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SOAH DOCKET NO. 473-21-2606
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APPLICATION OF EL PASO ELECTRIC COMPANY TO CHANGE RATES	**§**	**BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS**

RATE 41 GROUP'S RESPONSE TO TEXAS INDUSTRIAL ENERGY CONSUMERS FIRST REQUEST FOR INFORMATION

Rate 41 Group ("Rate 41") files this response to Texas Industrial Energy Consumers ("TIEC") First Request for Information ("RFI") to the Rate 41 Group. Rate 41 received TIEC's First RFI on December 15, 2021. Pursuant to Order No. 2, Rate 41's response is due within five (5) working days. This response is therefore timely filed. All parties may treat these answers as if they were filed under oath.

Rate 41 reserves the right to object at the time of the hearing to the admissibility of information produced herein.

Respectfully submitted,

By: */s/ Maria Faconti*

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REGION 19 EDUCATION SERVICE CENTER
SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT
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TORNILLO INDEPENDENT SCHOOL DISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing instrument has been forwarded to all parties of record via electronic mail on the 22nd day of December 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Maria Faconti
Maria Faconti

RATE 41 GROUP'S RESPONSE TO EPE'S
FIRST REQUEST FOR INFORMATION

TIEC-RATE 41 GROUP 1-1: Referring to the cross-rebuttal testimony of James Daniel, please provide all testimony submitted by Mr. Daniel concerning gradualism or rate moderation in the last five years.

Response: The following are the cases in which Mr. Daniel provided testimony concerning gradualism or rate moderation in the last five years. Also being provided are the PUC Interchange links to Mr. Daniel's testimony. For convenience also attached are non-confidential copies of the testimony items listed.

SOAH Docket No. 473-21-0538; PUC Docket No. 51415; Application of Southwestern Electric Power Company for Authority to Change Rates

Direct Testimony and Exhibits of James W. Daniel on Behalf of Nucor Steel Longview, LLC, March 31, 2021

http://interchange.puc.texas.gov/search/documents/?controlNumber=51415&itemNumber=314

Cross-Rebuttal Testimony of James W. Daniel on Behalf of Nucor Steel Longview, LLC, May 19, 2017

http://interchange.puc.texas.gov/search/documents/?controlNumber=51415&itemNumber=399

SOAH Docket No. 473-17-2686; PUC Docket No. 46831; Application of El Paso Electric Company to Change Rates

Direct Testimony and Exhibits of James W. Daniel on Behalf of the Rate 41 Group, June 23, 2017

http://interchange.puc.texas.gov/search/documents/?controlNumber=46831&itemNumber=523

Cross-Rebuttal Testimony and Exhibits of James W. Daniel on Behalf of Rate 41 Group, July 21, 2017

http://interchange.puc.texas.gov/search/documents/?controlNumber=46831&itemNumber=675

Utah Docket No. 19-057-02; Application of Dominion Energy Utah to Increase Distribution Rates and Charges and Make Tariff Modifications

Phase II Direct Testimony of James W. Daniel on Behalf of the Office of Consumer Services (Redacted and Confidential), November 14, 2019

RATE 41 GROUP'S RESPONSE TO EPE'S
FIRST REQUEST FOR INFORMATION

https://psc.utah.gov/2019/01/07/docket-no-19-057-02/

Preparer: Camie D. Flowers and James W. Daniel

Sponsor: James W. Daniel

STONE
MATTHEIS
XENOPOULOS
& BREW, PC

May 19, 2017

Ms. Lisa Clark
Filing Clerk, Central Records
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, TX 78711-3326

Re: *Cross-Rebuttal Testimony of James W. Daniel on Behalf of Nucor Steel – Longview, LLC*
PUC Docket No. 46449, SOAH Docket No. 473-17-1764

Dear Ms. Clark:

Enclosed for filing in the above-captioned docket please find the *Cross-Rebuttal Testimony of James W. Daniel on Behalf of Nucor Steel – Longview, LLC*. This testimony was filed electronically with the Commission today. A copy of the Tracking Sheet is also enclosed.

Please contact me if you have any questions.

Respectfully submitted,

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AUTHORIZED REPRESENTATIVES FOR NUCOR STEEL – LONGVIEW, LLC

Enclosures

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the *Cross-Rebuttal Testimony of James W. Daniel on Behalf of Nucor Steel – Longview, LLC* is being served via electronic mail, facsimile, U.S. mail and/or hand delivery to all parties of record on this, the 19th day of May 2017.

Damon E. Xenopoulos

SOAH DOCKET NO. 473-17-1764
PUC DOCKET NO. 46449

APPLICATION OF SOUTHWESTERN ELECTRIC POWER COMPANY FOR AUTHORITY TO CHANGE RATES	**§**	**BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS**

CROSS-REBUTTAL TESTIMONY OF

JAMES W. DANIEL

ON BEHALF

OF

NUCOR STEEL-LONGVIEW, LLC

MAY 19, 2017

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EXHIBITS

CROSS-REBUTTAL TESTIMONY

I. INTRODUCTION

Q. PLEASE STATE YOUR FULL NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is James W. Daniel. My business address is 919 Congress Avenue, Suite 800, Austin, Texas 78701.

Q. PLEASE OUTLINE YOUR FORMAL EDUCATION.

A. I received the degree of Bachelor of Science from the Georgia Institute of Technology in 1973 with a major in economics.

Q. WHAT IS YOUR PRESENT POSITION?

A. I am a Vice President of the firm GDS Associates, Inc. ("GDS") and Manager of GDS's office in Austin, Texas.

Q. PLEASE STATE YOUR PROFESSIONAL EXPERIENCE.

A. From July 1974 through September 1979 and from August 1983 through February 1986, I was employed by Southern Engineering Company. During that time, I participated in the preparation of economic analyses regarding alternative power supply sources and generation and transmission feasibility studies for rural electric cooperatives. I participated in wholesale and retail rate and contract negotiations with investor-owned and publicly-owned utilities, prepared cost of service studies on investor-owned and publicly-owned utilities, and prepared and submitted testimony and exhibits in utility rate and other regulatory proceedings on behalf of publicly-owned utilities, industrial customers, associations, and government agencies. From October 1979 through July 1983, I was employed as a public utility consultant by R.W. Beck and Associates. During that time, I

participated in rate studies for publicly-owned electric, gas, water and wastewater utilities. My primary responsibility was the development of revenue requirements, cost of service, and rate design studies as well as the preparation and submittal of testimony and exhibits in utility rate proceedings on behalf of publicly-owned utilities, industrial customers and other customer groups. Since February 1986, I have held the position of Manager of GDS's office in Austin, Texas. In April 2000, I was elected as a Vice President of GDS. While at GDS, I have provided testimony in numerous regulatory proceedings involving electric, natural gas, and water utilities, and I have participated in generic rulemaking proceedings. I have prepared retail rate studies on behalf of publicly-owned utilities, and I have prepared utility valuation analyses. I have also prepared economic feasibility studies, and I have procured and contracted for wholesale and retail energy supplies.

Q. HAVE YOU TESTIFIED BEFORE ANY REGULATORY COMMISSIONS?

A. I have testified many times before regulatory commissions. I have submitted testimony before the following state regulatory authorities: the Public Utility Commission of Texas ("Commission"), the Texas Commission on Environmental Quality, the Texas Railroad Commission, the Regulatory Commission of Alaska, the Arkansas Public Service Commission, the Arizona Corporation Commission, the Delaware Public Service Commission, the Florida Public Service Commission, the Georgia Public Service Commission, the Illinois Commerce Commission, the State Corporation Commission of Kansas, the Louisiana Public Service Commission, the New Mexico Public Service Commission, the Oklahoma Corporation Commission, the Oregon Public Utility Commission, the Pennsylvania Public Utility Commission, the South Dakota Public Utilities Commission, the Virginia State Corporation Commission, and the Public Service

Commission of West Virginia. I have also testified before the Federal Energy Regulatory Commission ("FERC") and two Condemnation Courts appointed by the Supreme Court of Nebraska. I also have submitted an expert opinion report before the United States Tax Court on utility issues. A list of regulatory proceedings in which I have presented expert testimony is provided as Exhibit JWD-1.

Q. WOULD YOU PLEASE DESCRIBE GDS?

A. GDS is an engineering and consulting firm with offices in Marietta, Georgia; Austin, Texas; Auburn, Alabama; Manchester, New Hampshire; Madison, Wisconsin; and Orlando, Florida. GDS has over 160 employees with backgrounds in engineering, accounting, management, economics, finance, and statistics. GDS provides rate and regulatory consulting services in the electric, natural gas, water, storm, and telephone utility industries. GDS also provides a variety of other services in the electric utility industry including power supply planning, generation support services, energy procurement and contracting, energy efficiency program development, financial analysis, load forecasting, and statistical services. Our clients are primarily privately-owned utilities, publicly-owned utilities, municipalities, customers of investor-owned utilities, groups or associations of customers, and government agencies.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Nucor Steel-Longview, LLC ("Nucor"), a division of Nucor Corporation. Nucor owns and operates a steelmaking facility in the Longview, Texas area and is a large industrial customer of Southwestern Electric Power Company ("SWEPCO" or "Company"). Nucor receives service under SWEPCO's Metal Melting Service-

Transmission ("MMS-T") rate schedule and Lighting and Power-Primary ("LP-P") rate schedule.

