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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-15-98

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by West Kootenay Power Ltd.
for Approval of its Rate Design and New Service Options Application
Alternative Dispute Resolution Process

BEFORE: L.R. Barr, Deputy Chair)
K.L. Hall, Commissioner) January 29, 1998

O R D E R

WHEREAS:

- A. On September 2, 1997, pursuant to Section 61 of the Utilities Commission Act, West Kootenay Power Ltd. ("WKP") applied to the Commission for approval to amend its Rate Schedules in accordance with its Rate Design and New Service Options Application ("the Application"); and
- B. By Order No. G-97-97, the Commission held a Pre-Hearing Conference on October 9, 1997, at which time procedural matters, including the appropriate process and schedule for disposing of the Application, were discussed; and
- C. Commission Orders No. G-104-97 and G-116-97 set down a Regulatory Timetable for the disposition of the Application including an allowance for a process of Alternative Dispute Resolution ("ADR"); and
- D. On December 10 to 12, 1997, in Trail, B.C., the Application was reviewed by participants by way of an ADR; and
- E. On December 17, 1997, the Terms of a Proposed Settlement Agreement ("the Agreement") were circulated to all participants. Participants responded to the Agreement and suggested certain refinements to the Agreement. On December 30, 1997, the Agreement was sent to all Registered Intervenor along with the suggested refinements. The Registered Intervenor were given until January 16, 1998 to comment on the Agreement; and
- F. A number of intervenors commented on several aspects of the Settlement Agreement; and

G. The Commission has reviewed the proposed Settlement Agreement, including the suggested amendments, and finds that its approval, as amended, is in the public interest.

NOW THEREFORE, the Commission orders as follows:

1. The Commission approves for WKP the changes proposed in the WKP Rate Design and New Service Options Application as varied by the amended Settlement Agreement. The Commission's Reasons for Decision are attached as Appendix A. The amended Settlement Agreement is attached as Appendix B.
2. WKP is to comply with all the terms and conditions of the Settlement Agreement as amended by the Commission.
3. WKP is to inform all customers of the Settlement Agreement and Rate Design determinations by way of a customer notice.
4. WKP is to file with the Commission, Electric Tariff Rate Schedules and Terms and Conditions for acceptance in accordance with the Reasons for Decision, Negotiated Settlement and this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of February, 1998.

BY ORDER

Original signed by:

Lorna R. Barr
Deputy Chair

Attachments

**West Kootenay Power Ltd.
Rate Design and New Service Options Application**

REASONS FOR DECISION

1.0 BACKGROUND

In response to the British Columbia Utilities Commission ("BCUC", "the Commission") Order No. G-42-97, on September 2, 1997, West Kootenay Power Ltd. ("WKP", "the Utility") filed a Rate Design and New Service Options Application ("the Application") for approval by the Commission. The Application requested approval of certain shifts in the collection of the revenue requirement amongst customer classes, changes to the structure of the rates of some customer classes, and the introduction of optional Time Of Use ("TOU") and Green Power rates. WKP requested that the proposed adjustments to existing rates be accomplished over three years, effective the first day of the years 1998, 1999 and 2000.

Specifically, the Application asked that the Commission approve increases to the rates of the Residential and Irrigation customer classes and offsetting decreases to the rates of the General Service, Large General Service - Primary, Large General Service - Transmission, Wholesale - Primary, Wholesale - Transmission and Lighting customer classes. With respect to the rate structure changes, WKP asked that the Commission modify the Residential, Large General Service - Primary, Wholesale - Primary, and Wholesale - Transmission class rate structures to ensure that each customer class rate consisted of a fixed customer charge, a flat energy charge and a flat demand charge, where appropriate. With respect to General Service, WKP asked that the Commission approve a fixed customer charge, a declining block two-stage energy charge and a flat demand charge. Finally, WKP asked that current industrial customers be merged with the Large General Service rate class with appropriate cost based discounts recognizing supply voltage and metering arrangements. This class would be known as the Large General Service - Transmission and would also consist of a fixed customer charge, a flat energy charge and a flat demand charge.

Commission Orders No. G-104-97 and G-116-97 established a Regulatory Timetable for the disposition of this Application including an allowance for a process of Alternate Dispute Resolution or Negotiated Settlement. Settlement Proceedings were held December 10 - 12, 1997. As a result of these negotiations, which were attended by Commission staff, representatives of the utility as well as representatives from several Registered Intervenor groups, a proposed settlement agreement was reached.

