

Direct Testimony and Schedules
Phillip J. Zins

Before the North Dakota Public Service Commission
State of North Dakota

In the Matter of the Application of
Northern States Power Company, a Minnesota Corporation

For Authority to Increase Rates for
Electric Service in North Dakota

Case No. PU-07-710
Exhibit 16

Class Cost of Service Analysis
and
Selected Rate Design

December 7, 2007

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1 I. INTRODUCTION AND QUALIFICATIONS

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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Phillip J. Zins. My business address is 414 Nicollet Mall, 5th Floor, Minneapolis, Minnesota, 55401.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

A. I am employed by Xcel Energy Services Inc., which is the service company subsidiary of Xcel Energy Inc. My title is Manager, Pricing and Planning.

Q. FOR WHOM ARE YOU TESTIFYING?

A. I am providing testimony on behalf of Northern States Power Company, a Minnesota corporation ("Xcel Energy" or the "Company"), operating in North Dakota.

Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

A. A statement of my qualifications and experience is provided in Schedule 1, of Exhibit____(PJZ-1).

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to present the Company's proposed class cost of service study ("CCOSS"), the Company's rate design objectives, and selected portions of the Company's proposed rate design. Mr. Steve Huso will present the remainder of the Company's proposed rate design changes.

With respect to the CCOSS, the Company has provided two versions. The first is that proposed by the Company for use as the guide to designing rates

1 and is described in more detail below. The second version is essentially the
2 same as the first except the "Demand-Billed Commercial and Industrial" class
3 is separated into "small" and "large" sub-groups. Small is defined as all
4 customers with a maximum demand of less than 1.0 MW and large is defined
5 as all customers with maximum demand of 1.0 MW or greater.

6
7 This second version of the CCOSS is provided in response to the North
8 Dakota Public Service Commission's ("NDPSC" or "Commission") Finding
9 number 172 on page 33 of its December 15, 1992 Order in Case No. PU-400-
10 92-399.

11
12 Q. MR. ZINS, PLEASE LIST EACH OF THE COST OF SERVICE AND RATE DESIGN
13 TOPICS YOU WILL ADDRESS IN YOUR TESTIMONY.

14 A. The topics I will address are as follows:

- 15 • Rate Design Objectives
- 16 • Class Cost of Service Studies
 - 17 ○ Proposed Version
 - 18 ○ Compliance Version
- 19 • Selected Rate Design Revisions
 - 20 ○ Voltage Discounts
 - 21 ○ Fuel Clause/Cost Rider ("FCR")
 - 22 ○ Miscellaneous Tariff Consolidations or Eliminations
 - 23 ○ Distributed Generation Interconnection Procedures
 - 24 ○ General Rules and Regulations

25
26 Q. WHAT EXHIBIT AND SCHEDULES ARE YOU SPONSORING IN THIS FILING?

27 A. I'm sponsoring Exhibit____(PJZ-1), which contains the following Schedules:
28 Schedule 1, Statement of Qualifications and Experience
29 Schedule 2, Proposed Class Cost of Service Study
30 Schedule 3, Guide to Embedded Class Cost of Service Study

- 1 Schedule 4, Compliance Class Cost of Service Study
- 2 Schedule 5, Voltage Discount Cost Analysis
- 3 Schedule 6, One-Part Fuel Clause Rider – Class Ratio Calculation
- 4 Schedule 7, Distributed Generation Interconnection Manual
- 5 Schedule 8, General Rules & Regulations – Cost Analysis

6

7

II. RATE DESIGN OBJECTIVES

8

9 Q. WHAT ARE THE COMPANY’S OBJECTIVES WHEN DEVELOPING ITS ELECTRIC
10 RATE STRUCTURE?

11 A. The Company’s basic electric rate design objectives can be summarized as
12 follows:

- 13 1. Yield total revenues equal to the test year (“TY”) revenue requirements
14 and thereby, provide a reasonable opportunity for the Company to earn
15 its authorized return on investment.
- 16 2. Accurately reflect the resource costs of providing service and where
17 appropriate, reflect the market value of the service provided.
- 18 3. Provide sufficient flexibility in pricing and associated service-conditions
19 so the Company’s electric service remains competitive in the broader
20 energy market.
- 21 4. Achieve the associate objectives of maintaining reasonable rate-
22 continuity, customer understanding, revenue stability and administrative
23 practicality.

24

25

26

27

1 A. Historically, the Company's CCOSS included a number of "sub-group"
2 categories within the classes of service. The substantial additional complexity
3 and detail associated with these several sub-groups is not useful in developing
4 the basic rate structure so the Company has simplified the CCOSS by
5 consolidating them into their respective primary classes of service.

6
7 The Company's rate structure has been, and continues to be developed
8 around four primary cost of service classes. They are Residential, Small
9 Commercial Non-Demand, Commercial & Industrial ("C&I") Demand and
10 Street Lighting. Within the C&I Demand class, where there are service-
11 voltage options, the distribution-system cost differences are accounted for in
12 the design through rate discounts for customers served at primary or higher
13 voltages. These service-voltages options are secondary, primary (which
14 includes transmission transformed service) and transmission.

15
16 Q. MR. ZINS, PLEASE DESCRIBE THE SPECIFIC SUB-GROUP CONSOLIDATIONS
17 THAT HAVE BEEN MADE.

18 A. The Residential class is a consolidation of the former "With" and "Without"
19 space-heating sub-groups, as well as the specialized Residential "Load
20 Management" rates. The Commercial Non-Demand class remains the same
21 except it includes the non-demand Small Municipal Pumping Service. The
22 C&I Demand class is a consolidation of the "Small" and "Large" as well as
23 the "Firm" and "Interruptible" sub-groups. It also includes the demand-
24 billed Municipal Pumping Service. Finally, Street & Area Lighting, which had
25 been made up of three sub-classes (Leased, Purchased and Automatic
26 Protective Lighting), has been consolidated into one class

27

1 **Interruptible Capacity-Cost-Accounting**

2 Q. WHAT CHANGE WAS MADE REGARDING INTERRUPTIBLE CAPACITY-COST-
3 ACCOUNTING?

4 A. In this revised CCOSS, the rate discounts associated with interruptible rates
5 are accounted for differently from past practice for the following reasons.

6
7 The economic essence of a utility's "obligation to serve" is to provide low-
8 cost reliable firm service. The "interruptible service" is in reality, firm service
9 with an after-the-fact contract provision, through which the utility has the
10 option to buy back (from willing customers) all or part of their "regulatory
11 entitlement" to firm service. The resulting capacity purchase transactions
12 occur when, and if, doing so is a cost-effective source of peaking capacity.
13 This means the "interruptible rate discounts" are really power supply costs,
14 and should be recognized as such in the CCOSS.

15

16 Q. HOW WAS THIS CHANGE REFLECTED IN THE CCOSS?

17 A. To accomplish the change in interruptible capacity-cost-accounting, the
18 Company has added two more lines to the CCOSS format. Line 6, labeled
19 "Firmed Up Revenue," shows the difference between the firm and
20 interruptible rates, which identifies the amount of the discounts and the
21 classes from which they originate. And, Line 7, labeled "Interruptible
22 Capacity Cost," shows how this interruptible-capacity cost is allocated to the
23 classes, using the applicable capacity cost allocation factor.

24

25 **Energy Cost Allocation**

26 Q. PLEASE DESCRIBE THE REFINEMENT IN THE ENERGY COST ALLOCATION.

1 A. The energy cost allocator used in this CCOSS is conceptually the same as has
2 been used in previous cases but has been refined to more precisely reflect
3 class cost responsibilities.

4
5 The energy allocator from the Company's previous studies (referred to as
6 "E20") was based on the system on- and off-peak marginal energy cost ratio
7 as well as the class on- and off-peak use percentages. It was calculated using
8 the time-variant data then available, which was simple two-period (on- and
9 off-peak) marginal cost and class use data. Now, however, we have more
10 detailed marginal cost data for the system and corresponding load pattern
11 data by class. We also have better computer capabilities, so it is now practical
12 to develop a similar allocator but one that makes use of data from all 8,760
13 hours of the year as compared to the previous two-period method. The result
14 is a more precise version of the previous "E20" allocator, which has been
15 labeled "E8760."

16
17 **Seasonal Split of Generation Capacity Costs**

18 Q. MR. ZINS, PLEASE EXPLAIN WHAT GENERATION CAPACITY COSTS ARE, AND
19 DESCRIBE HOW THEY HAVE BEEN SEASONALIZED?

20 A. As in previous CCOSSs, the fixed generation costs have been "stratified" into
21 "capacity-related" and "energy-related" portions. The capacity-related
22 portion is then "split" into summer and winter components and allocated to
23 the classes based on their respective contributions to the system's seasonal-
24 peak loads.

25
26 In the Company's last CCOSS this seasonal split was based on a ratio of
27 summer-to-winter system loads and was calculated as follows. The twelve

1 monthly system loads were grouped into the four-month summer season and
2 the eight-month winter season. Then the lowest of the twelve monthly peak
3 loads was subtracted from each of the monthly loads. The average of these
4 adjusted monthly loads, for each season, were used to develop the seasonal
5 load ratio, which is used to “split” the capacity-related portion to the seasons.

6
7 Applying that method in this case, would result in a much heavier summer
8 weighting than occurred in the previous rate case. For this case, that method
9 would yield a summer-to-winter ratio of more than 5.8 to 1.0. That means
10 85% of capacity costs would be assigned to the four-month summer season
11 and just 15% assigned to the eight-month winter season.