II. PURPOSE OF CROSS-REBUTTAL TESTIMONY

Q. WHAT WAS YOUR ASSIGNMENT IN THIS PROCEEDING?

A. My assignment was to review the direct testimony of the intervenors and Commission Staff as it relates to issues 39, 41, and 42 of the Preliminary Order. Based upon that review, I was to present cross-rebuttal testimony on certain issues raised by other parties that do not provide acceptable solutions to those Preliminary Order issues.

Q. WHAT ARE PRELIMINARY ORDER ISSUES 39, 41, AND 42?

A. As stated in the Preliminary Order, these issues are:

> 39. What are the appropriate rate classes for which rates should be determined?
>
> 41. What are the appropriate allocations of SWEPCO's revenue requirements to jurisdictions, functions, and rate classes.
>
> A. What are the appropriate allocations of revenue and related costs associated with contracts that SWEPCO enters into with wholesale customers?
>
> B. Do all allocation factors properly reflect the types of costs allocated?
>
> C. What are the appropriate allocations of SWEPCO's transmission investment, expenses and revenues, including transmission expenses and revenues under FERC-approved tariffs, among jurisdictions?
>
> 42. Are all rate classes at unity? If not, what if anything, should be done to address the lack of unity?

Q. WOULD YOU PLEASE SUMMARIZE THE RESULTS OF YOUR REVIEW AND ANALYSIS?

A. Yes. All parties have filed testimony on a proposed distribution of the approved overall revenue increase among the rate classes. Their testimony discusses moving class revenue levels towards their cost of service and limiting the increase to some rate classes through

the application of various gradualism proposals. My cross-rebuttal testimony will focus on problems or issues with the proposed revenue distribution methodologies of Texas Industrial Energy Consumers ("TIEC"), and East Texas Salt Water Disposal Company and East Texas Oil and Gas Producers ("ETSWD"). However, the revenue distribution proposals of other intervenors have most of the same problems or issues. My cross-rebuttal testimony also comments on a cost allocation adjustment proposed by OPUC.

Based upon my review and analysis, I have reached the following conclusions and recommendations:

(1) SWEPCO's existing rate classes should be maintained. TIEC has not adequately supported its proposal to eliminate certain rate classes.

(2) In order to achieve the objective of moving to cost based rates, the Commission should adopt a revenue distribution to each individual rate class, or sub-class, rather than to broad groups of customer classes.

(3) TIEC's and ETSWD's proposed revenue distribution methodology should be rejected for several reasons.

(4) The Commission should approve a revenue distribution methodology that incorporates the following basic objectives, as supported by most of the parties in this case:

(a) The revenue distribution should be specific to each rate class rather than to broad groups of customers;

(b) The revenue distribution should result in rate class revenue levels that equal their cost of service or that make a significant move toward their cost of service, to the extent practical;

(c) In situations where moving completely to the cost of service results in a substantial rate increase for a rate class, gradualism should be applied in order to alleviate the rate increase; and

(d) Any revenue shortfall due to applying gradualism should be proportionately spread to the other rate classes.

(5) The Commission Staff's proposed revenue distribution methodology incorporates the principles listed in (4) above and should be approved.

(6) OPUC's proposed adjustment to the classification of certain distribution costs to the primary and secondary distribution systems should be rejected.

III. TIEC'S PROPOSED RATE CLASSES

Q. WHAT ARE THE GENERAL PARAMETERS USED TO DETERMINE RATE CLASSES?

A. In general, for vertically integrated utilities such as SWEPCO, rate classes are established for one or more customers that have unique load, usage, and service characteristics such as load factor, coincidence factor, size, usage patterns, and voltage level of service.

Q. DOES A RATE CLASS HAVE TO INCLUDE A CERTAIN NUMBER OF CUSTOMERS?

A. No. A rate class may have one customer or hundreds of thousands of customers.

Q. IN TEXAS, IS IT ODD FOR VERTICALLY INTEGRATED UTILITIES TO HAVE SINGLE- CUSTOMER RATE CLASSES OR RATE CLASSES WITH ONLY A FEW CUSTOMERS?

A. No. All vertically integrated investor-owned utilities ("IOU") in Texas have rate classes with only one customer and/or just a few customers.

Q. FOR VERTICALLY INTEGRATED UTILITIES, WHY IS IT IMPORTANT FOR EACH RATE CLASS TO INCLUDE SIMILAR CUSTOMERS?

A., It is important for setting rates so that customers pay rates intended to recover their estimated cost of service. If a rate class includes widely disparate customers, then customers within the rate class will likely pay or receive subsidies.

Q. IS SWEPCO PROPOSING TO CHANGE THE EXISTING RATE CLASSES?

A. No.

Q. IS THE COMMISSION STAFF PROPOSING TO CHANGE THE EXISTING RATE CLASSES?

A. No.

Q. ARE ANY INTERVENORS PROPOSING TO CHANGE THE EXISTING RATE CLASSES?

A. Yes. TIEC is proposing to eliminate or combine several rate classes. The affected rate classes include:

- General Service Non-Demand Secondary
- General Service Demand Secondary
- General Service Primary
- Lighting and Power Secondary
- Lighting and Power Primary
- Lighting and Power Transmission
- Large Lighting and Power Primary
- Large Lighting and Power Transmission
- Metal Melting Secondary
- Metal Melting Primary
- Metal Melting Transmission

Q. WHAT IS TIEC'S BASIS FOR ELIMINATING OR COMBINING EXISTING RATE CLASSES?

A. It appears that TIEC's sole criteria for eliminating or combining existing rate classes is the number of customers in each rate class. If a rate class only has one or a few customers, then TIEC is proposing to combine the rate class with one or more other rate classes. TIEC's objective is to eliminate rate classes with only a few customers.

Q. WHAT IS TIEC'S RATIONALE FOR ELIMINATING EXISTING RATE CLASSES WITH ONLY A FEW CUSTOMERS OR ONE CUSTOMER?

A. The only reason offered is TIEC's unsupported belief that rate classes with only a few customers can have volatile or unstable rate levels from one rate case to the next.

Q. HAS TIEC DEMONSTRATED THAT ITS CONCERN ABOUT RATE LEVEL INSTABILITY FOR RATE CLASSES WITH ONLY A FEW CUSTOMERS IS A REAL PROBLEM, OR THAT IT HAS HAPPENED?

A. No.

Q. DO THE EXISTING RATE CLASSES THAT TIEC IS PROPOSING TO COMBINE HAVE SIMILAR LOAD AND USAGE CHARACTERISTICS?

A. I do not know. TIEC has not provided this analysis. Without this information, one cannot determine if changing SWEPCO's existing rate classes is reasonable. It may be that load research would need to be conducted before this question can be answered.

Q. DO THE COMMISSION'S *ELECTRIC UTILITY RATE FILING PACKAGE FOR GENERATING UTILITIES* ("RFP") REQUIRE ADDITIONAL COST OF SERVICE STUDY ("COSS") INFORMATION FOR PROPOSED CHANGES TO EXISTING RATE CLASSES?

A. Yes. Instructions contained in Section 1 of the RFP include *Schedule P: Class Cost of Service Analysis,* which requires additional COSS information in cases that involve proposed changes to the existing rate classes. The additional information is necessary to

determine the reasonableness of the proposed changes to the existing rate classes. For that purpose, the RFP instructions require four variations of the COSS. These are;

(1) Proposed rate revenues with proposed rate classes,

(2) Existing rate revenues with proposed rate classes,

(3) Existing rate revenues with existing rate classes; and

(4) Proposed rate revenues with existing rate classes.

Since SWEPCO is not proposing to change the existing rate classes, the Company did not provide these additional COSS analyses.

Q. DID TIEC PROVIDE THIS COSS INFORMATION FOR ITS PROPOSED CHANGES TO EXISTING RATE CLASSES?

A. No.

Q. DO YOU BELIEVE IT WOULD BE USEFUL TO HAVE THIS INFORMATION FOR DETERMINING THE REASONABLENESS OF TIEC'S PROPOSED RATE CLASSES?

A. Yes. I agree with the Commission's RFP requirements that this COSS information would be useful for that purpose.

Q. WHAT IS YOUR RECOMMENDATION REGARDING TIEC'S PROPOSAL TO ELIMINATE AND COMBINE EXISTING RATE CLASSES OF SWEPCO?

A. TIEC's proposal should be rejected. The number of customers in a rate class is not a sound basis for defining rate classes. TIEC has not presented the information needed for determining the reasonableness of changes to the existing rate classes. Given the absence of this critical underlying support, the Commission has no basis upon which to change SWEPCO's existing rate classes.

IV. TIEC'S AND ETSWD'S PROPOSED REVENUE DISTRIBUTION

Q. PLEASE EXPLAIN HOW THE DISTRIBUTION OF REVENUE INCREASES (OR DECREASES) AMONG RATE CLASSES IS TYPICALLY DETERMINED.

A. The primary objective in distributing the total system revenue increase among the rate classes is the cost of service of each rate class. To the extent practical, the revenue level for each rate class should be set at the class' cost of service. In certain situations, factors other than cost of service are considered in determining the distribution of the overall revenue increase among the rate classes. Other factors that may be considered include customer bill impacts, rate stability, equity, and efficiency. When other factors are considered, it is important that the revenue distribution moves all rate classes significantly closer to their cost of service, to the extent practical.