On December 17, 1997, Commission staff sent a letter to all parties who had actively participated in the negotiations. This letter set out the proposed settlement agreement with respect to the WKP Rate Design and New Service Options Application, as Commission staff understood it. The letter invited the

Settlement Participants to provide a communication of endorsement for this proposal by December 24, 1997 and stated that the Settlement Agreement would be made public and provided to the Commission and all interested parties at that time.

Among the Settlement Participants, only the Consumers' Association of Canada (B.C. Branch) et al. ("CACBC(B.C.) et al.") conditioned its support on changes to the existing settlement agreement document. The changes put forward by the CACBC(B.C.) et al. generally expanded wording to clarify the discussions that took place during the settlement proceedings. However in the area of TOU rates, the CACBC(B.C.) et al. proposed changes that strengthened the commitments of WKP. As well, CACBC(B.C.) et al. proposed to add an example of how that commitment might be met.

On December 30, 1997, Commission staff sent out another letter to all Registered Intervenor, enclosing the letters of endorsement and comment and inviting all parties to review and comment on the Negotiated Settlement Proposal by Friday, January 16, 1997. In addition, Settlement Participants were asked to comment specifically on the TOU amendments suggested by the CACBC(B.C.) et al. This Commission staff letter was provided to the Commission Panel along with the Negotiated Settlement Proposal and the initial letters of endorsement and comment. Letters in response to the December 30, 1997 Commission staff letter were also provided to the Commission Panel as they were received.

2.0 GREEN POWER PROPOSAL

In its Application, WKP proposed an optional Green Power rate whereby participating customers would pay a premium of 1.5 cents per kW.h, to have WKP purchase market energy generated by environmentally desirable technologies. The premium, which would be levied against a participating customer's entire kW.h consumption, reflects the Utility's current best estimate of the incremental cost of green power. However, the Utility recognized that the size of the premium might need to be adjusted from time to time depending on market conditions for green power (Application, Tab 3, page 27).

WKP proposed that green resources be limited to (i) small run of river hydro - less than 20 MW, (ii) geothermal, (iii) solar, (iv) wind and (v) biomass. Initially, WKP anticipated that the Green Power resources would be purchased from markets outside of the WKP service territory; however, the Utility recognized that, in the longer run, the premiums collected as part of the green power rate might be used to justify long term commitments to local developers of green facilities (Application, Tab 3, page 26). The administrative costs of the green power program would not be funded from the premiums. Instead, these costs - which are expected to be minimal - would be borne by all WKP customers (BCUC IR#2-Q13).

The proposed settlement agreement indicates that there is general support for the concept of optional Green Power rates; however, modifications to the Utility's proposal are required to make it acceptable to the settlement participants. For example, the Commission notes that the settlement agreement document accepts as green power only run-of-river hydro that is less than 5 MW, instead of the 20 MW limit proposed in the Application. In addition, the Commission notes that the settlement agreement proposal makes specific reference to differential billing, a concept which was not part of the original Application.

As indicated above, in its letter dated December 24, 1997, the CACBC(B.C.) et al. proposed that the second paragraph under the heading Green Power, General Statement, should be amended as follows: "WKP will bring forward a specific proposal for review by those parties that participated in the settlement negotiations. These parties will review the proposal prior to it being submitted to the Commission for approval and then taken to market."

In response to this suggestion, the Utility indicated that the proposed change was acceptable provided that the last sentence of this paragraph was not eliminated. WKP stated that it believed that the intent of the participants to the settlement proceedings was to create a policy advisory committee that would review issues that may arise from time to time after the effective date of the Green Power rate. The Utility was concerned that recognition of this desire not be eliminated.

In contrast, B.C. Hydro opposed the wording changes, stating that it seemed to imply that the Registered Intervenor who were not present at the settlement negotiations would be deprived of the opportunity to review the specific proposal.