12
13 Q. PLEASE EXPLAIN HOW THE COMPANY PROPOSES TO ADDRESS SEASONAL COST
14 ALLOCATION IN THIS CASE?

15 A. The choice of an appropriate method for allocating costs to seasons is
16 perhaps more problematic than other cost allocation questions, which are
17 already difficult. The challenge of this seasonal cost allocation issue is to
18 isolate the portion of monthly system loads that determines the capacity
19 portion of fixed generation costs. Then develop from that data the system’s
20 seasonal pattern and finally, calculate the class contributions to the seasonal
21 pattern.

22
23 Because the method used in the last rate case would assign an inappropriately
24 low 15% of the costs to winter peaks, the Company is proposing a refinement
25 to the method, which mitigates the problem. The Company is proposing to
26 subtract the average annual load (rather than the previously used minimum
27 monthly load) from each of the system’s twelve monthly peaks. Using the

1 average annual load is consistent with the Company's "stratification" process,
2 which is the basis for identifying the "capacity-related" portion of fixed
3 production costs. This refined method yields a ratio of about 2.96 to 1.00,
4 which means approximately 75% of peaking capacity cost is assigned to the
5 summer season instead of 85%.

6
7 **Secondary Distribution Cost Allocation**

8 Q. MR. ZINS, PLEASE EXPLAIN WHY YOU MADE A CHANGE TO THE ALLOCATOR
9 APPLIED TO SECONDARY DISTRIBUTION COSTS?

10 A. In the Company's previous cost studies, all distribution costs were allocated
11 based on individual class shares of the total of all class peak loads (as
12 distinguished from system peak loads). This method for allocating
13 distribution costs is very common and is generally considered appropriate for
14 distribution system cost allocation, especially the costs of substations and
15 primary distribution facilities. The substations and primary facilities are at the
16 "up-stream" end of the distribution system where their size (and
17 corresponding cost) is driven by the total load of the classes (i.e. sum of class
18 peaks).

19
20 However, the appropriateness of this allocator for allocating secondary
21 transformers and secondary distribution lines is not as clear as it is for the
22 substations and primary facilities. Secondary facilities are at the "down-
23 stream" end of the system closer to the customer, where their size and cost
24 become driven by individual customer peak loads (sometimes referred to as
25 non-coincident peaks), as well as by the class peak loads.

26 Therefore, the Company is proposing to use a modified allocator for
27 secondary lines and secondary transformers. This modified allocator is a 50%

1 weighting of the class peak allocator and a 50% weighting of a customer peak
2 allocator. The customer peak allocation for a class is the sum of the
3 individual customer peak loads (billing demands) from that class, relative to
4 the sum of customer peak loads for all the classes.

5
6 **Secondary Service Line Cost Allocation**

7 Q. DESCRIBE THE PROPOSED CHANGE IN THE SECONDARY SERVICE ALLOCATOR.

8 A. This service cost allocation modification is a direct extension of the
9 modification of the secondary distribution cost allocation discussed above.
10 The traditional class peak allocator has also been used historically to allocate
11 the “capacity” portion (not the “customer” portion) of service line costs. A
12 service line is the conductor that extends from the secondary transformer (or
13 in some cases secondary distribution line) to the customer’s meter. For these
14 service line facilities, it is clear that the individual customer peak load
15 determines its size and associated cost. Therefore, in this cost study, the
16 Company is proposing to allocate the capacity cost portion of customer
17 service line facilities, based solely on the customer peak allocator described
18 above.

19
20 **General and Common Plant Allocation**

21 Q. PLEASE EXPLAIN THE REASON FOR THE CHANGES IN THE ALLOCATION OF
22 GENERAL AND COMMON PLANT.

23 A. Recent changes in the Company’s accounting system require a minor
24 modification in the way General and Common Plant is allocated. In the past,
25 both General and Common Plant were subdivided into System and Local
26 sub-components. Therefore, in an electric rate case, General Plant refers to
27 plant investment related only to the electric utility but which may be

1 associated with more than one of the service functions of production,
2 transmission, and distribution. Common Plant refers to the electric utility's
3 portion of investment that is common to both the electric and gas utilities but
4 likewise is associated with more than one of the functions of service. In the
5 past, the System and Local sub-categories were used to identify whether the
6 asset served the entire electric (and gas) system(s) or just local needs.

7
8 The Company's accounting system no longer distinguishes between System
9 and Local, and as a result, the allocation of General and Common plant will
10 change slightly. In the case of Common Plant, there is actually no effect
11 because the previous CCOSS individually allocated System and Local costs
12 with the same allocator that will now be applied to the total cost. That
13 allocator is the "internally generated" "PTD" factor, which is the sum of the
14 already allocated production, transmission & distribution original plant costs.
15 In the case of General Plant, the impact will be small. Previously the Local
16 portion of General Plant, which was nearly 70% of the total cost, was
17 allocated on the same PTD factor. Only the System portion, which was about
18 30% of the total, was allocated with the system peak factor (D10). Now the
19 total will be allocated on PTD.

20
21 Q. MR. ZINS HAS THE COMPANY PROVIDED ANY OTHER DOCUMENTS, WHICH
22 EXPLAINS HOW ITS CCOSS IS DEVELOPED?

23 A. Yes. The Company has provided a document titled "Guide to Embedded
24 Class Cost of Service Study." This document is included as Schedule 3 of
25 Exhibit No. ____ (PJZ-1). It provides a useful primer on how the CCOSS
26 was conducted, including the processes of cost functionalization, classification
27 and allocation. These basic processes are common to all embedded cost

1 studies. This Guide also describes how each of the cost allocation factors
 2 were developed and identifies which cost items each allocator is applied to.

3

4 Q. PLEASE SUMMARIZE THE RESULTS OF THE COMPANY'S PROPOSED CCOSS.

5 A. Table 1 below contains a summary of the information from the Company's
 6 proposed CCOSS contained in Schedule 2, of Exhibit___(PJZ-1). It indicates
 7 the cost responsibilities by class and the rate increase that would be necessary
 8 to provide an equal rate of return from each class.

9

Table 1					
Summary of <u>Proposed</u> Class Cost of Service Study					
<u>UNADJUSTED</u>	<u>Total</u>	<u>Residential</u>	<u>Non-Demand</u>	<u>Demand</u>	<u>Street Ltg</u>
Total Operating Revenues	167,714	65,649	11,874	88,367	1,825
Incr Late Pay & Misc Chrg	78	37	9	31	1
Retail Revenue Reqt	167,636	65,611	11,865	88,336	1,824
Present Rates	147,179	57,724	10,436	77,139	1,881
Deficiency	20,457	7,888	1,429	11,197	(56)
Defic / Pres	13.9%	13.7%	13.7%	14.5%	-3.0%
Ratio: (Class % / Total %)	1.00	0.98	0.99	1.04	-0.22
<u>ADJUSTED</u>					
Total Operating Revenues	171,498	66,890	12,153	90,620	1,835
Incr Late Pay & Misc Chrg	78	37	9	31	1
Retail Revenue Reqt	171,420	66,853	12,144	90,589	1,834
Present Rates	150,963	58,141	10,455	80,487	1,881
Deficiency	20,457	8,712	1,690	10,102	(46)
Defic / Adj Pres	13.6%	15.0%	16.2%	12.6%	-2.5%
Ratio: (Class % / Total %)	1.00	1.11	1.19	0.93	-0.18

10

1 Q. WHY HAVE YOU REFERRED TO “UNADJUSTED” AND “ADJUSTED” COST
2 RESPONSIBILITIES?

3 A. The unadjusted cost responsibilities are those that have historically been
4 indicated in the results of a CCOSS. The adjusted cost responsibilities are
5 those reflecting the Interruptible Capacity-Cost-Accounting Adjustment I
6 discussed earlier, which treats the interruptible rate discounts as a “capacity-
7 related power supply cost.” Doing so results in a “conceptual” increase in the
8 total revenue requirement for the “adjusted” CCOSS. This is the case because
9 these discounts (lost revenues) are a direct substitute for the peaking
10 generation costs that would otherwise have been incurred.

11

12 Q. MR. ZINS, HAS MARGINAL COST INFORMATION BEEN USED IN THE COMPANY’S
13 CCOSS AND/OR IN THE COMPANY’S PROPOSED RATE DESIGN IN THIS CASE.

14 A. Yes, there are two significant refinements in the Company’s CCOSS that
15 reflect the application of marginal costing concepts. The two refinements are
16 the “stratification” of fixed production costs and the application of the
17 Company’s “E8760” energy cost allocator.

18

19 Q. EXPLAIN WHAT “STRATIFICATION” OF FIXED PRODUCTION COSTS MEANS AND
20 HOW IT REFLECTS MARGINAL-COSTING CONCEPTS IN THE CCOSS.

21 A. Stratification is a reference to the technique the Company uses to separate
22 (“stratify”) fixed production costs into “capacity-related” and “energy-related”
23 portions, as I described above. The capacity-related portion includes all the
24 fixed costs of peaking plants but also a “peaking-plant-equivalent” portion of
25 the base-load plant costs. This “peaking-plant-equivalent” portion of base-
26 load plant costs is 15% to 30% of the total fixed costs of base-load plants.

27

1 After fixed generation costs are stratified, the capacity-related portion is
2 allocated using a traditional system demand (“D10C”) factor. But the
3 “energy-related” portion is allocated using the E8760 energy allocator
4 described above. This stratification and allocation process is “marginal-cost-
5 based” because the resulting class-cost-responsibilities and the corresponding
6 rates developed from these costs are comparable to those that would result
7 from a marginal-cost-based study.