Q. WHAT CURRENT REVENUE LEVELS SHOULD BE USED FOR PURPOSES OF DETERMINING THE EFFECTIVE BASE RATE REVENUE PERCENT INCREASE NEEDED FOR EACH RATE CLASS?

A. Under SWEPCO's current rates, it collected $282,338,005 in base rate revenues plus $36,894,885 in TCRF and DCRF revenues. Under its proposed rates, SWEPCO is proposing to move recovery of the costs currently recovered in the Transmission Cost Recovery Factor ("TCRF") and Distribution Cost Recovery Factor ("DCRF") to base rates and to set TCRF and DCRF revenues to zero. In order to show the net effective increase in base rate revenues, current base rate revenues should include both the actual base rate revenues plus the TCRF and DCRF revenues to be included in proposed base rates. This current "base rate" revenue amount is $319,232,890. While the gross increase in base rate revenues is $105,926,324, or 37.5%, the net effective increase is $69,031,439, or 21.6%. When comparing the revenue distribution recommendations of the parties, this distinction

in base rate revenue increases is important as some parties incorrectly use in their direct testimony the gross base rate increase amounts and percentages.[1]

Q. HOW IS SWEPCO PROPOSING TO DISTRIBUTE ITS PROPOSED REVENUE INCREASE TO THE RATE CLASSES?

A. SWEPCO witness Shawnna Jones discusses SWEPCO's proposed revenue distribution on page 9, line 16, through page 13, line 3, of her direct testimony, as well as in her Executive Summary. In this testimony SWEPCO states that ideally all rate class revenue levels should be set equal to the rate class cost of service. However, moving some rate classes to full cost of service at one time causes "unacceptable impacts" for certain rate classes. In those instances, SWEPCO is proposing to moderate the increase. Rate moderation for such situations is commonly referred to as gradualism. As shown on SWEPCO Exhibit SGJ-2, under SWEPCO's proposed revenue distribution, no rate class will receive a base rate increase greater than 59.6%. If all rate class revenue levels were set equal to their cost of service, some classes would realize base rate increases of over 300%.

SWEPCO then assigns the revenue shortfalls resulting from SWEPCO's gradualism proposal to some of the other rate classes. For purposes of assigning the revenue shortfalls to other rate classes, SWEPCO first combines rate classes into larger customer groups. Any gradualism related revenue shortfalls for rate classes in each group are then spread to some of the other rate classes in that group. The resulting revenue distribution is shown on SWEPCO Exhibit SGJ-2. As shown on that exhibit, all rate classes receive different base rate percent increases.

[1] Some of the parties also use their proposed lower total system base rate revenue increase rather than SWEPCO's proposed increase.

As I will discuss later in my testimony, I do not agree with the methodology SWEPCO uses for spreading the gradualism revenue shortfall to other rate classes.

Q. ARE THERE OTHER PARTIES THAT PROPOSE A MODIFIED VERSION OF SWEPCO'S REVENUE DISTRIBUTION METHODOLOGY?

A. Yes. TIEC and ETSWD also rely on groups of rate classes for purposes of determining their revenue distribution proposals. TIEC and ETSWD combine rate classes into groups and propose revenue distribution amounts and average percent increases for each of their rate class groups. Unlike SWEPCO, ETSWD also applies the average percentage increase for each group to each of the rate classes included in each group to determine the revenue increase distributions for the individual rate classes. In other words, each rate class in the group receives the same percent base rate increase regardless of the rate class' cost of service.[2]

Q. DO TIEC AND ETSWD USE THE SAME GROUPS OF RATE CLASSES FOR THEIR PROPOSED REVENUE DISTRIBUTIONS?

A. No. TIEC has 13 rate groups while ETSWD has 6 rate groups. An example of a difference in the TIEC and ETSWD rate groups is that TIEC maintains the Oilfield rate class as a separate rate class and assigns their maximum percent base rate increase of 61.5% to that rate class. ETSWD, which represents customers in the Oilfield rate class, proposes to include the Oilfield rate class in its largest customer group. ETSWD's recommended base rate percent increase for this customer group is 37.6%, which they apply to the Oilfield rate class. It should be noted that SWEPCO's COSS determines that an 83.8% base rate increase is needed to set the Oilfield's rates equal to their cost of service.

[2] It should be noted that for two rate classes ETSWD makes exceptions to its proposed rate group percentage increases.

Q. WHAT ARE THE SHORTFALLS OR PROBLEMS WITH TIEC'S AND ETSWD'S PROPOSED REVENUE DISTRIBUTION METHODOLOGIES?

A. There are several shortfalls or problems with TIEC's and ETSWD's proposed revenue distribution methodologies. These include:

(a) Their methodologies diminish reliance on the primary objective of determining rate class revenue levels, i.e., to set revenue levels equal to the rate class' cost of service,

(b) TIEC incorrectly relies on the Commission's Order on Rehearing in SWEPCO's prior rate case in Docket No. 40443 as precedent for its proposed revenue distribution methodology in this case,

(c) Their methodologies are contradictory to the Commission's rate filing package requirement, and

(d) Their methodologies will likely result in less rate stability rather than TIEC's claim of increased rate stability.

I will discuss each of these shortfalls or problems in the following sub-sections of my cross-rebuttal testimony. I would note that all of these shortfalls or problems also apply to SWEPCO's proposed revenue distribution methodology.

A. Diminished Reliance on Cost of Service

Q. HOW MANY SPECIFIC RATE CLASSES DOES SWEPCO'S COSS ALLOCATE COSTS TO?

A. Twenty.

Q. HOW MANY RATE GROUPS DO TIEC AND ETSWD USE FOR THEIR PROPOSED REVENUE DISTRIBUTIONS?

A. As previously mentioned, TIEC uses 13 rate groups while ETSWD uses 6 rate groups.

Q. DOES COMBINING RATE CLASSES INTO LARGER RATE GROUPS DIMINISH THE RELIANCE ON THE RESULTS OF THE COSS?

A. Yes, it does. SWEPCO's COSS produces the cost of serving each rate class. By combining rate classes into larger rate groups for revenue distribution purposes, the resulting revenue distribution will be based on the average cost of service of the rate classes included in the larger rate group rather than on the specific cost of serving each rate class. For example, TIEC proposes combining the three metal melting rate classes into a rate group for determining its proposed revenue distribution. TIEC's revised COSS shows that these three rate classes should receive the following percentage rate increases or decreases:

CURRENT RATE CLASS	PERCENT INCREASE (DECREASE)
Metal Melting - Secondary	5.0%
Metal Melting - Primary	80.0%
Metal Melting - Transmission	(25.0%)

Based on TIEC's proposed revenue distribution methodology, the Metal Melting-Transmission rate class would receive a base rate revenue increase of 31.1%, or $295,609. This obviously ignores or diminishes the reliance on TIEC's own COSS, which supports a base rate revenue decrease of $237,903, or 25.0%.

ETSWD did not provide a COSS, so one cannot readily determine if rate classes move closer to or farther from their cost of service.

Q. DO THE COMMISSION'S RATE FILING PACKAGE REQUIREMENTS SPECIFY THAT COSTS BE ALLOCATED TO RATE CLASSES IN THE CLASS COST OF SERVICE STUDY?

A. Yes. The rate filing package ("RFP") instructions are clear that costs are to be allocated to each rate class. This reinforces the importance of allocating costs to rate classes rather than to groups of rate classes or to broader customer classes.

B. Incorrect Reliance on Order in Docket No. 40443

Q. DOES TIEC RELY ON THE COMMISSION'S FINAL ORDER IN SWEPCO'S PRIOR RATE CASE, DOCKET NO. 40443?

A. Yes. As discussed on page 53, lines 6 through 10, of the direct testimony of TIEC witness Jeffry Pollock, TIEC's proposed rate class grouping concept relies on the Commission's Order on Rehearing in SWEPCO's prior rate case. I would note, however, that TIEC's proposal uses different rate class groups than those used in Docket No. 40443.[3]

Q. ARE THE CIRCUMSTANCES IN SWEPCO'S PRIOR RATE CASE SIMILAR TO THE CURRENT RATE CASE?

A. No. In SWEPCO's prior rate case, the Company was proposing to include the recovery of two new power plants in base rates. The Company's average proposed base rate increase was 33.8%. In this case, SWEPCO is proposing an average base rate revenue increase of 21.6% which is significantly less than the percentage increase in Docket No. 40443. The reason for the Company's proposed rate class grouping in its last rate case was the magnitude of its overall proposed revenue increase in that case. The situation is different in the current rate case.

[3] SWEPCO and ETSWD are also using different rate class groups than those used in Docket No. 40443.

Q. DOES THE COMMISSION TYPICALLY GROUP RATE CLASSES FOR PURPOSES OF DETERMINING THE APPROVED REVENUE DISTRIBUTION?

A. No, not based on my experience. Also, Staff witness William Abbott discusses on page 8, line 8, through page 11, line 8, of his direct testimony recent Commission concerns with grouping rate classes for ratemaking purposes.

