11%	-4.46%	-5.78%		
3000	Current	\$ 348.11	\$ 1,533.16	\$ 1,681.72	\$ 1,780.76	\$ 1,929.32	\$ 2,053.16	\$ 2,323.00	\$ 2,424.52	\$ 2,919.72		
	Proposed	\$ 358.21	\$ 1,554.68	\$ 1,686.92	\$ 1,775.08	\$ 1,907.32	\$ 2,017.66	\$ 2,257.72	\$ 2,348.12	\$ 2,768.92		
	Change	2.33%	1.40%	0.31%	-0.32%	-1.14%	-1.73%	-2.81%	-3.18%	-4.48%		

**MGE - MPS PROPOSED RESIDENTIAL BASE RATE - TYPICAL BILL IMPACT ANALYSIS - RATE ELIMINATION
RATE MO870 (GENERAL USE WITH SPACE HEAT)**

Current Gen/S&H Res (MO870) Schedule

Customer Charge	10.43
Summer:	
First 600	\$0.1088
Next 400	\$0.1120
Over 1000	\$0.1178
Winter:	
First 600	\$0.1088
Next 400	\$0.0588
Over 1000	\$0.0485

Proposed Gen/S&H Res (MO870) Schedule

Customer Charge	10.43
Summer:	
First 600	\$0.10580
Next 400	\$0.10910
Over 1000	\$0.11470
Winter:	
First 600	\$0.11470
Next 400	\$0.06545
Over 1000	\$0.05440

AVERAGE MONTHLY USAGE

SUMMER KWH USAGE		WINTER KWH USAGE								
		0	200	500	700	1000	1394	1500	2000	3000
0	Current	\$ 10.43	\$ 32.19	\$ 64.83	\$ 81.57	\$ 99.15	\$ 118.26	\$ 128.40	\$ 147.65	\$ 196.16
	Proposed	\$ 10.43	\$ 33.37	\$ 67.78	\$ 85.80	\$ 105.43	\$ 126.88	\$ 132.83	\$ 159.83	\$ 214.23
	Change	0.00%	3.67%	4.55%	8.19%	8.33%	7.27%	7.48%	8.25%	8.22%
300	Current	\$ 43.07	\$ 428.80	\$ 690.92	\$ 824.84	\$ 985.48	\$ 1,118.36	\$ 1,159.48	\$ 1,353.48	\$ 1,741.48
	Proposed	\$ 42.20	\$ 435.76	\$ 711.04	\$ 855.20	\$ 1,012.24	\$ 1,183.88	\$ 1,229.84	\$ 1,447.44	\$ 1,882.64
	Change	-2.02%	1.39%	2.91%	3.88%	4.84%	6.84%	8.07%	6.94%	8.11%
600	Current	\$ 75.71	\$ 560.36	\$ 821.48	\$ 955.40	\$ 1,096.04	\$ 1,248.92	\$ 1,290.04	\$ 1,484.04	\$ 1,872.04
	Proposed	\$ 73.97	\$ 562.84	\$ 838.12	\$ 982.28	\$ 1,139.32	\$ 1,310.76	\$ 1,356.92	\$ 1,574.52	\$ 2,009.72
	Change	-2.30%	0.44%	2.03%	2.81%	3.98%	4.96%	5.18%	8.10%	7.35%
700	Current	\$ 86.91	\$ 605.18	\$ 966.28	\$ 1,000.20	\$ 1,140.84	\$ 1,293.72	\$ 1,334.84	\$ 1,628.84	\$ 1,916.84