8
9 Q. HOW ARE MARGINAL-COSTING CONCEPTS REFLECTED IN THE “E8760” AND
10 ITS APPLICATION TO ENERGY-RELATED COSTS?

11 A. The E8760 energy allocator, which I discussed earlier, is based on the
12 system’s marginal energy cost pattern and each class’s time-varying load
13 pattern. Its application to the “energy-related” fixed productions costs, as
14 well as the fuel and purchased energy costs, produces class cost
15 responsibilities (and resulting energy charges) that are comparable to those
16 that would result from a marginal-cost-based study.

17
18 Q. HOW HAS THE COMPANY USED MARGINAL COSTS DIRECTLY IN DESIGNING ITS
19 RATES?

20 A. The most significant direct application of marginal costs in the design of
21 the proposed rates can be seen in the proposed time of day (TOD) rates
22 and the high load factor energy charge credit, both of which Mr. Huso
23 discusses in his testimony. The Company relied on an analysis of the
24 system hourly marginal energy costs in developing both of these rate
25 design features. For purposes of background information, it is also
26 useful to understand that the Company has historically always used
27 marginal cost analysis as a primary guide in developing interruptible rate

1 programs and for evaluating their cost-effectiveness. The Company has
2 also used marginal cost information in establishing purchase power rates
3 offered to customers who are also small power producers.
4

5 **B. Compliance Class Cost Study**

6
7 **C.**

8 Q. HOW IS THE COMPLIANCE CCOSS DIFFERENT FROM THE COMPANY'S
9 PROPOSED CCOSS?

10 A. As I indicated earlier, the Compliance CCOSS is essentially the same as the
11 Company's Proposed CCOSS except the Demand-Billed C & I class, is
12 separated into "small" and "large" sub-groups. Small was defined as
13 customers with a maximum demand of less than 1.0 MW and large was
14 defined as customers with maximum demand of 1.0 MW or greater.
15

16 The rates available to Demand C & I customers have service provisions
17 designed to reflect differences in costs associated with (1) service voltage; (2)
18 time-of-use; (3) load factor; and (4) firm vs interruptible. The rates do not
19 (and need not) differentiate between customers based on size or type (i.e.
20 small vs. large or commercial vs. industrial). Therefore, any sub-group break
21 down, of the Demand C & I class in the CCOSS, such as small vs. large, is
22 neither necessary nor useful.
23

24 Q. PLEASE EXPLAIN HOW THE COMPANY CHOSE THE SMALL VS. LARGE SPLIT FOR
25 PURPOSES OF THIS COMPLIANCE CCOSS.

26 A. One of the problems associated with a sub-group break down based on size,
27 is deciding what is "small" and what is "large." For purposes of this
28 compliance CCOSS, the Company used 1.0 MW as the division point. This

1 number was chosen because it is the size-split used for statistical reporting in
2 the Company's FERC Form No. 1 Annual Report. However, it is important
3 to understand that there is no correct/best "small vs. large" division point.
4 Dividing the C & I Demand class using any size/load level (or by Commercial
5 vs. Industrial) is an arbitrary distinction, which does not reasonably reflect any
6 cost-of-service difference. A customer's maximum load level is not a service
7 characteristic that determines a difference in the cost per unit (kWh or kW),
8 cost-of-service. Therefore, is not a useful distinction for purposes of
9 developing appropriate rate design or for setting inter-class revenue
10 responsibilities.

11
12 Q. WHAT ARE THE RESULTS OF THE COMPLIANCE CCOSS, YOU ARE PROVIDING
13 IN RESPONSE TO THE COMMISSION'S FINDING NUMBER 172 OF ITS DECEMBER
14 15, 1992 ORDER IN CASE No. PU-400-92-399.

15 A. The results of the Compliance CCOSS are contained in Schedule 4, of
16 Exhibit___(PJZ-1). Here again, Page 1 of this Schedule 4 is a top-sheet
17 summary of the detailed results of the Compliance CCOSS, which follows on
18 the subsequent pages. This Compliance CCOSS is essentially the same as that
19 of the Proposed CCOSS except the C & I Demand class is divided into two
20 sub-groups, Small (less than 1.0 MW) and Large (1.0 MW or greater).

21 22 IV. SELECTED RATE DESIGN REVISIONS

23 24 A. Voltage Discounts

25
26 Q. WHAT REVISIONS ARE BEING PROPOSED TO THE VOLTAGE DISCOUNTS IN THE
27 C&I DEMAND TARIFFS?

1 A. The proposed revisions to the voltage discounts are a direct result of the test
 2 year 2008 CCOSS results. The results of the CCOSS indicate that both the
 3 demand and energy charge discounts should be increased to reflect current
 4 costs. Table 2 below compares the present and proposed voltage discounts.
 5 This Table is a summary of the cost analysis provided in Schedule 5 of
 6 Exhibit____(PJZ-1).

7

Table 2			
C&I Demand Voltage Discounts			
Rate	Primary	Transmission Transformed	Transmission
Present	\$0.55	\$1.10	\$1.65
Proposed	\$0.85	\$1.45	\$1.85
C&I Voltage Discounts - Energy			
Rate	Primary	Transmission Transformed	Transmission
Present	0.05¢	0.06¢	0.09¢
Proposed	0.07¢	0.10¢	0.15¢

8

9 **B. Fuel Clause/Cost Rider**

10

11 Q. MR. ZINS IS THE COMPANY PROPOSING CHANGES TO ITS FUEL CLAUSE RIDER
 12 TARIFF?

13 A. Yes the Company is proposing a number of revisions to its Fuel Clause Rider
 14 (“FCR”) tariff. To begin, you will notice that the tariff title has changed from
 15 Fuel Clause Rider to Fuel Cost Rider. The name change by itself is not
 16 significant but was made to make it a clearer description of this Rider tariff.
 17 Additional more substantive changes to the FCR mechanism are described in

1 detail below. The proposed changes are driven by the following changes in
2 market circumstances:

3
4 1. The growing need to more accurately allocate to and recover from
5 customers, their respective shares of the costs of fuel and purchased
6 energy costs, particularly as those costs change over time.

7
8 2. Growing interest in a one-part (zero-base) fuel cost charge that is
9 “unbundled” from the energy charge and stated as a stand-alone total fuel
10 cost item on customer bills. That is, no fuel costs would be recovered
11 through “base” energy charges.

12
13 3. The Company’s new method for sharing with retail customers the margins
14 resulting from intersystem sales transactions on a current actual basis
15 rather than a fixed test year basis.

16
17 4. The need to refine and clarify the language of the FCR tariff to make it
18 easier to understand what costs are included and the basic “mechanics” of
19 the tariff.

20
21 Q. PLEASE SUMMARIZE HOW XCEL ENERGY’S CURRENT FCR TARIFF WORKS.

22 A. As a part of general rate case filings, such as this one, the test year costs of
23 fuel and purchased energy are established, and the method for allocating these
24 costs to the classes (i.e. the proposed E8760 energy-cost allocator) is also
25 established.

26

1 The energy-cost allocator is applied to the test year costs, which yields class-
2 specific responsibilities for the test year level of fuel and purchased energy
3 costs. These allocated costs are built into the “energy charge” of each tariff,
4 along with other energy-related costs. Also during the general rate case, the
5 system-average cost per kWh for fuel and purchased energy (“base” cost) is
6 determined by dividing total test year fuel and purchased energy costs by test
7 year sales. This “base” cost is specified in the FCR tariff and is the unit-cost
8 number from which future deviations from the test year costs are measured.

9
10 Going forward from a test year, actual fuel and purchased energy costs (using
11 a rolling 4 month average) are compared to the test year “base” cost, and the
12 difference becomes the primary element in the Fuel Clause Adjustment
13 (“FCA”) charge for the next month. The other element in the FCA is the
14 “true-up” factor, which captures any small over- or under-recovery of costs
15 from previous months.

16
17 Q. IS THERE A CONCERN ASSOCIATED WITH THIS CURRENT METHOD?

18 A. For decades this FCR mechanism has worked very well. However, in recent
19 years fuel costs have escalated rapidly, and in the recent past, the time period
20 between rate cases (when the “base” cost is re-set and re-allocated) has
21 become extended. The result has been high monthly FCAs that, because they
22 were not designed to reflect the different class usage-patterns, have given rise
23 to concerns about imprecise recovery of fuel and purchased energy costs
24 between rate cases.

25
26 Q. COULD YOU ELABORATE ON THIS CONCERN?

1 A. Let me begin by explaining what is not the problem. The problem is not with
2 the “base” costs of fuel and purchased energy. Historically, this component
3 of the FCR recovered the bulk of total fuel and purchased energy costs
4 because the monthly FCAs were small. Furthermore, this “base” cost is
5 appropriately allocated to classes, based on the different class use patterns as
6 well as the on- and off-peak marginal cost ratio. The classes’ cost
7 responsibilities resulting from this approach were then built into the energy
8 charges of each tariff.

9
10 The concern arises from the recent high monthly FCAs. The FCAs are the
11 difference between the average-system-cost per kWh and the test year “base”
12 cost. The FCAs are applied on a direct kWh-use basis, which means the FCA
13 component of fuel cost recovery does not account for differences in class
14 use-patterns or the system on- and off-peak cost-pattern.

15
16 Historically, this method of recovering the future deviations from test year
17 “base” costs was reasonable and appropriate because the deviations were
18 small, and because frequent rate cases provided timely re-allocation of any
19 sustained cost deviations from the previous test year “base” cost.
20 Furthermore, the simplicity of the method made it easy to understand and
21 efficient to administer.