C. Combining Rate Classes Contradicts RFP Requirements

Q. DOES TIEC'S REVISED COSS COMBINE CERTAIN RATE CLASSES INTO LARGER RATE GROUPS?

A. Yes, TIEC Exhibit JP-12 summarizes the results of TIEC'S revised COSS. This exhibit uses the 13 rate groups previously discussed rather than SWEPCO's existing and proposed 20 rate classes.

Q. DO THE COMMISSION'S RFP INSTRUCTIONS REQUIRE THE COSS TO ALLOCATE COSTS TO EACH RATE CLASS?

A. Yes, it does. The instructions for the class cost of service analysis specify that the COSS shows the cost of service for each existing and proposed rate class. Exhibit JP-12 fails to provide the information required by the Commission for a COSS.

D. Combining Rate Classes Decreases Rate Stability

Q. DOES TIEC CLAIM THAT COMBINING RATE CLASSES INTO LARGER RATE GROUPS CAN MITIGATE RATE VOLATILITY?

A. Yes. On page 52, line 18, through page 53, line 3, of the direct testimony of TIEC witness Jeffry Pollock he claims that rates for sparsely populated rate classes can be unstable if rates are set equal to the rate class' cost of service. Specifically, TIEC's testimony is as follows:

> The use of sparsely populated customer classes can potentially result in an unstable COSS from case to case even if only one customer were to significantly change its usage patterns in a particular test year. This can become a problem if rates are set precisely to cost for each sparsely populated customer class. There could be large swings in rates resulting

from attempting to match cost based on the particular test year load pattern of a small group of customers.

Q. DOES TIEC PROVIDE ANY SUPPORT FOR THIS CLAIM?

A. No. TIEC's claimed problem is speculative and unsupported.

Q. DOES TIEC'S CLAIM CONTRADICT ITS TESTIMONY IN SWEPCO'S PRIOR RATE CASE?

A. Yes, the testimony cited above appears to be contradictory to testimony TIEC presented in SWEPCO's prior rate case. In that case, SWEPCO presented testimony regarding the benefits of setting rates based on the cost of service. The following question and answer was provided in that discussion:

> **Q. HOW CAN COST-BASED RATES PROVIDE STABILITY?**
> A. When rates are closely tied to cost, the utility's earnings are stabilized because changes in customer use patterns result in parallel changes in revenues and expenses. If rates are not based on cost, then an increase in usage by subsidized classes or a decrease in usage by classes providing subsidies will adversely affect the utility earnings.

Q. WHAT IS YOUR RECOMMENDATION REGARDING TIEC'S AND ETSWD'S PROPOSED USE OF RATE GROUPS FOR PURPOSES OF DETERMINING THE REVENUE DISTRIBUTION IN THIS CASE?

A. Based on all of the problems discussed above with grouping rate classes for purposes of determining the revenue distribution, TIEC's and ETSWD's proposals should be rejected.

V. REVENUE DISTRIBUTION PROPOSALS OF OTHER PARTIES

Q. DID ANY OTHER PARTIES USE SOME VARIATION OF GROUPING RATE CLASSES IN THEIR REVENUE DISTRIBUTION PROPOSALS?

A. Yes. Cities Advocating Reasonable Deregulation ("CARD") witness Clarence Johnson uses a variation of SWEPCO's proposed rate groups. Similar to SWEPCO, Mr. Johnson does not increase all rate classes in the rate groups by the average percent increase for the group. Texas Cotton Ginners' Association ("TCGA") also uses SWEPCO's revenue

distribution methodology but with a lower revenue increase cap. Wal-Mart Stores Texas, LLC, and Sam's East, Inc. ("Walmart") does not oppose SWEPCO's revenue distribution methodology.

These proposals include most of the shortfalls and problems previously discussed regarding the proposals of TIEC and ETSWD.[4]

Q. WHAT IS THE COMMISSION STAFF'S PROPOSED REVENUE DISTRIBUTION METHODOLOGY?

A. First, I would note that the Staff is properly comparing the proposed base rate increase impacts by including the TCRP and DCRF revenues in current base rates as previously discussed in my testimony. Staff witness William Abbott opposes SWEPCO's proposed use of rate class grouping or bundling for purposes of determining a revenue distribution. Mr. Abbott raises many of the same problems and shortfalls with SWEPCO's proposal that I previously discussed regarding TIEC's and ETSWD's revenue distribution proposals. Rather than considering rate groups or bundles, Staff looks at the COSS results for each rate class for determining its recommended revenue distribution. Based on Staff's revised COSS, Mr. Abbott's recommended revenue distribution objective is to move rate class base rate revenues to, or closer to, each rate class' revised cost of service. In addition, Staff proposes to cap the base rate revenue percent increase to any rate class at 22%. Mr. Abbott also recommends base rate revenue decreases for rate classes currently paying rates significantly above their cost of service. The 22% rate cap appears to be 1.5 times Staff's recommended average system base rate increase of 14.73%.[5] Staff then proportionately

[4] It appears that OPUC is proposing to set all rate class revenue levels equal to the class cost of service in OPUC's adjusted COSS.

[5] Staff's recommended base rate revenue requirement increase is $47,035,290, which results in an average increase of 14.73% (See Staff's Errata Attachment WBA-2).

spreads the revenue shortfall from the 22% cap to the other rate classes, not just to some of the bundled rate classes.

VI. NUCOR'S RECOMMENDED REVENUE DISTRIBUTION

Q. WHAT IS YOUR RECOMMENDATION REGARDING THE REVENUE DISTRIBUTION METHODOLOGY THAT SHOULD BE USED IN THIS CASE?

A. The Staff's proposed methodology addresses the problems and shortfalls with the revenue distribution proposals that consider rate class groups or bundles. In addition, Staff's cap of 1.5 times the average system increase is reasonable and is consistent with past Commission precedent. Applying the 1.5 times cap to SWEPCO's proposed revenue increase results in a cap of $32.4%. My recommendation is that the Commission approve Staff's revenue distribution methodology.

Q. HAVE YOU APPLIED STAFF'S PROPOSED REVENUE DISTRIBUTION METHODOLOGY TO SWEPCO'S PROPOSED REVENUE INCREASE AND COSS RESULTS?

A. Yes. The resulting revenue distribution and base rate percent increase by rate class is provided as my Exhibit JWD-2.

Q. WILL STAFF'S AND YOUR RECOMMENDED REVENUE DISTRIBUTION METHODOLOGY WORK FOR ANY LOWER REVENUE INCREASE APPROVED BY THE COMMISSION?

A. Yes. The methodology is scalable to whatever revenue increase is approved.

VII. COST ALLOCATION ISSUES

Q. HAVE YOU MADE A THOROUGH REVIEW OF SWEPCO'S COSS AND OF EACH PARTY'S PROPOSED ADJUSTMENT TO THE COSS?

A. No. The schedule for filing cross-rebuttal testimony did not provide time to conduct a thorough COSS analysis.

Q. BASED UPON THE REVIEW THAT YOU DID, ARE THERE ANY PROPOSED COSS ADJUSTMENTS THAT YOU WANT TO COMMENT ON?

A. Yes. Office of Public Utility Counsel ("OPUC") witness Scott Palmer proposes adjustments to SWEPCO's classification of costs related to distribution system poles and overhead ("OH") line conductors to the secondary and primary distribution systems. SWEPCO uses the estimated investment in secondary system facilities and primary system facilities for classifying these distribution costs. OPUC proposes to use the length of pole miles in the secondary system and primary system as the basis for classifying these distribution costs. The classifications affect how distribution costs related to return, taxes, depreciation, and O&M expenses are allocated to rate classes.

Q. HOW DO SWEPCO'S AND OPUC'S CLASSIFICATION PERCENTAGES COMPARE FOR THESE DISTRIBUTION FACILITIES?

A. This comparison is provided below:

Table 2

Facility Type	SWEPCO	OPUC
Poles & Towers		
Primary	62.46%	77.44%
Secondary	37.54%	22.56%
OH Lines		
Primary	78.15%	77.44%
Secondary	21.85%	22.56%

As stated in the testimony of OPUC witness Scott Palmer, this proposed adjustment will assign $22,693,300 more in plant investment to the primary distribution system than the methodology used by SWEPCO.

Q. DO YOU AGREE WITH THIS OPUC ADJUSTMENT?

A. No. Based upon my experience, using plant investment amounts to assign costs to the primary and secondary systems is the most common and accurate methodology. The use of poles miles, as recommended by OPUC, for assigning costs to the primary and secondary system is a fallback approach that is used as a proxy when plant investment data is not available. Since SWEPCO has plant cost information for their primary and secondary systems, OPUC's proposed use of poles miles will be less accurate and should be rejected.

VIII. SUMMARY AND RECOMMENDATIONS

Q. PLEASE SUMMARIZE THE CONCLUSIONS YOU HAVE REACHED AND THE RECOMMENDATIONS YOU ARE MAKING TO THE COMMISSION.

A. I have reached the following conclusions and recommendations:

(1) SWEPCO's existing rate classes should be maintained. TIEC has not adequately supported its proposal to eliminate certain rate classes.

(2) In order to achieve the objective of moving to cost based rates, the Commission should adopt a revenue distribution to each individual rate class, or sub-class, rather than to broad groups of customer classes.

(3) TIEC's and ETSWD's proposed revenue distribution methodology should be rejected for several reasons.