In the Commission's view, the wording changes proposed by the CACBC(B.C.) et al. with respect to green power are acceptable, provided the words "and then taken to market" are eliminated. The inclusion of these words would seem to imply that the proposal will be taken to market regardless of the Commission's determination with regard to the proposal. By eliminating the last five words, the Commission's power to determine the acceptability of any proposal is made clear. The Commission does not agree with B.C. Hydro's view that inclusion of the wording change, as altered by the Commission, will deprive Registered Intervenor or other Interested Parties of their right to comment on a specific proposal. Instead, Registered Intervenor and other Interested Parties will continue to have the right to review and comment when the program is brought forward to the Commission for approval. Finally, the Commission is not convinced that it was the CACBC(B.C.) et al.'s intent to drop the original second sentence of this paragraph and, therefore, the Commission has retained it. This retention alleviates WKP's concerns that the policy advisory committee, which was agreed to during the negotiations, would be jeopardized if the original second sentence were deleted.

Columbia Power Corporation ("CPC") did not comment on the proposed CACBC(B.C.) et al. wording but suggested that the definition of green resources be broadened to include adding generation units to existing dams and upgrading existing hydroelectric power plants with no reservoir expansions. Further, CPC suggested that the B.C. Ministry of Environment Lands and Parks should also have authority to certify green power resources.

The Commission is of the view that the settlement agreement document contains an adequate definition of green power and does not accept the changes proposed by Columbia Power Corporation.

The Kootenay-Okanagan Electric Consumers Association generally endorsed the proposed settlement agreement but indicated that if a green power program were to be successful it would need to be accompanied by a net billing program. Although the Commission is aware that there are parties who believe that net billing is a fundamental component of any green power program, the Commission is concerned that any net billing program address issues related to the different quality of power (e.g., reliability at peak) that may be available from suppliers using net billing as opposed to more traditional utility supply.

Therefore, the Commission finds the proposed settlement agreement with respect to Green Power rates, as amended, acceptable. In reaching this determination, the Commission notes that the Green Power proposal is optional so that those parties who do not wish to participate in this program are not compelled to participate. Further, the Commission finds that the rules which will govern this program contain adequate protection for both participants and non-participants so that neither group should be exposed to undue risks.

3.0 TIME OF USE ("TOU") RATES

In its Application, WKP proposed optional TOU rates for every customer class except Lighting, for which TOU rates were not believed to be appropriate. The pricing periods were differentiated by time of year (winter, summer, shoulder months) as well as time of day (peak and non-peak hours), with the peak hours differing depending on the season.

The Application indicated that the dollar amounts of the TOU rates had been set so that if a participating customer's consumption pattern exactly matched the class load shape, the resulting annual TOU bill would be the same as if the customer were still on the flat rate. Nonetheless, WKP recognized that if sufficient customers switched to TOU rates, and altered their consumption patterns to achieve lower annual bills, there could be a negative impact on non-participating customers in the near term. Specifically, if on-peak

consumption were reduced, cost recovery in the near term would also be reduced, since some fixed costs were expected to be recovered in on-peak hours. However, to the extent that the on-peak consumption was reduced, new investment could be reduced or postponed, leading to lower costs in the longer term. To limit near term impacts, WKP proposed to limit the annual incremental customer participation in each class to 5% per annum of the previous year's total load for that customer class.

In order to prevent possible gaming by customers, the Application stated that customers wishing to use the TOU rates were required to remain in the program for at least 12 consecutive months and their entire load had to be taken under the TOU rates. In addition, WKP reserved the right to limit participation only to those customers whose load factor was adequate to ensure that costs could be recovered.

As in the case of green power, the proposed settlement agreement indicates that there is general support for the concept of optional TOU rates although certain improvements to the Utility's proposal are outlined in the settlement agreement proposal. For example, the settlement agreement proposal specifically recognizes that targeted DSM Programs and customer information programs are complementary to TOU. Similarly, the settlement agreement proposal states that WKP will work with customers expressing an interest in TOU rates in an effort to develop a TOU rate that is customized for the load profile of that customer.

In its letter commenting upon the proposed settlement agreement, the CACBC(B.C.) et al. suggested that the paragraph following the heading 'General Statement' be modified to read "WKP will develop and implement measures to address financial barriers to participation, especially in the residential market, in time for the introduction of the TOU rate April 1, 1998. An example of a mechanism that would meet the minimum criteria for removing barriers would be one which enables customers to pay for the incremental cost of TOU metering, installation and sealing out of the monthly bill savings with the TOU rates."