	Proposed	\$ 84.88	\$ 606.48	\$ 881.76	\$ 1,025.92	\$ 1,182.96	\$ 1,354.40	\$ 1,400.56	\$ 1,618.16	\$ 2,053.36
	Change	-2.34%	0.22%	1.79%	2.67%	3.66%	4.69%	4.92%	6.84%	7.12%
850	Current	\$ 103.71	\$ 672.36	\$ 933.48	\$ 1,067.40	\$ 1,208.04	\$ 1,380.82	\$ 1,402.04	\$ 1,596.04	\$ 1,884.04
	Proposed	\$ 101.25	\$ 671.96	\$ 947.24	\$ 1,091.40	\$ 1,248.44	\$ 1,419.88	\$ 1,488.04	\$ 1,683.84	\$ 2,118.84
	Change	-2.37%	-0.06%	1.47%	2.25%	3.34%	4.33%	4.56%	5.49%	6.79%
1000	Current	\$ 120.51	\$ 738.58	\$ 1,000.88	\$ 1,134.80	\$ 1,278.24	\$ 1,428.12	\$ 1,469.24	\$ 1,683.24	\$ 2,051.24
	Proposed	\$ 117.61	\$ 737.40	\$ 1,012.68	\$ 1,158.84	\$ 1,313.68	\$ 1,485.32	\$ 1,531.48	\$ 1,749.08	\$ 2,184.28
	Change	-2.41%	-0.29%	1.29%	1.88%	3.03%	4.01%	4.24%	6.18%	6.49%
1357	Current	\$ 162.49	\$ 907.48	\$ 1,188.80	\$ 1,302.52	\$ 1,443.16	\$ 1,598.04	\$ 1,637.16	\$ 1,831.16	\$ 2,219.16
	Proposed	\$ 158.58	\$ 901.20	\$ 1,176.48	\$ 1,320.84	\$ 1,477.88	\$ 1,649.12	\$ 1,695.28	\$ 1,912.88	\$ 2,348.08
	Change	-2.42%	-0.69%	0.87%	1.39%	2.39%	3.33%	3.56%	4.48%	5.81%
1500	Current	\$ 179.31	\$ 874.76	\$ 1,235.88	\$ 1,389.80	\$ 1,510.44	\$ 1,663.32	\$ 1,704.44	\$ 1,898.44	\$ 2,286.44
	Proposed	\$ 174.98	\$ 866.80	\$ 1,242.08	\$ 1,388.24	\$ 1,543.28	\$ 1,714.72	\$ 1,760.88	\$ 1,978.48	\$ 2,413.88
	Change	-2.43%	-0.82%	0.60%	1.20%	2.17%	3.09%	3.31%	4.22%	5.56%
1980	Current	\$ 235.78	\$ 1,200.58	\$ 1,481.68	\$ 1,595.80	\$ 1,736.24	\$ 1,889.12	\$ 1,930.24	\$ 2,124.24	\$ 2,512.24
	Proposed	\$ 230.02	\$ 1,187.04	\$ 1,482.32	\$ 1,606.48	\$ 1,763.52	\$ 1,934.96	\$ 1,981.12	\$ 2,198.72	\$ 2,633.92
	Change	-2.43%	-1.13%	0.04%	0.88%	1.57%	2.43%	2.84%	3.51%	4.84%
3000	Current	\$ 355.71	\$ 1,880.38	\$ 1,941.48	\$ 2,075.40	\$ 2,218.04	\$ 2,388.92	\$ 2,410.04	\$ 2,604.04	\$ 2,992.04
	Proposed	\$ 347.01	\$ 1,855.00	\$ 1,930.28	\$ 2,074.44	\$ 2,231.48	\$ 2,402.92	\$ 2,449.08	\$ 2,666.68	\$ 3,101.88
	Change	-2.45%	-1.51%	-0.58%	-0.08%	0.70%	1.44%	1.82%	2.41%	3.67%