22
23 However, in recent years market-driven fuel and purchased energy costs have
24 escalated rapidly, and the interval between rate cases has been more extended.
25 The result has been that customer classes that use relatively more energy
26 during the off-peak, pay too much through these FCAs. Conversely, classes
27 with relatively more on-peak use pay too little.

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Q. WHAT CHANGES IN THE FCR TARIFF DOES THE COMPANY PROPOSE, TO ADDRESS THIS CONCERN?

A. The Company’s proposed changes can be summarized as follows:

1. Eliminate the current two-part FCR structure, which includes a test year “base” cost and a monthly FCA, which tracks cost deviations from the “base” cost.
2. Replace it with a one-part FCR structure where each month, total fuel and purchased energy costs are determined and divided by sales, to yield a system average Fuel Cost Factor (FCF).
3. Apply “Service Category Ratios” (specific to the six service categories described below) to this system average FCF, to obtain service-category-specific FCFs.
4. Apply the service category specific FCFs to individual customer kWh use to obtain a total Fuel Cost Charge shown on the customers’ bill.

The “Service Category Ratios” for 3 of the 4 primary classes (i.e. Residential, C & I Non-Demand and Outdoor Lighting), are the same as the “Class Ratios,” which are developed directly from the Commission-approved energy-cost allocator (e.g. the proposed “E8760 energy allocator”).

For the 4th primary class (C & I Demand), the E8760-derived “Class Ratio,” is further de-averaged into three separate “Service Category Ratios,” one each

1 for the "Service Categories" of: (1) Non-TOD; (2) On-Peak TOD; and (3)
2 Off-Peak TOD. This de-averaging of the C & I Demand "Class Ratio" is
3 based on the on- and off-peak use-patterns of the Non-TOD and TOD
4 customer groups and the on- and off-peak energy charge ratio that has been
5 approved by the Commission and built into the TOD tariff.

6
7 Q. PLEASE ELABORATE ON HOW THESE ELEMENTS WOULD BE APPLIED TO
8 PRODUCE THE SERVICE-CATEGORY-SPECIFIC FCFs.

9 A. This mechanism sounds more complex than it really is. The essence is a
10 monthly allocation (de-averaging) of the total average system fuel costs, using
11 service category ratios, which in turn reflect the time-differentiated cost
12 pattern for each service category. The Service Category Ratios are simply a
13 mathematical conversion of the Commission approved energy allocator, into
14 "ratios" that when applied to the monthly average system fuel cost per kWh,
15 yields the appropriate service-category-specific cost per kWh.

16
17 This monthly allocation of total system fuel costs is equivalent to a test year
18 allocation, of "base" fuel costs. The advantage of this mechanism is that
19 going forward from the test year there will no longer be a monthly FCA that
20 assigns (allocates) to classes the old FCA portion of fuel costs (the deviations
21 from the test year base fuel costs) using an "un-weighted" kWh usage basis.

22
23 The best way to obtain a good working understanding of the mechanics of
24 this method is to review the numerical calculations. I have provided this in
25 Schedule 6 of Exhibit____(PJZ-1). It illustrates how the E8760 energy
26 allocator, the C & I Demand class use pattern and the ratio of on- to off-peak
27 TOD energy charges, are used to develop the six "Service Category Ratios."

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Q. DOES THIS NEW ONE-PART FCR MECHANISM RESULT IN A DIFFERENT PRESENTATION OF FUEL COSTS UNDER PROPOSED RATES AS COMPARED TO PRESENT RATES?

A. Yes. For example, in the past the Residential tariff included a customer charge, an energy charge (that included among other costs, the test year “base” fuel cost) and a FCA charge, which included fuel cost deviations from the “base” cost. Under our proposed FCR tariff, the energy charge will not include fuel costs. All fuel and purchased energy costs are presented in one separate component in the tariffs and on customers’ bills.

Q. MR. ZINS, WHAT COMMISSION AUTHORIZATIONS ARE NECESSARY TO IMPLEMENT THE COMPANY’S PROPOSED FCR MECHANISM?

A. Generally, the Commission would need to approve the method described above and illustrated in Schedule 6 of Exhibit____(PJZ-1). The specific approvals would include: (1) Authorization to eliminate the current two-part FCR mechanism (i.e. “base” cost with FCA deviations from the “base”); and (2) Authorization to implement the proposed one-part FCR mechanism, which includes the use of six service category FCFs, which are derived from the average system costs of fuel and purchased energy.

Q. MR. ZINS, IS THE COMPANY REQUESTING A WAIVER OF ANY NORTH DAKOTA RULES IN ORDER TO IMPLEMENT THE PROPOSED CHANGES TO THE FCR?

A. It is not clear that a waiver of North Dakota Rules is necessary. That would depend on how the language in N.D. Admin. Rule § 69-09-02-39 (“ND Rule”), governing Automatic Adjustment Clauses is interpreted. However, if the Commission’s interpretation of the ND Rules is such that it believes a

1 waiver is necessary, then in accordance with ND Rule § 69-02-01-11, the
2 Company requests such a waiver.

3
4 Such a waiver of ND Rule § 69-09-02-39 would not prejudice the public
5 interest. To the contrary, for all the reasons indicated above, the public
6 interest would be advanced as a result of the waiver and approval of the
7 Company's proposed new FCR tariff.

8
9 Q. MR. ZINS ARE THERE OTHER TARIFF REVISIONS NEEDED TO ACCOMMODATE
10 THE COMPANY'S PROPOSED NEW FCR MECHANISM?

11 A. Yes. First, each of the tariffs to which the FCR applies has a provision titled
12 "Fuel Clause," indicating that bills calculated under that tariff are subject to
13 the Fuel Clause Rider. This provision on each tariff has been reworded to
14 reflect the changes in FCR, including the new FCR title, which is Fuel Cost
15 Rider.

16
17 Second, as I indicated earlier, the "energy charge" components of all the
18 current tariffs include the "base" costs of fuel. And the monthly FCAs are a
19 second separate rate component. However, under the Company's proposed
20 tariffs, this "base" cost and the monthly FCAs, are added together and this
21 total is charged as a separate one-part fuel cost charge ("FCC"). This change
22 in the FCR structure gives rise to the need for minor language changes in the:
23 (1) Residential Controlled Air Conditioning & Water Heating Rider and the;
24 and (2) Purchase and Sale Billing Service & Time of Day Purchase Service.

25
26 Q. PLEASE DESCRIBE THE LANGUAGE CHANGE IN THE RESIDENTIAL
27 CONTROLLED AIR CONDITIONING & WATER HEATING RIDER?

1 A. The Residential Controlled Air Conditioning & Water Heating Rider (Saver's
2 Switch) has a provision that refers to the Saver's Switch discount applying to
3 the "energy charge" of a corresponding service tariff. The current "energy
4 charge" includes the "base" FCR cost. In order for the Saver's Switch
5 discount to function as intended, the language must be modified to make it
6 clear that the discount now applies to energy and fuel cost charges.

7

8 Q. WHAT CHANGE IS NEEDED FOR THE PURCHASE AND SALE AND TIME OF DAY
9 PURCHASE SERVICE RATES?

10 A. Each of these tariffs specifies payments from the Company to customers for
11 energy supplied from customers' small generators. These two tariffs include a
12 "Fuel Clause" provision. The effect of this provision is to add the FCA (FCC
13 under proposed tariffs) to the purchased energy payment that is separately
14 listed. The purchased energy payment is based on the Company's avoided
15 costs (marginal costs) and as such is already fully compensatory.

16

17 Therefore, to avoid significant over-payment for energy purchased under
18 these contracts, the current FCA or the proposed FCC payment should be
19 eliminated. Leaving this provision in place, especially with the new FCC,
20 would result in substantial over-payment for energy purchased under these
21 tariffs. The resulting payment would include the Company's total average fuel
22 and purchased energy costs on top of the avoided cost payment. The
23 proposed language changes for these tariffs (as well as all others discussed
24 below), are shown in redline format in Schedule 7 of Proposed Tariffs in the
25 Company's Notice of Change in Rates ("Notice Schedule 7").

26

1 Q. YOU INDICATED EARLIER THE NEED TO MAKE SOME LANGUAGE REVISIONS IN
2 THE FCR TARIFF TO MAKE IT EASIER TO UNDERSTAND. DOES THE
3 COMPANY'S PROPOSED FCR TARIFF INCLUDE THESE ADDITIONAL
4 LANUGUAGE CHANGES?

5 A. Yes, the Notice Schedule 7 contains the Company's proposed new FCR tariff
6 shown in red line format. It includes the changes necessary to implement the
7 proposed new one-part FCR mechanism and the new method for sharing
8 intersystem sales margins. These two significant revisions account for the
9 bulk of the language changes. The Company has also made other less
10 substantive language changes, the purpose of which is to make the inherently
11 complex FCR tariff a little easier to understand.

12

13 Q. DOES THE PROPOSED FCR TARIFF INCORPORATE THE INTERSYSTEM SALES
14 MARGIN SHARING MECHANISM PROPOSED BY THE COMPANY IN THIS
15 GENERAL RATE CASE PROCEEDING?

16 A. Yes. The Direct Testimony of Mr. Allen D. Krug describes the Company's
17 proposal for sharing with retail customers the margins resulting from
18 intersystem sales transactions. A description of, and the rationale for, this
19 proposal are included in Mr. Krug's testimony, and the specific tariff language
20 is shown in red line format in the Notice Schedule 7.