In response to this suggestion, WKP suggested that the changes proposed by the CACBC(B.C.) et al. should be an additional paragraph and that the phrase "measures to address financial barriers to participation, especially in the residential market" should be replaced with "a measure to address financial barriers to participation in the residential market" since it expected that only an installment payment program for residential customers would be ready for implementation prior to April 1, 1998. With respect to the example proposed by the CACBC(B.C.) et al., WKP stated that the phrase "out of the monthly bill savings with TOU rates" should be replaced with "by an installment plan program" since there may not be sufficient savings to repay the incremental costs of TOU metering, installation and sealing. In contrast, the Natural Resource Industries suggested that the example not be included since it might lead WKP to believe that this was the only barrier to participation that needed to be addressed. The Kootenay-Okanagan Electric Consumers Association also suggested that the example proposed by the CACBC(B.C.) et al. not be included in the settlement agreement document.

In the Commission's view, only some of the wording changes proposed by the CACBC(B.C.) et al. are acceptable. Specifically, the Commission rejects the CACBC(B.C.) et al.'s proposed example on the grounds that its illustrative value is minimal and is outweighed by the risk that the suggested measure will be interpreted as the limit of the Utility's responsibilities in this area. However, the Commission does not accept the wording change proposed by WKP which would have 'measures to address financial barriers' replaced by 'a measure to address financial barriers'. While the Commission recognizes that it may be difficult for WKP to come forward with more than one measure in time for the introduction of the TOU rate, i.e., April 1, 1998, the Commission does not believe that a single measure will necessarily be sufficient in the entire time frame covered by the proposed settlement agreement. The tone of the settlement agreement document indicates that it was the intent of participants to ensure that WKP address financial barriers to more than one customer class and on an on-going basis. Accordingly, the Commission accepts the following wording: "WKP will develop and implement measures to address financial barriers to participation, especially in the residential market, in time for the introduction of the TOU rate April 1, 1998".

Therefore, the Commission finds the proposed settlement agreement with respect to TOU rates, as amended, acceptable. In reaching this determination, the Commission notes that the TOU rate proposal is optional so that those parties who do not wish to participate in this program are not compelled to participate. Further, although the Commission recognizes that the program results in a possible negative impact on non-participants in the short term, it accepts that the program has the potential to generate offsetting long term benefits for all customers. Further, the Commission finds that the rules that will govern this program limit the risks for both participants and non-participants so that neither group should be exposed to undue risks.

4.0 RATE DESIGN

As indicated in the 'Background' section to this Decision, WKP asked that the Commission approve increases to the rates of the Residential and Irrigation customer classes and offsetting decreases to the rates of the General Service, Large General Service - Primary, Large General Service - Transmission, Wholesale - Primary, Wholesale - Transmission and Lighting customer classes. With respect to rate structure, WKP asked that the Commission modify the Residential, Large General Service - Primary, Wholesale - Primary, and Wholesale - Transmission class rate structures to ensure that each customer-class rate consisted of a fixed customer charge, a flat energy charge and a flat demand charge, where appropriate. With respect to General Service, WKP asked that the Commission approve a fixed customer charge, a declining block two-stage energy charge and a flat demand charge. WKP stated that the two-

stage energy charge was required to ensure articulation of the rates used to serve small and larger General Service customers (BCUC IR#1-Q6). Finally, WKP asked that current industrial customers be merged with the Large General Service rate class with appropriate cost-based discounts recognizing supply voltage and metering arrangements. This class would be known as the Large General Service - Transmission class and would also consist of a fixed customer charge, a flat energy charge and a flat demand charge. In making this request, WKP noted that the Industrial Rate Class had been intended to serve large, high load factor customers and that the current industrial customers did not fit these criteria well (Application, Tab 3, page 7).

Unlike the cases of Green Power and TOU rates, where the settlement agreement proposal indicates general support for the Utility's proposal, in this case, the settlement agreement proposal makes clear that the agreement reached was made on the understanding that it does not imply support for, or agreement with, any particular rate design policies or principles. Instead, the settlement agreement proposal is restricted to indicating the specific agreement reached with respect to Revenue Requirement shifts and Rate Design.