(4) The Commission should approve a revenue distribution methodology that incorporates the following basic objectives, as supported by most of the parties in this case:

(a) The revenue distribution should be specific to each rate class rather than to broad groups of customers.

(b) The revenue distribution should result in rate class revenue levels equal to their cost of service or that make a significant move toward their cost of service, to the extent practical,

(c) In situations where moving completely to the cost of service results in a substantial rate increase for a rate class, gradualism should be applied in order to alleviate the rate increase, and

(d) Any revenue shortfall due to applying gradualism should be proportionately spread to the other rate classes.

(5) The Commission Staff's proposed revenue distribution methodology incorporates the principles listed in (4) above and should be approved.

(6) OPUC's proposed adjustment to the classification of certain distribution costs to the primary and secondary distribution systems should be rejected.

Q. DOES THIS CONCLUDE YOUR CROSS-REBUTTAL TESTIMONY?

A. Yes.

EXHIBIT JWD-1

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
1/1/1976	Federal Power Commission	ER76-530	Arizona Public Service Company
2/76	South Dakota Public Utility Commission	F-3055	Northwestern Public Service Company
5/79	Federal Energy Regulatory Commission	78-379; 380; 381; 382; 383	Indiana & Michigan Electric Company
11/80	New Mexico Public Service Commission	1627	Kit Carson Electric Cooperative (Direct Testimony)
6/81	Arizona Corporation Commission	9962-E-1032	Citizens Utilities Company
9/81	Federal Energy Regulatory Commission	ER81-179	Arizona Public Service Commission (Direct Testimony)
3/84	Texas Public Utility Commission	5640	Texas Utilities Electric Company
4/2/1984	Public Utility Commission of Texas	5560	Gulf States Utility Company (Direct Testimony)
7/3/84	Texas Public Utility Commission	5640	Texas Utilities Electric Company (Direct Testimony)
11/15/1984	Texas Public Utility Commission	5709	Texas Utilities Electric Company (Direct Testimony)
1/85	Federal Energy Regulatory Commission	ER84-568-000	Gulf States Utilities Company (Direct Testimony)
11/20/1985	Federal Energy Regulatory Commission	ER85-538-001	Gulf States Utilities Company (Direct Testimony)
1/7/86	Louisiana Public Service Commission	U-16510	Central Louisiana Electric Company (Direct Testimony)
3/10/86	Texas Public Utility Commission	6677	Texas Utilities Electric Company
3/14/86	Federal Energy Regulatory Commission	ER85-538-001	Gulf States Utilities Company Rebuttal and Surrebuttal Testimony)
6/20/88	Texas Public Utility Commission	8032	Lower Colorado River Authority (Direct Testimony)
7/15/88	Texas Public Utility Commission	8032	Lower Colorado River Authority (Supplemental Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
3/7/90	Texas Public Utility Commission	9165	El Paso Electric Company (Direct Testimony)
4/12/90	Texas Public Utility Commission	9300	Texas Utilities Electric Company (Direct Testimony - Revenue Requirements Phase)
5/1/90	Texas Public Utility Commission	9300	Texas Utilities Electric Company (Direct Testimony - Phase II - Rate Design)
7/6/90	Texas Public Utility Commission	9300	Texas Utilities Electric Company (Supplemental Testimony - Revenue Requirements)
7/10/90	Texas Public Utility Commission	9427	Lower Colorado River Authority (Direct Testimony - Rate Design)
7/30/90	Texas Public Utility Commission	9427	Lower Colorado River Authority (Rebuttal Testimony - Rate Design)
8/23/90	Texas Public Utility Commission	9561	Central Power & Light Company (Direct Testimony - Rate Design)
1/11/91	Texas Public Utility Commission	9427	Lower Colorado River Authority (Rebuttal Testimony)
9/24/91	Texas Public Utility Commission	10404	Guadalupe Valley Electric Cooperative (Direct Testimony)
12/91	Rate Area 2&3 Nebraska Municipalities	N/A	Peoples Natural Gas Company
7/31/92	Texas Public Utility Commission	11266	Guadalupe-Blanco River Authority (Direct Testimony)
8/7/92	State Corporation Commission of Kansas	180,416-U	Peoples Natural Gas Company (Direct Testimony)
9/8/92	Texas Public Utility Commission	11266	Guadalupe-Blanco River Authority (Direct Testimony)
9/92	Texas Public Utility Commission	10894	Gulf States Utilities Company (Direct Testimony)
5/93	Texas Public Utility Commission	11735	Texas Utilities Electric Company (Rebuttal Testimony)
6/93	Texas Public Utility Commission	11892	Generic Proceeding Regarding Purchased Power (Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
09/08/93	State Corporation Commission of Kansas	186,363-U	KN Energy (Direct Testimony)
09/94	State Corporation Commission of Kansas	190,362-U	Kansas Natural Pipeline and Kansas Natural Partnership (Direct Testimony)
10/17/94	Texas Public Utility Commission	12820	Central Power and Light Company (Direct Testimony)
11/15/1994	City of Houston	NA	Houston Lighting and Power Company (Direct Testimony)
11/15/1994	Texas Public Utility Commission	12065	Houston Lighting and Power Company (Direct Testimony - Revenue Requirements Phase)
12/12/1994	Texas Public Utility Commission	12820	Central Power & Light Company (Supplemental Testimony)
1/10/1995	Texas Public Utility Commission	12065	Houston Lighting & Power Company (Direct Testimony - Rate Design Phase)
5/23/95	Federal Energy Regulatory Commission	TX94-4-000	Texas Utilities Electric Company and Southwestern Electric Service (Affidavit)
8/7/95	Texas Public Utility Commission	13369	West Texas Utilities Company Rebuttal Testimony - Rate Design Phase)
10/31/95	Texas Public Utility Commission	14435	Southwestern Electric Power Company (Direct Testimony)
11/95	Rate Area 3 Nebraska Municipalities	N/A	Peoples Natural Gas Company (Municipal Report)
02/07/96	Federal Energy Regulatory Commission	TX96-2-000	City of College Station, Texas (Affidavit)
5/15/96	Texas Public Utility Commission	14965	Central Power & Light Company (Direct Testimony)
5/29/1996	Texas Public Utility Commission	14965	Central Power & Light Company (Rebuttal Testimony)
07/19/96	Texas Public Utility Commission	15766	City of Bryan, Texas (Direct Testimony)
8/29/1996	Texas Public Utility Commission	15296	City of Bryan, Texas (Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
08/07/96	State of Illinois Commerce Commission	96-0245 & 96-0248	Commonwealth Edison Company (Direct Testimony)
09/06/96	Texas Public Utility Commission	15643	Central Power & Light Company and West Texas Utilities Company (Direct Testimony)
9/17/1996	Texas Public Utility Commission	15296	City of Bryan, Texas (Rebuttal Testimony)
09/18/96	Texas Public Utility Commission	15638	Texas Utilities Electric Company (Direct Testimony)
10/22/96	Texas Natural Resource Conservation Commission	96-0652-UCR	Longbranch Associates, L.P. (Direct Testimony)
08/05/97	Arkansas Public Service Commission	97-019-U	Arkansas Western Gas Company (Direct Testimony)
08/06/97	Texas Public Utility Commission	16705	Entergy Texas (Direct Testimony)
08/25/97	Texas Public Utility Commission	16705	Entergy Texas (Rebuttal Testimony - Rate Design Phase)
09/23/97	Arkansas Public Service Commission	97-019-U	Arkansas Western Gas Company Surrebuttal Testimony
09/30/97	Texas Public Utility Commission	16705	Entergy Texas (Direct Testimony - Competitive Issues Phase)
12/97	United States Tax Court	7685-96 and 4979-97	Lykes Energy, Inc. (Report)
12/97	Condemnation Court Appointed by the Supreme Court of Nebraska	13880	Peoples Natural Gas
12/1/1997	Condemnation Court Appointed by the Supreme Court of Nebraska	NA	Peoples Natural Gas Company (Report to City of Wahoo, Nebraska)
8/1/1998	Condemnation Court Appointed by the Supreme Court of Nebraska	101	Peoples Natural Gas (Report to City of Scribner, Nebraska)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
10/98	Federal Energy Regulatory Commission	EL-99-6-000	Entergy Gulf States, Inc. (Affidavit)
10/19/1998	Federal Energy Regulatory Commission	TX98-	Gulf States Utilities Company (Affidavit)
12/31/1998	Texas Public Utility Commission	20292	Sharyland Utilities, L.P. (Direct Testimony)
3/11/1999	Texas Public Utility Commission	20292	Sharyland Utilities, L.P. (Supplemental Testimony)
4/30/1999	Texas Public Utility Commission	20292	Sharyland Utilities, L.P. (Rebuttal Testimony)
7/16/1999	Texas Public Utility Commission	19265	Central and South West Corporation and American Electric Power Company, Inc. (Direct Testimony)
11/1/1999	Texas Public Utility Commission	21591	Sharyland Utilities, L.P. (Direct Testimony)
11/24/1999	Texas Public Utility Commission	21528	Central Power and Light Company (Direct Testimony)
1/27/2000	Texas Railroad Commission	8976	Texas Utilities Company Lone Star Pipeline (Direct Testimony)
3/31/2000	Texas Public Utility Commission	22348	Sharyland Utilities, L.P. (Direct Testimony)
08/2000	Texas Public Utility Commission	20624	Reliant Energy HL&P (Direct Testimony)
10/16/2000	Texas Public Utility Commission	22344	Generic Issues Associated with Unbundled Cost of Service Rate (Direct Testimony)
10/23/2000	Texas Public Utility Commission	21956	Reliant Energy, Inc. (Direct Testimony)
11/14/2000	Texas Public Utility Commission	22350	TXU Electric Company (Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
11/17/2000	Texas Public Utility Commission	22352	Central Power and Light Company (Direct Testimony)
12/12/2000	Texas Public Utility Commission	22355	Reliant Energy HL&P (Direct - Final Phase) (Direct Testimony)