21

22 **C. Miscellaneous Tariff Consolidation of Elimination**

23

24 Q. PLEASE DESCRIBE THE TARIFF CONSOLIDATIONS AND ELIMINATIONS THE
25 COMPANY IS PROPOSING.

26 A. The separate tariffs that the Company is proposing to consolidate and/or
27 eliminate are as follows:

- 1 1. Residential Service - Underground (Sheet 4) consolidated with Residential
2 Service (Sheet 1)
- 3 2. Residential Time Of Day Service – Underground (Sheet 5) consolidated
4 with Residential Time Of Day Service (Sheet 2)
- 5 3. Direct Current Service (Closed) (Sheet 24) consolidated with Small
6 General Service (Sheet 19)
- 7 4. Down Town Grand Forks Redevelopment Business Incentive Rider
8 eliminated.

9
10 Q. PLEASE EXPLAIN THE COMPANY’S REASONS FOR CONSOLIDATING OR
11 ELIMINATING THESE TARIFFS.

12 A. The two Residential underground tariffs (Non-TOD and TOD) are identical
13 to the corresponding overhead tariffs except the customer charge is \$2.00 per
14 month more under the underground tariff. By adding another Customer
15 Charge line to the corresponding standard tariffs, the two separate
16 underground versions can be eliminated. The Company proposes this
17 consolidation for efficiency and simplicity.

18
19 The reason for consolidating the Direct Current tariff with Small General
20 Service is essentially the same. The Direct Current tariff is identical to the
21 Small General Service tariff except it includes a small additional kW demand
22 charge to recover the cost of the special device used to convert standard
23 alternating current service to direct current. Direct current is required to
24 operate older elevator motors in some buildings. This separate direct current
25 charge has been added as a separate line item on the Small General Service
26 tariff, and the “availability” provision has been modified to include this

1 special service. These changes in the standard Small General Service tariff
2 make it possible to eliminate the separate Direct Current tariff.

3
4 Finally, the Grand Forks Redevelopment Rider has been eliminated because
5 its authorized application period specified in the tariff expired a number of
6 years ago so it is no longer available for use.

7
8 **D. Distributed Generation Interconnection Procedures**

9
10 Q. MR. ZINS WHAT IS THE COMPANY'S PROPOSAL WITH RESPECT TO DISTRIBUTED
11 GENERATION FACILITIES?

12 A. Because of the growing interest in distributed generation (DG) facilities that
13 are owned and operated by non-utility developers, the Company has
14 developed a document titled "Distributed Generation Interconnection
15 Manual." Its purpose is to provide potential DG developers with technical,
16 contractual and administrative information concerning the interconnection of
17 their DG facilities to the Company's electric distribution system.

18
19 This Interconnection Manual is provided in this filing as Schedule 7 of
20 Exhibit No._____(PJZ-1). However, because of its length (sixty five pages),
21 technical nature and because it is of interest to only a very small number of
22 customers, the Company is not proposing to include it in the Rate Book.
23 However, to assure that any potential DG developer is aware of its
24 availability, the Company is proposing to add a new tariff titled
25 Interconnection Procedures and Technical Requirements, Sheet No. 13 of
26 Section 9 to its Rate Book. This new tariff indicates the availability of the

1 Distributed Generation Interconnection Manual upon request from a
2 customer.

3

4 **E. General Rules and Regulations**

5

6 Q. MR. ZINS WHAT REVISIONS ARE BEING PROPOSED IN THE GENERAL RULES
7 AND REGULATIONS TARIFFS?

8 A. The Company is proposing a number of revisions to tariff language and/or
9 service charges contained in its General Rules and Regulations, Section 6 of
10 its Rate Book. Below I provide a description of the proposed revisions and
11 provide the reasons for the revisions.

12

13 Where indicated below, some of the tariff revisions are made to assure
14 consistency with the ND Rules, Chapter 69-09-02, Standards of Service –
15 Electric (the “ND Rules”) or the North Dakota Century Code (the “ND
16 Statutes”).

17

18 A redline version of the revised General Rules tariffs is provided in the
19 Notice Schedule 7. Also, where applicable, supporting cost analysis for
20 proposed changes in service charges is provided in Schedule 8 of
21 Exhibit___(PJZ-1).

22

23 **Application for Service, Section 1.1**

24 The Company is proposing to modify this tariff language to make it consistent
25 with the Company’s corresponding gas tariff. The relevant portions, of the
26 proposed language read as follows:

1 *"The Company may refuse an applicant or terminate service to a customer who fails or*
2 *refuses to furnish information requested by the Company for the establishment of a service*
3 *account. Any person who uses electric service in the absence of application or contract shall*
4 *be subject to the Company's rates, rules and regulations, and shall be responsible for*
5 *payment of all service used.*

6
7 *When required by governmental authority, a customer desiring new service or expanded*
8 *service must first make application for and receive written approval from the Company.*

9
10 *Subject to its rates, rules, and regulations, the Company will continue to supply electric*
11 *service until notified by customer to discontinue the service. The Customer will be responsible*
12 *for payment of all service furnished through the date of the discontinuance."*

13
14 (Note: The underlined text indicates added language. This format of
15 underlining added text is used in all the discussion General Rules and
16 Regulations changes below. A complete view of the entire proposed tariffs, is
17 provided in redline format in the Notice Schedule 7.)

18
19 **Service Processing Charges, Sections 1.2**

20 Q. WHAT ARE THE PROPOSED REVISIONS TO THE SERVICE PROCESSING CHARGE
21 TARIFF?

22 A. The Company is proposing to increase the Service Processing Charge from
23 \$12.00 to \$15.00. It is also proposing language changes to help clarify the
24 service initiation processes. In this regard, the Company is proposing to add
25 the following language, which will also make this electric tariff consistent with
26 the Company's corresponding gas utility tariff:

1 "If a customer requests reestablishment of service at a location where the same customer
2 discontinued the same service within the preceding 12 month period, an additional
3 reconnection fee will be assessed equal to the sum of the monthly minimum charges applicable
4 during the period service was not taken."

5
6 Q. WHAT IS THE REASON FOR THE PROPOSED INCREASE IN THE SERVICE
7 PROCESSING CHARGE?

8 A. The Company is proposing to increase the charge from \$12.00 to \$15.00 to
9 reflect current costs and also to make it equivalent to the corresponding gas
10 tariff. A consistent service processing charge is important for application to
11 the Company's combination (electric & gas) customers. The new monthly
12 minimum monthly charge language for the period of non-use reflects the
13 Company's ongoing customer-related costs incurred during that period.

14
15 Q. PLEASE EXPLAIN THE LANGUAGES MADE TO CLARIFY THE SERVICE
16 PROCESSING CHARGE?

17 A. First, the term "Tenant Change" was eliminated, as it is redundant to the "New
18 Account" language. See the redline version of the proposed tariff in the Notice
19 Schedule 7 for details.

20
21 Second, the Company is proposing to include a "Description" section to clarify
22 the "New Account" item as follows:

23 "The Company will assess a \$15.00 processing charge for the initial establishment of service
24 for each customer."

25 The "Service Reconnection" item has the following added language:

26 "The Company will assess \$15.00 for reconnecting service that has been disconnected for
27 non-payment."

1 The last language modification is as follows:

2 *"If any combination of electric or gas services requested by a customer and furnished by the*
3 *Company is established or reestablished at the same time and location, only one \$15.00*
4 *charge will be made."*

5 Again, this change is consistent with the corresponding language in the
6 Company's gas tariff.

7
8 **Optional Metering Service, Section 1.5**

9 The Company proposes to modify the language to read:

10 *"The customer's utilization equipment has a total rated capacity of 250 kW or less and an*
11 *estimated usage of 186,000 kWh or less per month."*

12 This is a change from the existing criteria of 10 kW and 2,500 kWh, which has
13 not been updated since 1984 and is consistent with the types of qualifying
14 equipment in use today. See the redline version of the tariff in the Notice
15 Schedule 7 for details.

16
17 **Deposits and Guarantees, Section 1.6**

18 To assure consistency with ND Rules: 69-09-02-01(1)(g), 69-09-02-03(2), 69-
19 09-02-04(1), 69-09-02-04(2), 69-09-02-04(3), and 69-09-02-05.1(1), the
20 Company is proposing to delete the entire existing Deposits and Guarantees
21 section language and replace with the text indicated below. The new language
22 makes clear the requirements and circumstances where customer deposits
23 may be used for settlement of a delinquent bill. The new replacement
24 language is as follows:

25 *"A. General: The Company may require a customer or an applicant for service to make a*
26 *deposit to ensure payment before making a service connection.*

27

1 B. New Service: The Company may require an applicant for service to make a deposit
2 sufficient to cover the estimated charge for furnishing service. If a deposit is required, the
3 Company shall issue a receipt to the depositor showing the amount of the deposit, the date
4 the deposit was made, and the depositor's name.

5
6 C. Existing Service: The Company may require a deposit from an existing customer before
7 reconnection is made due to disconnection for nonpayment of a bill. The Company may
8 require a deposit if all or part of the previous deposit was used in settlement of the delinquent
9 bill.

10
11 D. Deposit Amount: If a deposit is required, the amount of the deposit shall cover the
12 estimated charge for furnishing service to the customer for a sixty-day period.

13
14 E. Payment Guarantee Permissible: In lieu of a cash deposit, a guarantee satisfactory to the
15 Company for a like amount will be acceptable. The Payment Guarantee will terminate
16 when the customer gives notice to discontinue service, there is a change in the location covered
17 by the Payment Guarantee, or thirty days after the Guarantor makes a written request to
18 the Company for termination.

19
20 However, no Payment Guarantee may be terminated unless the customer has satisfactorily
21 settled any balance owed to the Company. The Company may require a new Payment
22 Guarantee or cash deposit after termination of a Payment Guarantee.