In its letter, the CACBC(B.C.) et al. indicated that, under the heading Revenue Requirement Shifts, the settlement agreement document wording should be changed to the following: "It was agreed that revenues from residential customers would increase by 1 percent for each of the next three years". Under the heading Rate Design, the CACBC(B.C.) et al. suggested that the last paragraph should be extended to include the following: "The combined effect of the increase in the residential customer charge and the residential commodity charge will be the overall increase of 1 percent in revenues from residential customers for each of the next three years."

No parties took exception to the proposed wording changes.

The Commission notes that the settlement agreement proposal results in a smaller shift in the revenue requirement amongst customer classes than that which was proposed by the Utility. The revenue requirement shifts are acceptable to the parties involved and the Commission also finds that they are acceptable. In addition, the Commission accepts the proposed wording changes but specifies that it understands the wording to mean that revenues from residential customers, from the composite of the customer and energy charges, will increase by 1 percent per year for each of three years, beginning January 1, 1998, exclusive of customer growth.

With respect to the rate design changes, the Commission accepts that the settlement agreement document does not indicate acceptance by any of the parties of any particular rate design policies or principles. However, on the basis of the information presented in the Application and in response to the Information

Requests, the Commission finds that there is sufficient evidence to provide a reasonable basis for the proposed changes. Accordingly, the Commission approves the changes as set out in the Application and modified by the settlement agreement proposal.

The Commission also notes that WKP has moved from the use of the term 'basic charge' and has replaced it with 'customer charge'. The Commission understands that WKP believes this wording more accurately reflects the costs which are to be recovered in this portion of the rate. On this basis, the Commission accepts the change in terminology.

Therefore, the Commission finds the proposed settlement agreement with respect to Rate Design, as amended, acceptable.

Therefore, in summary, the Commission approves the changes proposed in the WKP Rate Design and New Service Options Application as varied by the amended Settlement Agreement.

The amended Settlement Agreement is attached to these Reasons for Decision as Appendix B.

AMENDED SETTLEMENT AGREEMENT

The terms of the Settlement are as follows:

1. Green Power

General Statement

There was general support for the concept of green power although it was recognized that more information would be desirable before certain aspects of the program could be more fully developed. It was generally felt that the program should be kept simple, should achieve choice for customers within practical limits, acquire resources locally to the greatest extent possible, and green power would be enhanced if tax credits for participation were available. It was also agreed that WKP would offer the green power program to street lighting customers who requested it.

WKP will bring forward a specific proposal for review by those parties that participated in the settlement negotiations. These parties will review the proposal prior to it being submitted to the Commission for approval. In addition, WKP will establish a policy advisory committee, made up of local knowledgeable people, to advise it on green power.

What Qualifies as a Green Power Option?

An acceptable green power option may start with qualifying for the Environment Canada ECOlogo but some accommodation must be made to reflect choices which are most appropriate for British Columbia. Longer term commitments will require specific Commission approval at which time their eligibility as a green project will be examined. WKP will limit green resources to i) small run of river hydro - less than 5 MW; ii) geothermal; iii) solar; iv) wind; and v) biomass. Preference will be given to small local projects. Green power does not include DSM.

As long as a green power option otherwise fits the criteria for green power, WKP will buy first within its service area, second within B.C. and third within western Canada. Differential billing was identified as a method of achieving this local resource goal; however, participants emphasized that suppliers should bear all costs associated with this supply, including time of use metering. In addition, WKP should not be obligated to pay more for these supplies than the sum of the value of the electricity and the green power premium. Issues affecting differential versus net billing will be reviewed after the initial three-year period.

Program Design

Within the initial three-year period, or until application is made by any interested party that this be changed, it was generally accepted that administrative costs would be borne by all WKP customers and not solely by those customers using the green power option.

There was general acceptance of the 1.5 cent premium as a starting point with the provision that the company would monitor the premium on an on-going basis to see if it was appropriate. It was recognized that adjustments might be required to reflect costs of green power. Any changes would need to be approved by the Commission. It was agreed that the company would attempt to establish pilot projects to explore specific elements of green power where it was felt that the program could be sub-divided without substantial loss of efficiency.

It was agreed that to the extent allowed by the billing system, customer choice would be enhanced if customers were allowed to purchase a portion, rather than all, of their load as green power. It was agreed that this option should be adopted at both the wholesale and smaller customer class level. In addition, it was suggested that WKP offer green power certificates at a set fee with the money raised added to the green power pool.