**MGE - MPS PROPOSED RESIDENTIAL BASE RATE - TYPICAL BILL IMPACT ANALYSIS - RATE RETENTION
RATE MO870 (GENERAL USE WITH SPACE HEAT)**

Current Gen/S&H Res.(MO870) Schedule		Proposed Gen/S&H Res.(MO870) Schedule	
Customer Charge		Customer Charge	
10.43		10.43	
Summer:			
First 800	\$0.1088	First 800	\$0.10590
Next 400	\$0.1120	Next 400	\$0.10910
Over 1000	\$0.1176	Over 1000	\$0.11470
Winter:			
First 800	\$0.1088	First 800	\$0.10490
Next 400	\$0.0586	Next 400	\$0.07060
Over 1000	\$0.0466	Over 1000	\$0.06800

AVERAGE MONTHLY USAGE

SUMMER KWH USAGE		WINTER KWH USAGE								
		0	200	500	700	1000	1384	1500	2000	3000
0	Current	\$ 10.43	\$ 32.19	\$ 64.83	\$ 81.57	\$ 99.15	\$ 118.26	\$ 123.40	\$ 147.65	\$ 196.15
	Proposed	\$ 10.43	\$ 31.41	\$ 62.88	\$ 80.43	\$ 101.61	\$ 127.61	\$ 134.61	\$ 167.61	\$ 223.61
	Change	0.00%	-2.42%	-3.01%	-1.40%	2.48%	7.91%	5.66%	13.52%	18.10%
300	Current	\$ 43.07	\$ 429.80	\$ 890.92	\$ 824.84	\$ 965.46	\$ 1,118.36	\$ 1,159.48	\$ 1,363.48	\$ 1,741.48
	Proposed	\$ 42.20	\$ 420.08	\$ 871.84	\$ 812.24	\$ 981.68	\$ 1,189.68	\$ 1,245.68	\$ 1,509.68	\$ 2,037.68
	Change	-2.02%	-2.26%	-2.76%	-1.53%	1.68%	8.38%	7.43%	11.54%	17.01%
600	Current	\$ 75.71	\$ 560.36	\$ 821.48	\$ 965.40	\$ 1,099.04	\$ 1,248.92	\$ 1,290.04	\$ 1,484.04	\$ 1,872.04
	Proposed	\$ 73.97	\$ 547.16	\$ 798.92	\$ 839.32	\$ 1,108.76	\$ 1,316.76	\$ 1,372.76	\$ 1,636.76	\$ 2,164.76
	Change	-2.30%	-2.36%	-2.75%	-1.66%	1.16%	6.43%	6.41%	10.29%	16.64%
700	Current	\$ 88.91	\$ 605.16	\$ 886.28	\$ 1,000.20	\$ 1,140.84	\$ 1,293.72	\$ 1,334.84	\$ 1,528.84	\$ 1,916.84
	Proposed	\$ 84.88	\$ 590.80	\$ 842.56	\$ 882.96	\$ 1,152.40	\$ 1,350.40	\$ 1,416.40	\$ 1,680.40	\$ 2,208.40
	Change	-2.34%	-2.37%	-2.74%	-1.72%	1.01%	5.16%	6.11%	9.91%	15.21%
850	Current	\$ 103.71	\$ 672.36	\$ 933.48	\$ 1,067.40	\$ 1,208.04	\$ 1,360.92	\$ 1,402.04	\$ 1,596.04	\$ 1,984.04
	Proposed	\$ 101.25	\$ 658.28	\$ 908.04	\$ 1,048.44	\$ 1,217.88	\$ 1,425.88	\$ 1,481.88	\$ 1,745.88	\$ 2,273.88
	Change	-2.37%	-2.39%	-2.73%	-1.78%	0.81%	4.77%	6.69%	8.39%	14.61%
1000	Current	\$ 120.51	\$ 739.56	\$ 1,000.68	\$ 1,134.60	\$ 1,275.24	\$ 1,426.12	\$ 1,469.24	\$ 1,663.24	\$ 2,051.24
	Proposed	\$ 117.61	\$ 721.72	\$ 973.48	\$ 1,113.68	\$ 1,283.32	\$ 1,491.32	\$ 1,547.32	\$ 1,811.32	\$ 2,339.32
	Change	-2.41%	-2.41%	-2.72%	-1.83%	0.63%	4.43%	5.31%	8.90%	14.04%
1357	Current	\$ 162.49	\$ 907.48	\$ 1,168.60	\$ 1,302.52	\$ 1,443.16	\$ 1,596.04	\$ 1,637.16	\$ 1,831.16	\$ 2,219.16
	Proposed	\$ 158.56	\$ 885.52	\$ 1,137.28	\$ 1,277.68	\$ 1,447.12	\$ 1,655.12	\$ 1,711.12	\$ 1,975.12	\$ 2,503.12
	Change	-2.42%	-2.42%	-2.68%	-1.91%	0.27%	3.70%	4.62%	7.88%	12.80%
1500	Current	\$ 179.31	\$ 874.78	\$ 1,235.88	\$ 1,369.80	\$ 1,510.44	\$ 1,663.32	\$ 1,704.44	\$ 1,898.44	\$ 2,286.44
	Proposed	\$ 174.96	\$ 851.12	\$ 1,202.88	\$ 1,343.28	\$ 1,512.72	\$ 1,720.72	\$ 1,776.72	\$ 2,040.72	\$ 2,588.72
	Change	-2.43%	-2.43%	-2.67%	-1.94%	0.15%	3.48%	4.24%	7.49%	12.36%
1980	Current	\$ 235.76	\$ 1,200.56	\$ 1,481.88	\$ 1,596.60	\$ 1,738.24	\$ 1,889.12	\$ 1,930.24	\$ 2,124.24	\$ 2,512.24
	Proposed	\$ 230.02	\$ 1,171.36	\$ 1,423.12	\$ 1,583.52	\$ 1,732.96	\$ 1,940.96	\$ 1,986.96	\$ 2,200.96	\$ 2,788.96
	Change	-2.43%	-2.43%	-2.64%	-2.01%	-0.19%	2.74%	3.46%	6.44%	11.01%
3000	Current	\$ 355.71	\$ 1,980.36	\$ 1,941.48	\$ 2,075.40	\$ 2,216.04	\$ 2,366.92	\$ 2,410.04	\$ 2,604.04	\$ 2,992.04
	Proposed	\$ 347.01	\$ 1,839.32	\$ 1,891.08	\$ 2,031.48	\$ 2,200.92	\$ 2,408.92	\$ 2,464.92	\$ 2,728.92	\$ 3,258.92
	Change	-2.45%	-2.44%	-2.60%	-2.12%	-0.68%	1.68%	2.28%	4.60%	8.66%