23
24 F. Interest on Deposits and Refunds: On such customer deposits, the Company will pay
25 interest annually at the rate paid by the Bank of North Dakota on a six-month certificate
26 of deposit with the smallest deposit required. The interest rate will be determined as of the
27 first business day of each year. The Company will pay interest annually by direct payment or

1 as a credit on the customer's bill, at the option of the Company. The payment or deduction
2 for interest must be made during each calendar year, or whenever a deposit is refunded or
3 service discontinued."

4
5 **Service Calls, Section 1.7**

6 In the Service Calls section, the Company is proposing the following language
7 to make it gender-neutral.

8 *"When a customer calls and reports an electrical problem, the Company will, as soon as*
9 *possible, send out service personnel to determine the necessary action to correct the problem.*

10
11 *If the electrical problem is in the customer's facilities, the service personnel will attempt to*
12 *restore service by fuse replacement or minor temporary repair.*

13 *Storm conditions require the presence of service personnel in the customer's vicinity and the*
14 *Company dispatcher notified the service personnel when dispatched to waive charges."*

15
16 **Classification of Customer, Section 2.1**

17 The Company is proposing a number of modifications in this section, again,
18 to assure compliance with ND Rules 69-09-02-14(1), 69-09-02-14(2), and 69-
19 09-02-14(3) and to clarify the tariff intent.

20
21 Section 2.1A – Residential Customer will read:

22 *"A residential customer is one using electric service for general household purposes in space*
23 *occupied as living quarters such as single private residences, single apartments, fraternity*
24 *houses, sorority houses, and for garages or other auxiliary buildings on the same premises*
25 *used by the residential customer. General household purposes or uses are domestic lighting,*
26 *heating, cooking and power service."*

1 Section 2.1B – Farm Customer will read:

2 *“A farm customer taking electric service for non-general household purposes only may be*
3 *considered a general service customer for rate application purposes. A farm customer using*
4 *electric service for general household and non-general household purposes jointly may*
5 *combine such uses through one meter on such rates as are available to general service*
6 *customers or farm customers. However, where such use is combined and the non-general*
7 *household electric equipment totals less than one kilowatt of connected load, such farm*
8 *customer shall be classified residential. Where electric equipment is used jointly for general*
9 *household and non-general household purposes (such as a water pump), the major use of*
10 *such equipment will determine whether it is classified for general household or non-general*
11 *household uses.”*

12
13 Section 2.1C – General Service (Commercial) Customer will read:

14 *“A general service customer is one using electric service for any non-general household*
15 *purpose in space occupied and operated for commercial purposes, such as stores, offices,*
16 *shops, hotel, garages, wholesale houses, filling stations, barber shops, beauty shops, and*
17 *any other space occupied for commercial purposes.”*

18
19 Section 2.1D – “Small Commercial and Industrial Customer” is new and defines
20 the application of this classification. The proposed language is as follows:

21 *“A Small Commercial and Industrial Customer has an actual demand less than or equal*
22 *to 100 kW.”*

23
24 Section 2.1E – “Large Commercial and Industrial Customer” is new and defines
25 the application of this classification. The proposed language is as follows:

1 *“A Large Commercial and Industrial Customer has an actual demand greater than 100*
2 *kW.”*

3

4 **Availability of Service Under Rate Schedules, Section 2.2**

5 The Company is proposing the following addition language to this provision
6 to make it consistent with current Company practice:

7 *“In areas served by the Company’s alternating current, low voltage network systems, all new*
8 *customers and any customers desiring to change the voltage or type of service will be supplied*
9 *only alternating current at available secondary voltage.”*

10

11 **Choice of Optional Rates, Section 2.3**

12 The Company is proposing two minor modifications to correct a spelling
13 error and to and to clarify the intent of the tariff. The first modification is:

14 *“When more than one rate schedule is available for the same class of service as indicated by*
15 *the complete copy of the Company’s rates open to public inspection in the Company’s office,*
16 *the Company will assist the customer in the selection of the rate schedule or schedules that, in*
17 *its judgment, will result in the lowest cost of projected consumption, based on twelve (12)*
18 *months’ service and on the information at hand.”*

19

20 The second modification is:

21 *“The Company may not be required to change a rate schedule for any customer after a*
22 *change more often than once in twelve months unless the rates are changed or there is a*
23 *material change in the customer’s load, or another change become necessary as a result of an*
24 *order issued by the Public Service Commission or a court having jurisdiction.”*

25

26

27

1 **Standby, Supplementary, Emergency, & Incidental Services, Section 2.4**

2 The proposed changes are administrative language revisions to make it
3 gender-neutral and to more accurately reflect how this service is provided to
4 customers. The details of the language changes are shown in redlined format
5 in Notice Schedule 7.

6
7 **Metering and Testing, Section 3.1**

8 The Company is proposing a number of changes to Section 3.1 Metering and
9 Testing, to clarify the intent and provide consistency with current Company
10 practices. The changes are shown in redline format in Notice Schedule 7 and
11 do not represent any substantive change in the Company's current metering
12 and testing process.

13
14 Although the Company's meter accuracy testing practices, described in this
15 tariff are technically somewhat different from those described in the ND
16 Rules § 69-09-02-26 (1 through 7), the Company believes its practices result in
17 a level of meter accuracy that is greater than that which would result from the
18 practices prescribed by the ND Rules. Therefore, because the Company's
19 tariff and practice are different from that described by the ND Rules, it
20 requests a waiver of these ND Rules and approval of its proposed tariff
21 language.

22
23 Q. FOR WHICH OF THE ND RULES IS THE COMPANY REQUESTING A WAIVER?

24 A. Pursuant to ND Rule § 69-02-01-11, the Company is requesting a waiver of
25 ND Meter Testing Rules § 69-09-02-26 (1 through 7) to accommodate the
26 Company's metering and testing procedures as they are described in Section
27 3.1.

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Q. MR. ZINS, YOU INDICATED THAT THE COMPANY'S METERING AND TESTING PROCESS MORE THAN MEETS THE ACCURACY STANDARDS OF THE ND RULES. COULD YOU BRIEFLY EXPLAIN WHY THE COMPANY BELIEVES THIS IS THE CASE?

A. Yes. The Company employs system-wide, the meter testing procedure that is described in Section 3.1 of its General Rules and Regulations. It is based on the American National Standards Institute (ANSI) C12.1 standards, which is the Code for Electric Metering. The Company believes it more than fully addresses any meter accuracy concerns of the several jurisdictional regulatory commissions and its customers.

The Company, as well as other utilities, uses the statistical sample-testing methods and procedure as outlined by ANSI/ASQC Z1.9 (American Society of Quality Training, Certification, and Networks). Based on those standards, the Company removes, repairs, recalibrates (if possible), and/or retires those meters that do not fall within recognized standards.

Prior to installation, new meters are tested, calibrated, and verified by the vendor to be within a Company quality range of +/-0.5%, which is a greater accuracy than the current ND Rules.

In-service meters are sampled or periodically tested on a Company-wide schedule. Meters are placed in lots and tested for accuracy. If the test shows an error greater than +/- 0.5%, the meters may be re-programmed, calibrated, tested and returned to service. If any meter cannot be repaired and calibrated to +/- 0.5%, it is retired.

1 Q PLEASE EXPLAIN WHY THE PUBLIC INTEREST WILL NOT BE SUBSTANTIALLY
2 PREJUDICED IF THE COMMISSION WAIVES THE METER TESTING RULES AND
3 APPROVES THE COMPANY'S PROPOSED TARIFF.

4 A. The rigorous Metering and Testing format followed by the Company, detailed
5 in Section 6.3.1. ensures that the following criteria is achieved:

6 a. Public confidence: The Company follows its established metering and
7 testing standards to reinforce public confidence that the energy charges are
8 accurately measured.

9 b. Meter errors: When a meter does fail to accurately measure load on a
10 consistent basis, the public has a right to have the meter tested and/or
11 replaced and to have access to the results for possible billing disputes. The
12 metering and testing process used by the Company is objective, similar to
13 processes used by other utilities, and is intended to provide non-biased
14 results that validate the actual meter performance.

15 c. Quality assurance: The Company follows a routine testing procedure of
16 new and existing meters to ensure the public the meters installed in the
17 field accurately measures their consumption. Routine testing helps the
18 Company manage its expenses by balancing the performance of existing
19 meters to meter replacement mitigates metering errors.

20 d. Metering management: The routine testing process provides field data
21 indicating the performance of the meters utilized by the Company. This
22 data is shared with the manufacturers to improve production and field
23 maintenance processes. The results also provide real-world applications
24 when training new meter technicians.

25 e. Industry Standards: The Company's testing procedure follows the ANSI
26 C12.1 standards.

27

1 **Method of Determining Demand for Billing Purposes, Section 3.2**

2 The Company is proposing two minor language changes (deletions of
3 redundant words) to help clarify the intent. See the redline version of the
4 language changes in the Notice Schedule 7 for details.

5
6 **Monthly Billing, Section 3.3**

7 The Company is proposing three modifications to assure compliance with
8 ND Rules § 69-09-02-10(1), § 69-09-02-10(2), § 69-09-02-10(3), § 69-09-02-
9 11(1), § 69-09-02-11(4), § 69-09-02-11(5), and to more precisely describe
10 Company practice.