12/21/2000	Texas Public Utility Commission	22355	Reliant Energy HL&P (Direct Testimony - Rate Case Expense Phase)
12/29/2000	Texas Public Utility Commission	22355	Reliant Energy HL&P (Supplemental & Rebuttal Testimonies)
7/5/2001	Texas Public Utility Commission	23950	Reliant Energy (Direct Testimony)
9/6/2001	Texas Public Utility Commission	24239	Mutual Energy CPL, LP (Direct Testimony)
4/22/2002	State Corporation Commission of Kansas	02-WSRE-301-RTS	Western Resources, Inc. and Kansas Gas and Electric Company (Direct Testimony)
6/19/2002	Federal Energy Regulatory Commission	TX96-2-000	City of College Station, Texas (Direct Testimony)
8/5/2002	Oklahoma Corporation Commission	200100455	Oklahoma Gas and Electric Company (Responsive Testimony)
12/31/2002	Texas Public Utility Commission	26195	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
4/24/2003	Texas Public Utility Commission	25089	Market Protocols for the Portions of Texas Within the Southeastern Reliability Council (Rebuttal Testimony)
6/9/2003	Texas Public Utility Commission	25089	Market Protocols for the Portions of Texas Within the Southeastern Reliability Council (Supplemental Direct Testimony)
7/11/2003	State Corporation Commission of Kansas	03-KGSG-602-RTS	Kansas Gas Service, a Division of ONEOK, Inc. (Direct Testimony)
8/11/2003	Texas Public Utility Commission	25089	Market Protocols for the Portions of Texas Within the Southeastern Reliability Council (Second Supplemental Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
8/18/2003	State Corporation Commission of Kansas	03-KGSG-602-RTS	Kansas Gas Service, a Division of ONEOK, Inc. (Supplemental Testimony)
10/29/2003	Federal Energy Regulatory Commission	ER04-35-000	Entergy Services, Inc. (Affidavit)
11/5/2003	Texas Public Utility Commission	26195	CenterPoint Energy Houston Electric, LLC (Supplemental Direct Testimony)
2/9/2004	Texas Public Utility Commission	28840	AEP Texas Central Company (Direct Testimony)
6/1/2004	Texas Public Utility Commission	29526	CenterPoint Energy Houston Electric, LLC, Reliant Energy Retail Services, LLC, and Texas Genco, LP (Direct Testimony)
8/19/2004	Texas Public Utility Commission	28813	Cap Rock Energy Corporation (Affidavit)
8/30/2004	Texas Public Utility Commission	28813	Cap Rock Energy Corporation (Direct Testimony)
1/7/2005	Texas Public Utility Commission	30485	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
3/16/2005	Texas Public Utility Commission	30706	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
6/9/2005	Texas Public Utility Commission	29801	Southwestern Public Service Company (Direct Testimony)
9/2/2005	Texas Public Utility Commission	31056	AEP Texas Central Company and CPL Retail Energy, LP (Direct Testimony)
9/9/2005	State Corporation Commission of Kansas	05-WSEE-981-RTS	Westar Energy, Inc. and Kansas Gas and Electric Company (Direct Testimony)
9/29/2005	Georgia Public Service Commission	20298-U	Atmos Energy Corporation (Direct Testimony)
4/24/2006	Texas Public Utility Commission	32475	AEP Texas Central Company (Cross Answering Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
8/11/2006	Texas Public Utility Commission	32093	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
8/23/2006	Texas Public Utility Commission	32795	Reallocation of Stranded Costs Pursuant to PURA §139.253(f) (Direct Testimony)
8/24/2006	Texas Public Utility Commission	32758	AEP Texas Central Company (Direct Testimony)
12/22/2006	Texas Public Utility Commission	32766	Southwestern Public Service Company (Direct Testimony)
3/13/2007	Texas Public Utility Commission	33309	AEP Texas Central Company (Direct Testimony)
3/19/2007	State Corporation Commission of Kansas	07-AQLG-431-RTS	Aquila Networks-KGO (Direct Testimony)
4/27/2007	Texas Public Utility Commission	33687	Entergy Gulf States, Inc. (Direct Testimony)
7/11/2007	Texas Public Utility Commission	33823	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
7/13/2007	Texas Public Utility Commission	33687	East Texas Cooperatives (Supplemental Testimony)
1/11/2008	Texas Public Utility Commission	35219	Guadalupe Valley Electric Cooperative, Inc (Direct Testimony)
1/29/2008	Texas Public Utility Commission	35287	Sharyland Utilities, L.P. (Direct Testimony)
7/1/2008	Georgia Public Service Commission	27163	Atmos Energy Corporation (Direct Testimony)
9/16/2008	Texas Public Utility Commission	34442	JD Wind (Direct Testimony)
9/29/2008	State Corporation Commission of the State of Kansas	08-WSEE-1041-RTS	Westar Energy, Inc. and Kansas Gas and Electric Company (Direct Testimony)
10/13/2008	Texas Public Utility Commission	35763	Southwestern Public Services Company (Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
11/26/2008	Texas Public Utility Commission	35717	Oncor Electric Delivery Company (Direct Testimony)
6/26/2009	State Corporation Commission of the State of Kansas	09-WSEE-641-GIE	Westar Energy, Inc. and Kansas Gas and Electric Company (Direct Testimony)
6/29/2009	Texas Public Utility Commission	36918	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
9/30/2009	State Corporation Commission of the State of Kansas	09-WSEE-925-RTS	Westar Energy, Inc. and Kansas Gas and Electric Company (Direct Testimony)
7/10/2010	Pennsylvania Public Utility Commission	R-2010-2161575, et. al.	PECO Energy Company (Direct Testimony)
9/3/2010	Texas Public Utility Commission	38324	Oncor Electric Delivery Company, LLC (Direct Testimony)
9/10/2010	Texas Public Utility Commission	38339	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
9/24/2010	Texas Public Utility Commission	38339	CenterPoint Energy Houston Electric, LLC (Cross-Rebuttal Testimony)
9/27/2010	Texas Public Utility Commission	38324	Oncor Electric Delivery Company, LLC (Cross-Rebuttal Testimony)
11/5/2010	Texas Public Utility Commission	38577	Modification of CREZ Transmission Plan (Direct Testimony)
2/4/2011	Texas Railroad Commission	GUD 10038	CenterPoint Energy Texas Gas (Direct Testimony)
3/1/2011	Texas Public Utility Commission	39070	Sharyland Utilities, L.P. (Direct Testimony)
10/19/2011	Texas Public Utility Commission	39856	Guadelupe Valley Electric Cooperative (Direct Testimony)
5/1/2012	Texas Public Utility Commission	40364	Sharyland Utitilies, L.P. (Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
5/15/2012	Delaware Public Service Commisison	11-528	Delmarva Power & Light Company (Direct Testimony)
11/2/2012	Florida Public Service Commission	120015-EI	Florida Power & Light Company (Direct Testimony)
2/20/2013	Texas Public Utility Commission	40627	Westlake United Methodist Church (Cross-Rebuttal Testimony)
4/30/2013	Texas Public Utility Commission	41438	Sharyland Utilities, L.P. (Direct Testimony)
5/31/2013	Texas Public Utility Commission	41474	Sharyland Utilities, L.P. (Direct Testimony)
8/27/2013	Texas Public Utility Commission	41794	Sharyland Utilities, L.P. (Direct Testimony)
11/7/2013	Texas Public Utility Commission	41474	Sharyland Utilities, L.P. (Rebuttal Testimony)
1/2/2014	Texas Public Utility Commission	42133	Sharyland Utilities, L.P. (Direct Testimony)
1/9/2014	Michigan Public Service Commission	U-17437	DTE Electric Company (Direct Testimony)
5/19/2014	Public Service Commission of West Virginia	14-0344-E-GI	SWVA, Inc. (Direct Testimony)
6/17/2014	Texas Public Utility Commission	42087	The Hillwood Group (Direct Testimony)
7/23/2014	Texas Public Utility Commission	42699	Sharyland Utilities, L.P. (Direct Testimony)
8/6/2014	Virginia State Corporation Commission	2014-00026	Steel Dynamics, Inc. (Direct Testimony)
8/15/2014	Texas Public Utility Commission	42767	Sharyland Utilities, L.P. (Direct Testimony)
12/18/2014	Public Service Commission of West Virginia	14-1152-E-42T	SWVA, Inc. (Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
1/23/2015	Texas Public Utility Commission	44361	Sharyland Utilities, L.P. (Direct Testimony)
2/10/2015	Texas Public Utility Commission	44438	Sharyland Utilities, L.P. (Direct Testimony)
4/8/2015	Texas Public Utility Commission	44620	Sharyland Utilities, L.P. (Direct Testimony)
5/13/2015	Regulatory Commission of Alaska	U-14-111	Municipal Light & Power, Municipality of Anchorage (Direct Testimony)
5/19/2015	West Virginia Public Service Commission	15-0301-E-GI	SWVA, Inc. (Direct Testimony)
6/15/2015	Oregon Public Utility Commission	UE 294	Industrial Customers of Northwest Utilities (Direct Testimony)
9/8/2015	Texas Public Utility Commission	44620	Sharyland Utilities, L.P. (Rebuttal Testimony)
10/23/2015	Oklahoma Corporation Commission	201500208	Public Service Company of Oklahoma (Responsive Testimony)
12/11/2015	Texas Public Utility Commission	44941	The Rate 41 Group (Direct Testimony)
1/11/2016	Texas Public Utility Commission	44941	The Rate 41 Group (Supplemental Testimony)
3/21/2016	Oklahoma Corporation Commission	201500273	Oklahoma Attorney General (Responsive Testimony)
3/31/2016	Oklahoma Corporation Commission	201500273	Oklahoma Attorney General (Responsive Testimony)
4/20/2016	Texas Public Utility Commission	45875	Sharyland Utilities, L.P. (Direct Testimony)
4/29/2016	Texas Public Utility Commission	45414	Sharyland Utilities, L.P. (Direct Testimony)
6/29/2016	West Virginia Public Service Commission	15-1734-E-T-PC	SWVA, Inc. (Direct Testimony)
8/4/2016	Texas Public Utility Commission	46236	Sharyland Utilities, L.P. (Direct Testimony)
12/6/2016	Texas Public Utility Commission	46042	City of Lubbock (Direct Testimony)