Rules Surrounding Green Power

It was agreed that WKP should file a semi-annual report on green power rate usage. This report should show how much money was collected and how much money was spent over the period. Where possible, the Company should endeavor to spend or commit the money collected within one year of its being collected. The Commission may direct WKP to spend or return to customers any excessive accumulation of funds.

The semi-annual report should contain specific information on the manner in which the green power market is developing to ensure that the WKP program is not compromising the potential for future green power market.

WKP should send a bill stuffer to participating customers on a semi-annual basis showing how much money was collected, how the money was spent over the period and the number of kilowatt hours paid for and the number supplied.

It was identified that there was a potential value to emission offsets and that in principle this value should accrue to the customers who paid for them. It is recognized that in the case of the non-

industrial classes, this would likely take the form of WKP disposing of these assets and returning these moneys to green power customers through rates or re-investment in more green power. In the case of industrial customers, it may involve the direct transfer of title to these offsets. WKP recognizes that it can not use these offsets to comply with any regulation otherwise imposed upon it by government.

Affected parties may bring forward to the Commission any areas of concern with respect to this program at any time.

2. Time of Use Rate

General Statement

There was general support for the time of use rates ("TOU") proposed in the Application. However, it was recognized that TOU might be designed to better enable customers to participate and at the same time ensure system benefits. Such design improvements might better target behavior or usage characteristics that would result in system and environmental benefits. Targeted DSM Programs and customer information programs were recognized as being complementary to TOU. WKP will develop and implement measures to address financial barriers to participation, especially in the residential market, in time for the introduction of the TOU rate April 1, 1998.

Recommendation to Approve the TOU

The TOU as found in the Application is recommended for approval effective April 1, 1998. WKP, together with the DSM Incentive Committee, will develop DSM programs including capacity related DSM measures to complement the TOU rate. Such targeted DSM programs will be implemented as soon as practicable.

WKP will develop and implement a customer information and marketing program with the objectives of raising customer awareness, particularly residential and irrigation customer awareness, and enabling customers to make an informed choice. Such customer information program should commence prior to April 1, 1998. The cost of the customer information and marketing programs will be held in a deferral account for recovery in rates. Customers requesting specific information on their loads will bear the cost of that information including metering costs.

As per the Application, the incremental cost of TOU metering will be borne by each participating customer. The cost of meter installation will be the standard charge for disconnection and

reconnection of meters and will also be borne by the participating customer. The incremental cost of sealing will be borne by all customers. If a customer switches from a TOU rate to the Standard Rate, WKP will refund the incremental cost of the meter to the customer.

Refinements and Customized TOU Rates

During 1998, WKP will work with customers in an effort to develop refinements to the TOU rate. WKP will endeavor to obtain approval of such refinements effective January 1, 1999.

During 1998, WKP will work with customers expressing an interest in a TOU rate in an effort to develop a TOU rate that is customized for the load profile of that customer. The cost of additional metering required to develop the customized rate will be borne by the customer requesting the rate. Other costs to obtain load data will be borne by all customers. The earliest effective date of customized TOU rates will be January 1, 1999.

3. Rate Design

General Statement

The following settlement agreement with respect to Rate Design was made on the understanding that it does not imply support for or agreement with any particular rate design policies or principles. Accordingly, the settlement agreement has no implications for any future rate design positions which may be put forward by any party to the settlement.

Revenue Requirement Shifts

It was agreed that revenues from residential customers would increase by 1 percent for each of the next three years.

The increased revenues from residential customers are to be applied to other customer classes as shown in the following table.

<u>Customer Class</u>	<u>Adjustment</u> <u>(000's \$)</u>
Residential (1)	(1,568)
General Service (20, 21)	437
Large General Service - Primary (30)	140
Large General Service - Transmission (31)	267
Wholesale - Primary (40)	338
Wholesale - Transmission (41)	361
Lighting (50, 51)	25
Irrigation (60)	-
Total:	-

Rate Design

The specific rate designs shown in the Application are accepted with the following exception. The residential customer charge is to increase from its current level by \$0.50 per month in the first year and increase to \$15.00 (net) on a bi-monthly basis by the third year. It was recognized that the revenue which would have been collected through the proposed higher residential customer charge would instead be collected through a higher residential commodity charge. The combined effect of the increase in the residential customer charge and the residential commodity charge will be the overall increase of 1 percent in revenues from residential customers for each of the next three years.