11
12 The first proposed modification addresses the requirement as stated in ND
13 Rules § 69-09-02-10(3) for a meter reading at least once every three months as
14 follows:

15 *“The Company may read certain meters less frequently than once each billing month for*
16 *customers under the Company’s self meter reading procedure, or when the Company and*
17 *customers otherwise mutually agree, except that a Company representative will read the*
18 *meter at least once each three (3) months.”*

19
20 The second proposed modification clarifies current Company practice as
21 follows:

22 *“If the billing period is longer or shorter than the normal billing period by more than five*
23 *days, the bill shall be prorated on a daily basis except for the November, December, and*
24 *January billing periods whereby the bill shall be prorated on a daily basis whenever the*
25 *billing period is less than 25 days or more than 40 days.”*

1 The third proposed modification is to delete the last sentence dealing with
2 billing periods of less than a month, since it is redundant with the preceding
3 language. See the redlined version of the tariff in the Notice Schedule 7 for
4 the details.

5
6 **Late Payment Charge, Section 3.5**

7 The Company is proposing two changes to clarify the language and more
8 accurately reflect current practice. The first proposed change is in the
9 assessment of the late payment charge as indicated below. It makes the tariff
10 consistent with the current billing system process.

11 *"A late-payment charge of 1.0% of the unpaid balance will be added to the unpaid balance*
12 *two working days after the date due."*

13
14 The second proposed change clarifies the application of the Late Payment
15 Charge and deletes the redundant "Assessment Date" table. The new language
16 reads as follows:

17 *"Customers under the Budget Helper Plan or a payment arrangement will be assessed late*
18 *payment charge on the lesser of the outstanding scheduled payments or the outstanding*
19 *account balance. All payments received will be credited against the oldest outstanding total*
20 *account balance before application of the late payment charge. The late payment charge will*
21 *be waived in instances where a Company error is involved or where complications arise with*
22 *financial institutions in processing automatic electronic payments."*

23
24 **Bill Date Due, Section 3.6**

25 The Company is proposing two changes to this Bill Date Due section. The
26 first involves changes in the language that specifies the "Date Due" for bills so

1 as to more accurately reflect actual billing system practices. For the details,
2 see the redlined version of the language in the Notice Schedule 7.

3
4 The second change is the following additional language that addresses
5 requirements associated with the option for customers to modify their bill due
6 date.

7 *“Residential and Small General Service customers have the option of selecting a modified*
8 *due date for paying their bill. The due date can be extended up to a maximum of 14*
9 *calendar days from the normal date. Customer selecting a modified due date will remain on*
10 *that due date for a period not less than 12 months or may change back to the normal due*
11 *date anytime.”*

12

13 **Estimated Bills, Section 3.7**

14 While it is not proposing any changes to this section, the Company believes a
15 waiver of ND Rule § 69-09-02-11(3) Billing, is necessary for the Company’s
16 proposed Section 3.7 concerning Estimated Bills.

17

18 Q. PLEASE EXPLAIN WHY THIS WAIVER OF THE ND RULE IS NECESSARY.

19 A. ND Rule § 69-09-02-11(3) states the estimate *“...shall be the normal consumption*
20 *for a corresponding period during the preceding year, or average consumption during the three*
21 *preceding months.”*

22

23 The Company’s billing system uses the following comparable methodology
24 for estimating bills:

25 1. The system will look for previous actual reading history that exists within
26 the last 70-day period. If there are actual readings within the last 70-day
27 period, the system will calculate the total consumption in the period and

1 divide by the number of days in the period to produce an average daily
2 usage. This average is then applied to the number of days in the current
3 billing period.

4 2. If there are no actual readings within the last 70 day period, the system will
5 use the daily average from last month's billing period.

6 3. If there are no actual readings for the last 70 days or no usage from the last
7 month, the bill will be manually estimated.

8

9 Q PLEASE EXPLAIN WHY THE ND BILLING RULE SHOULD BE WAIVED, AND WHY
10 THE PUBLIC WILL NOT BE SUBSTANTIALLY PREJUDICED THEREBY.

11 A. As can be seen from the above description of the ND Rule and the
12 Company's process, there isn't a material difference. The estimated bills that
13 result there from will reasonably reflect the customer's historic usage level and
14 the Company process provides a third option for a manual estimated bill
15 calculation where little or no historical billing data is available. Therefore, in
16 accordance with N.D. Rule § 69-02-01-11, the Company requests a waiver. A
17 waiver of ND Rule § 69-09-02-11(3) would not prejudice the public interest.
18 To the contrary, for all the reasons indicated above, the public interest would
19 be advanced as a result of the waiver and approval of the Company's
20 methodology for estimating bills should be granted.

21

22 **Billing Adjustments, Section 3.8**

23 The Company is proposing a number of changes to this section including
24 addition of new language, and deletion of existing language and format
25 changes so as to provide clarity and assure compliance with the ND Rules
26 § 69-09-02-12 and § 69-09-02-13.

27

1 The proposed language changes describe how billing adjustments are handled
2 for several different types of metering and billing problems. For a view of the
3 details of the proposed language changes, please see the redlined version of
4 the tariff in Notice Schedule 7.

5
6 **Account History Charge, Section 3.10**

7 The Company is proposing to increase this charge from \$0.50 to \$5.00 to
8 reflect the actual costs of this service. The analysis included in Schedule 8 of
9 Exhibit No.____(PJZ-1) shows the costs of \$5.02 for an example of this type
10 of activity.

11
12 **Synchronized Bill Service, Section 3.11**

13 The Company is proposing this new optional Synchronized Bill Service. It
14 allows customers with multiple accounts to receive one consolidated bill for
15 all of their accounts. See the red lined version of the proposed tariff in
16 Notice Schedule 7 for details.

17 .
18 **Use of Service, Section 4.1**

19 The Company is proposing a number of minor changes to the language of
20 this tariff to assure compliance with the ND Rules § 69-09-02-15 and § 69-09-
21 02-37, to clarify the tariff intent, provide consistency with current Company
22 practice, and to correct spelling.

23
24 The first three language changes are found in 4.1A. Definitions as follows:

25 4.1A.2. "*Master Metering or Redistribution.*"

26 4.1.A3. "*The provision of metered electrical supply through a customer owned meter to a*
27 *customer's tenants, cooperative or condominium owners....*"

1 4.1A.4. “Resale.”

2
3 The fourth language change is found in the second paragraph of 4.1.B.

4 General Rules:

5 *“Electricity is supplied for use by customer’s household or business, and Resale or*
6 *Submetering of such service is not permitted. The Company permits master metering where*
7 *allowed by law, but a landlord may not charge the tenants more than the landlord is charged*
8 *by the Company.”*

9
10 There are additional language changes in 4.1B. to clarify the tariff intent.
11 Please see the red lined version of the proposed tariff in the Notice Schedule
12 7 for details.

13
14 **Customer’s Wiring, Equipment, and Property, Section 4.2**

15 The Company is proposing minor language changes to make this tariff
16 gender-neutral and to clarify its intent. The modified portion of the tariff is
17 proposed to read as follows:

18 *“The Company may, however, at any time require a customer to make such changes in*
19 *customer’s electrical or non-electrical property or use thereof as may be necessary to eliminate*
20 *any hazardous condition or any adverse effect which the operation of the customer’s property*
21 *or equipment may have on said customer, other customers of the Company, the public, or the*
22 *Company’s employees, equipment or service.”*

23
24 Q. WHAT REVISIONS ARE BEING PROPOSED TO THE COMPANY’S STANDARD
25 INSTALLATION TARIFFS?

26 A. The Company is proposing a number of revisions to the language and service
27 charges contained in its Standard Installation tariffs. The more important of

1 these revisions are discussed below. For a view of all the changes, see the
2 redline version of this tariff in the Notice Schedule 7.

3

4 **Standard Installation, Section 5.1.A**

5 The Company is proposing two revisions to the language of this Section.

6

7 The first modification is in the last sentence of the second paragraph where it
8 is modified to make it gender neutral as follows:

9 *“The facilities installed by the Company shall be the property of the Company, and any
10 payment by customer will not entitle the customer to any ownership interest or rights therein.”*

11

12 The second revision involves language changes in the third paragraph to
13 clarify the tariff intent:

14 *“Unless otherwise stipulated in the applicable agreement or service form, and prior to any
15 installation by the Company, the customer is required to provide the necessary right-of-way
16 for the installation of the Company’s facilities....”*

17

18 **Standard Installation (continued), Section 5.1A.1.a.**

19 The Company is proposing three modifications to this section to provide
20 consistency with current Company practice and to clarify the tariff language.

21

22 The first change is to reinforce the fact that the allowable footage for
23 residential extensions involves only the service lateral, not a distribution
24 lateral, nor a combination of a service and distribution lateral.

25 *“Company will extend, on private property, to a Company-designated service location, a
26 service lateral a maximum distance of 100 feet.”*

27

1 The second change is to eliminate the language relating to the “three-times
2 revenue” rule for determining the construction allowance since this provision
3 does not apply in individual Residential service extensions. The Company
4 proposes to replace this language with the following:

5 *“When the necessary extension to a Company designated service location exceed these limits,*
6 *the customer will be charged for the additional extension according to the Excess Footage*
7 *Charge set below.”*

8 The proposed excess footage charge is \$6.85 per-circuit-foot and is based on
9 current costs as shown in Schedule 8 of Exhibit No.__(PJZ-1).

10
11 The third change is to clarify the application of the excess footage charge
12 when the customer requests a preferred service location that is beyond the
13 Company-designated service location as follows:

14 *“Customers requesting a preferred service location will also be charged the Excess Footage*
15 *Charge for each circuit foot Company extends the installation beyond Company’s designated*
16 *service location.”*

17
18 **Standard Installation (continued), Section 5.1.A.1.b**

19 The Company is proposing the following two modifications to the “Other than
20 Residential” section of the service extension rules. See the redlined version of
21 the proposed tariff in the Notice Schedule 7 for more details.