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DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
12/28/2016	Texas Public Utility Commission	46710	Guadalupe Valley Electric Cooperative, Inc. (Direct Testimony)
12/30/2016	Texas Public Utility Commission	45414	Sharyland Utilities, L.P. & SDTS, LLC (Direct Testimony)
2/7/2017	Regulatory Commission of Alaska	U-16-066	ENSTAR Natural Gas Company (Responsive Testimony)
3/7/2017	Texas Public Utility Commission	45414	Sharyland Utilities, L.P. & SDTS, LLC (Rebuttal Testimony)
4/6/2017	Public Service Commission of Utah	16035-036	Office of Consumer Services (Direct Testimony)
4/27/2017	Public Service Commission of Utah	16035-036	Office of Consumer Services (Rebuttal Testimony)

EXHIBIT JWD-2

Nucor's Recommended Revenue Distribution

SWEPCO 2017 Rate Case

Nucor's Recommended Revenue Distribution

Line No.	Rate Class	Current Base Rate Revenue w/ TCRF & DCRF	Nucor's Recommended Base Rate Revenue Distribution*	Nucor's Recommended Base Rate Revenue Distribution Increase*	
				Amount	Percent
(a)	(b)	(c)	(d)	(e)	(f)
1	Residential	$ 134,500,329	$ 164,410,468	$ 29,910,139	22.24%
2	GS W Demand	13,958,033	18,424,603	4,466,570	32.00%
3	GS Primary	12,048	11,685	(363)	-3.01%
4	GS WO Demand	5,329,890	6,873,447	1,543,556	28.96%
5	**Total General Service**	**19,299,971**	**25,309,735**	**6,009,764**	**31.14%**
6	Light & Power Sec	96,471,295	113,204,424	16,733,129	17.35%
7	Light & Power Pri	18,408,908	23,617,910	5,209,002	28.30%
8	Light & Power Tran	1,016,634	856,573	(160,061)	-15.74%
9	Total Light & Power	115,896,837	137,678,907	21,782,070	18.79%
10	Cotton Gin	253,046	334,020	80,975	32.00%
11	Oil Field	8,674,389	11,450,194	2,775,805	32.00%
12	Metal Melting Sec	210,981	224,256	13,275	6.29%
13	Metal Melting Pri	1,231,431	1,625,489	394,058	32.00%
14	**Total LP, Oil Field, Cotton Gin, MMS Dist.**	**126,266,685**	**151,312,867**	**25,046,182**	**19.84%**
15	Large Light & Power Pri	5,553,918	7,331,172	1,777,254	32.00%
16	Large Light & Power Tran	22,564,935	27,697,076	5,132,141	22.74%
17	Metal Melting Trans	1,062,134	805,461	(256,673)	-24.17%
18	**Total Large Light & Power & MMS Tran.**	**29,180,987**	**35,833,709**	**6,652,722**	**22.80%**
19	Municipal Pumping	1,958,405	2,585,095	626,690	32.00%
20	Municipal Service	1,303,296	1,720,350	417,055	32.00%
21	**Total Municipal Service**	**3,261,701**	**4,305,445**	**1,043,744**	**32.00%**
22	Municipal Lighting	2,079,845	2,455,542	375,698	18.06%
23	Public Street &Highway Lighting	40,804	53,861	13,057	32.00%
24	**Total Municipal & Street Lighting**	**2,120,649**	**2,509,404**	**388,755**	**18.33%**
25	Private Area Lighting	4,384,086	4,327,236	(56,850)	-1.30%
26	Customer-Owned Lighting	218,482	255,466	36,984	16.93%
27	**Total Private/Customer-Owned Lighting**	**4,602,568**	**4,582,702**	**(19,866)**	**-0.43%**
28	**Total Company**	**$ 319,232,890**	**$ 388,264,329**	**$ 69,031,439**	**21.62%**

* At SWEPCO's proposed base rate revenue requirement level.

SOAH DOCKET NO. 473-17-2686
DOCKET NO. 46831

APPLICATION OF EL PASO ELECTRIC COMPANY TO CHANGE RATES	§ § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY AND EXHIBITS

OF

JAMES W. DANIEL

ON BEHALF OF

THE

RATE 41 GROUP

June 23, 2017

DOCKET NO. 46831

DIRECT TESTIMONY AND EXHIBITS OF

JAMES W. DANIEL

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EXHIBITS

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is James W. Daniel. My business address is 919 Congress Avenue, Suite 800, Austin, Texas 78701.

Q. PLEASE OUTLINE YOUR FORMAL EDUCATION.

A. I received a Bachelor of Science degree from the Georgia Institute of Technology in 1973, majoring in economics.

Q. WHAT IS YOUR PRESENT POSITION?

A. I am a Vice President of the firm GDS Associates, Inc. ("GDS") and Manager of GDS's office in Austin, Texas.

Q. PLEASE STATE YOUR PROFESSIONAL EXPERIENCE.

A. From July 1974 through September 1979 and from August 1983 through February 1986, I was employed by Southern Engineering Company. While employed by the Southern Engineering Company, I participated in the preparation of economic analyses regarding alternative power supply sources and generation and transmission feasibility studies for rural electric cooperatives. I also participated in wholesale and retail rate and contract negotiations with investor-owned and publicly-owned utilities, prepared cost of service studies on investor-owned and publicly-owned utilities and prepared and submitted testimony and exhibits in utility rate and other regulatory proceedings on behalf of publicly-owned utilities, industrial customers, associations and government agencies.

From October 1979 through July 1983, I was employed as a public utility consultant by R. W. Beck and Associates. During that time, I participated in rate studies

for publicly-owned electric, gas, water and wastewater utilities. My primary responsibility was the development of revenue requirements, cost of service, and rate design studies as well as the preparation and submittal of testimony and exhibits in utility rate proceedings on behalf of publicly-owned utilities, industrial customers and other customer groups.

Since February 1986, I have held the position of Manager of GDS's office in Austin, Texas. In April 2000, I was elected as a Vice President of GDS. While at GDS, I have provided testimony in numerous regulatory proceedings involving electric, natural gas, and water utilities, I have participated in generic rulemaking proceedings, I have prepared retail rate studies on behalf of publicly-owned utilities, I have prepared utility valuation analyses, I have prepared economic feasibility studies, and I have procured and contracted for wholesale and retail energy supplies.

Q. HAVE YOU TESTIFIED BEFORE ANY REGULATORY COMMISSIONS?

A. I have testified many times before regulatory commissions. I have submitted testimony before the following state regulatory authorities: the Public Utility Commission of Texas ("PUC" or the "Commission"), the Texas Commission on Environmental Quality, the Texas Railroad Commission, the Regulatory Commission of Alaska, the Arkansas Public Service Commission, the Arizona Corporation Commission, the Delaware Public Service Commission, the Florida Public Service Commission, the Georgia Public Service Commission, the Illinois Commerce Commission, the State Corporation Commission of Kansas, the Louisiana Public Service Commission, the New Mexico Public Service Commission, the Oklahoma Corporation Commission, the Oregon Public Utility Commission, the Pennsylvania Public Utility Commission, the South Dakota Public

Utilities Commission, the Utah Public Service Commission, the Virginia State Corporation Commission, and the West Virginia Public Service Commission. I have also testified before the Federal Energy Regulatory Commission ("FERC"), and two Condemnation Courts appointed by the Supreme Court of Nebraska. Additionally, I have submitted an expert opinion report before the United States Tax Court on utility issues. A list of regulatory proceedings in which I have presented expert testimony is provided as JWD-1.