22
23 The first modification is to the language relating to the “three-times revenue”
24 rule for determining the construction allowance for distribution lateral
25 extensions. The relevant portion of the tariff has been modified to read:
26 *“...must not exceed a sum equal to three and one half (3.5) times the customer’s anticipated*
27 *annual revenues, excluding the portion of the revenue representing fuel-cost recovery.”*

1 The second change is to clarify the situation where the extension costs
2 exceeds the 3.5 times revenue rule. The relevant portion of the tariff has been
3 modified to read:

4 *"When the cost of the necessary extension exceeds this limit, the customer will be charged the*
5 *difference."*

6
7 Q. WHAT IS THE RATIONALE FOR THIS REVISION TO THE THREE-TIMES REVENUE
8 RULE?

9 A. Historically, applying the "three-times revenue" rule to total revenues
10 (including fuel-cost recovery revenues) was reasonable because the fuel-cost
11 recovery portion of total cost-of-service was relatively small and stable over
12 time. In recent years, however, market-driven fuel and purchased energy
13 costs have escalated rapidly and may continue to do so. Fuel cost recovery
14 revenues were removed to prevent over charging, but that, in turn, requires an
15 increase in the multiplier to 3.5 to reflect its application to a smaller revenue
16 base. The purpose of this modification is to adjust the "three-times revenue"
17 rule so that future construction-allowances for distribution extensions do not
18 become out of proportion to what they have been historically. Without this
19 modification, customers who should provide a contribution in aid of
20 construction ("CIAC") would not be required to do so. As a consequence,
21 the distribution rate base investment would grow faster than it should because
22 unusually costly extensions where a CIAC would have been imposed would
23 be absorbed into rate base, and all customers would pay for these excess
24 extension costs.

25
26
27

1 **Standard Installation (continued), Section 5.1A.3.**

2 The Company is proposing to change the section title to “*Unusual Installation*
3 *Costs*” to clarify that this section addresses non-standard installation costs. In
4 addition, the format has been changed to make it easier to understand. See
5 the redlined version in Notice Schedule 7 for details.

6
7 **Standard Installation (continued), Section 5.1A.4.**

8 The Company is proposing to eliminate this section as it is redundant to
9 Section 5.1A.3 above.

10
11 **Standard Installation (continued), Section 5.1.B**

12 The Company is proposing minor language modifications including moving
13 the first paragraph from the previous page and combining it with the rest of
14 the section, modifying the first paragraph text to make it gender neutral,
15 modifying condition #3 to make it gender neutral, and capitalization changes
16 in the last paragraph. These changes are shown in the redline version of the
17 tariff in the Notice Schedule 7.

18
19 **Standard Installation (continued), Section 5.2**

20 The Company is proposing five changes to clarify the tariff intent and provide
21 consistency with current Company practice and with the above-described
22 changes in the three-times revenue rule.

23
24 The first change to the relevant portion of the first paragraph in Section 5.2 is
25 as follows:

26 “...*the Company will extend, enlarge, or change its distribution or other facilities for*
27 *supplying electric service when the product of three and one half (3.5) times the anticipated*

1 annual revenue, excluding the portion of the revenue representing fuel-cost recovery from the
2 sale of additional service....”

3
4 The second change is in Section 5.2A. as follows:

5 “Pays to the Company the portion of the capital expenditure not justified by the product of
6 three and one half (3.5) times the anticipated annual revenue, excluding the portion of
7 revenue representing fuel-cost recovery (with or without provision for refund of all or part of
8 such payment)....”

9
10 The third change is in the last paragraph and clarifies a non-refundable
11 customer charge. It reads as follows:

12 “Non-refundable payments will be in the amount determined by subtracting from the total
13 estimated installation cost the product of three and one half (3.5) times the anticipated
14 annual revenue, excluding the portion of the revenue representing fuel-cost recovery as set forth
15 in Section 5.1, STANDARD INSTALLATION.” .

16
17 The fourth change is also found in the last paragraph and includes language to
18 clarify the application of refundable payments and how the payments will be
19 refunded. It reads as follows:

20 “Additional refundable payments may be required where service is extended and where
21 customer occupancy is expected to be delayed. In such cases, for each additional customer
22 served directly from the original contracted extension within five (5) years from the date of its
23 completion, the person who made the advance payment will receive proportionate refunds as
24 additional customers take occupancy. The total of such refunds will in no event exceed the
25 total refundable advance payment. Refunds will be made only for line extensions on private
26 property to a single customer served directly from the original contracted facilities.”

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The fifth proposed change is to reformat Section 5.2 for clarification. See the redlined version of the proposed tariff in the Notice Schedule 7 for details.

Special Facilities, Section 5.3

The Company is proposing two minor changes to this section. The first modification is to make the last sentence of the second paragraph gender neutral as follows:

“Any payment by a customer will not entitle the customer to any ownership interests or rights therein.”

The second change is to reformat the last paragraph for clarification. See the redlined version of the proposed tariff the Notice Schedule 7 for details.

Replacement of Overhead with Underground and Service Connections, Sections 5.5 and 5.6 Respectively

The changes in this tariff are minor text changes to make the language gender-neutral. The changes in redline format are shown in the Notice Schedule 7.

Temporary Service, Section 5.7

The Company proposes a minor text addition to address advance payments related to customer-requested temporary service. The proposed additional language reads:

“The Company may require the customer to make an advance payment sufficient to cover the estimated cost of service as described above.”

1 **Refusal or Discontinuance of Service, Section 6.1**

2 The Company is proposing significant changes to the language of this section
3 to comply with the ND Rules § 69-09-02-05.1(1), § 69-09-02-05.1(7), § 69-09-
4 02-05.1(8), § 69-09-02-05.1(10), and ND Statutes 49-04-07. The Company is
5 also proposing language changes to make it gender-neutral as well as changes
6 in format make the tariff easier to read.

7

8 The more substantive changes and additions in language are designed to
9 clearly specify the conditions when the Company may disconnect service,
10 when it may not disconnect service, the process to follow when a landlord or
11 property management firm is delinquent in paying its utility bill, when the
12 Company may refuse to connect service, and the actions the Company may
13 initiate under emergency and hazardous conditions. Because the changes are
14 numerous and voluminous, they are not reproduced here. They can be
15 reviewed in redline format in the Notice Schedule 7.

16

17 **Curtailment or Interruption of Supply, Section 6.2**

18 The changes in this tariff are minor text changes to make the language gender-
19 neutral. See the redline text in the Notice Schedule 7.

20

21 **Residential Billing of Vacant Rental Property Agreement, Sheet 39**

22 The Company is proposing to move this to Section 7, sheet 12.

23

24 **Residential Properties Included in the Residential Billing of Vacant**
25 **Rental Property Agreement, Sheet 40**

26 The Company is proposing to move this to Section 7, sheet 13.

27

1 North Dakota Residential Tenant Authorization Form for Tenant or
2 Landlord to Start Service, Sheet 41

3 The Company is proposing to move this to Section 7, sheet 14.

4
5 North Dakota Residential Tenant Authorization Form for Tenant or
6 Landlord to Stop Service, Sheet 42

7 The Company is proposing to move this to Section 7, sheet 15.

8
9 Q. ARE THERE ANY OTHER CHANGES YOU WISH TO ADDRESS?

10 A. Yes. The Company made a change to Section No. 8 Customer Service Forms
11 that eliminates the "Important Notice Bill" form. This form, which is a
12 standard customer bill form with a notation in the customer message section
13 reminding the customer that the account has a past due amount, is redundant
14 to the Reminder Notice Bill form also included in this section. Elimination of
15 this form does not reflect a change in our collection process, nor does it
16 impact the amount of time a customer is allowed to pay their bill before
17 service disconnection.

18
19 V. CONCLUSION

20
21 Q. MR. ZINS, DOES THIS CONCLUDE YOUR TESTIMONY?

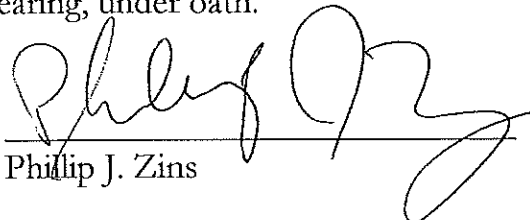
22 A. Yes, it does.

1 STATE OF NORTH DAKOTA
2 BEFORE THE
3 PUBLIC SERVICE COMMISSION
4
5

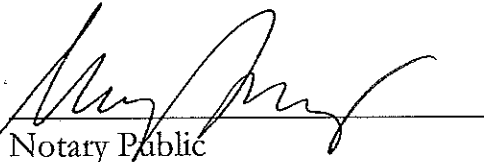
6 In the Matter of the Application of Northern)
7 States Power Company, a Minnesota Corporation)
8 For Authority to Increase Rates for Electric Service) Case No. PU-07-____
9 in North Dakota)

10
11
12
13 AFFIDAVIT OF
14 Phillip J. Zins
15
16

17 I, the undersigned, being duly sworn, depose and say that the foregoing is
18 the Direct Testimony of the undersigned, and that such Direct Testimony and the
19 exhibits or schedules sponsored by me to the best of my knowledge, information
20 and belief, are true, correct, accurate and complete, and I hereby adopt said
21 testimony as if given by me in formal hearing, under oath.

22
23
24 
25 Phillip J. Zins
26
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29
30 Subscribed and sworn to before me, this 4 day of December, 2007.

31
32
33 
34 Notary Public
35
36