Q. WOULD YOU PLEASE DESCRIBE GDS?

A. GDS is an engineering and consulting firm with offices in Marietta, Georgia; Austin, Texas; Auburn, Alabama; Manchester, New Hampshire; Madison, Wisconsin, and Orlando Florida. GDS has over 175 employees with diverse backgrounds in engineering, accounting, management, economics, finance, and statistics. GDS provides rate and regulatory consulting services in the electric, natural gas, water, storm, and telephone utility industries. GDS also provides a variety of other services in the electric utility industry including power supply planning, generation support services, energy procurement and contracting, energy efficiency program development, financial analysis, load forecasting, and statistical services. Our clients are primarily privately-owned utilities, publicly-owned utilities, municipalities, customers of investor-owned utilities, groups or associations of customers, and government agencies.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of the Rate 41 Group. The Rate 41 Group includes the following entities: Ysleta Independent School District, El Paso Independent School District, Socorro Independent School District, Clint Independent School District, San

Elizario Independent School District, Fabens Independent School District, Anthony Independent School District, Canutillo Independent School District, Tomillo Independent School District, Region 19 Education Service Center, Housing Authority of the City of El Paso, and El Paso County Community College District. Each of these entities receives service under El Paso Electric Company's ("EPE" or "Company") existing Rate Schedule No. 41 ("Rate 41").

Q. WHAT WAS YOUR ASSIGNMENT IN THIS PROCEEDING?

A. My assignment was to analyze EPE's proposal relating to the Rate 41 rate schedule for service to cities, counties, and schools. I was also asked to review EPE's plans for the evaluation of the Rate 41 customer class in its next rate case.

Q. PLEASE DESCRIBE YOUR CONCLUSIONS AND RECOMMENDATIONS BASED ON YOUR ANALYSIS.

A. Based on my review, analysis, and research, I have reached the following conclusions and recommendations:

(1) This is the 9th consecutive EPE rate case in which EPE has changed its position regarding Rate 41. As with all of the prior attempts, EPE's latest proposed Rate 41 changes are flawed, not adequately supported by the evidence, and should be rejected by the Commission.

(2) EPE plans to make 10 consecutive rate cases in which it has changes its position on Rate 41. In its testimony in this case, EPE has announced its intentions to do the load research necessary to propose to limit Rate 41 to schools in its next rate proceeding. In this case the Commission should order in this case that EPE is to retain the Rate 41 class and to cease its attempts to eliminate or further limit those

allowed to take service under Rate 41.

(3) EPE's proposal to eliminate the Rate 41 rate discount and set Rate 41 rate levels equal to the cost of service is misguided, contrary to the public policy rationale and contractual purpose for creating Rate 41, and is contrary to Legislative intent. Therefore, the proposal should be rejected.

(4) EPE's proposal to change the Rate 41 rate structure to a block extender or hours use of demand rate structure is flawed, will cause volatile impacts on Rate 41 customer bills, and is unsupported by the evidence. The current rate design should be maintained and the energy rate differentials between blocks should be reduced.

(5) EPE's proposed optional time-of-use ("TOU") rate for Rate 41 is flawed and unsupported by the evidence, and should be rejected.

(6) Similarly, EPE's proposal to make its proposed optional TOU rate mandatory for Rate 41 customers with distributed generation ("DG") is flawed and unsupported by the evidence, and is also discriminatory, and therefore should be rejected.

(7) EPE's proposed new power factor penalty provision for Rate 41 should not be approved in this case, or if approved, it should not be implemented until 12 months after the Commission's Order.

(8) EPE's proposed distribution of its revenue increase to the customer classes is flawed and incorrectly increases the Rate 41 revenue level in an excessive and unreasonable way in order to bring the Rate 41 revenue level equal to the cost of service, which is against stated public policy for this class.

(9) EPE's Rate 41 load research analysis is insufficient for supporting its claim that

Rate 41 customers are similar to customers in Rates 02, 24, and 25.

(10) EPE's rate changes to Rate 41 in the last rate case, the proposed rate design changes to Rate 41 in this case, and then restructuring Rate 41 in the Company's next rate case will result in volatile bill impacts on many Rate 41 accounts.

II. HISTORY OF RATE 41

Q. HOW LONG HAS EPE HAD A RATE CLASS FOR CITY AND COUNTY CUSTOMERS?

A. A separate EPE rate for city and county government customers was first implemented in 1946. This separate rate class has remained for 71 years despite EPE's attempts to fold these customers into other rate classes.

Q. WHAT WAS THE ORIGINAL REASON FOR IMPLEMENTING A RATE CLASS FOR CITY AND COUNTY CUSTOMERS?

A. It is my understanding that the separate rate class was implemented in consideration of the cities in EPE's service area granting franchises to EPE to serve all customers within the city limits.

Q. DOES EPE STILL HAVE FRANCHISES FOR THEIR SERVICE TERRITORY WITH THESE ENTITIES?

A. Yes.

Q. HAS THE APPLICATION OF THIS RATE SCHEDULE TO CITY AND COUNTY ACCOUNTS CHANGED SINCE 1946?

A. Yes, schools were also included in the applicability of Rate 41.[1]

Q. WHAT HAS PROMPTED OTHER RECENT CHANGES TO THE APPLICABILITY OF RATE 41 SINCE 1990?

A. The changes to the applicability of Rate 41 since 1990 have mostly been caused by the attempts of Texas State Agencies ("TSA") to expand the applicability of Rate 41 to include state government accounts, and specifically for the inclusion of the University of Texas at El Paso ("UTEP").

TSA's first attempt to expand Rate 41 occurred in 1987 (Docket No. 7460). The Commission ordered the Company to present data on the load characteristics of TSA. In the next EPE rate proceeding, Docket No. 8363, TSA continued to pursue its expansion of Rate 41. The Commission ordered the Company, Staff, and TSA to each analyze TSA's issue prior to the next rate case, including the impact on other customers if TSA was moved into the Rate 41 class. In Docket No. 9165, the Company proposed not only excluding TSA from Rate 41 but also limiting Rate 41 to only public school accounts. In Phase IV of its reply brief in Docket No. 9165, the Company states it "had no intention or desire" to change Rate 41 "until the TSA/governmental issue was raised by the Attorney General."

Since then UTEP has been given a separate statutory discount and currently receives rates under that discount. It appears that TSA is no longer pursuing its inclusion

[1] Schools continued to receive service under Rate 41. Only schools that were built after Rate 41 was closed to new school accounts in 2010 receive service under a rate schedule other than Rate 41.

in Rate 41. Although TSA is no longer pursuing its inclusion in Rate 41 issue, EPE continues to try and limit or eliminate Rate 41, despite the fact that none of the original reasons for its creation have changed. EPE's attempts to terminate or limit Rate 41 ignore their original commitment to municipalities in exchange for or as consideration for service territory franchises.

Q. PLEASE EXPLAIN WHY EPE CONTINUES ITS PROPOSED ATTACKS ON RATE 41.

A. EPE suggests that Commission orders in prior EPE rate cases indicate their concern relative to the continuance of this rate."[2] Based upon the history of Rate 41 and review of prior Commission orders, I believe EPE has incorrectly attributed specific positions to the Commission regarding Rate 41. EPE's claims related to the Commission are based on its view of the results of Rate 41 discussions in four previous EPE rate cases, beginning with Docket No. 9945 in 1990. The Company's view of these prior rate cases was included in the direct testimony of EPE witness James Schichtl in EPE's prior rate case in Docket No. 44941.

In that testimony, EPE observes that the Commission's Final Order in Docket No. 9945 closed Rate 41 to new customers and claims that this is an indication that the Commission has a "concern relative to the continuance of this rate." I do not agree with EPE's view of the results of Rate 41 issues in Docket No. 9945. The Rate 41 issue in Docket No. 9945 was whether or not TSA accounts should be allowed to take service under Rate 41, not whether Rate 41 should be closed. The Commission's Final Order in that case adopted the findings in the Examiners' Report regarding this Rate 41 issue. The

[2] Page 41, lines 7 and 8, of the direct testimony of EPE witness James Schichtl.

Examiners' Report determined that the TSA accounts should not be allowed to move to Rate 41. The Examiners' Report also recommended that Rate 41 be closed to new customers pending the results of an ongoing load research study conducted by EPE. I do not agree with EPE that the results of this case would indicate the Commission has a concern with continuing Rate 41. In fact, if EPE had looked at the Commission's order in the preceding EPE rate case, Docket No. 9165, the Company should have reached a different conclusion; that the Commission sought data and consistency.

In Docket No. 9165, EPE proposed limiting the application of Rate 41 to just school accounts, i.e., the rate would no longer apply to city and county government accounts. The Commission rejected EPE's proposal.[3] With the proposal having been rejected it is clear this case does not support EPE's conclusion that the Commission has "concern" with the continuance of Rate 41. Instead it is a statement by the Commission that the rate group should not be limited to only school accounts but should be applied to city and county government accounts as well.

EPE has also incorrectly characterized its next rate case, Docket No. 12700. Specifically, EPE has incorrectly characterized the results of the Commission's Agreed Order. EPE witness James Schichtl states on page 74, lines 7 through 10, of his direct testimony in Docket No. 44941 that the Agreed Order "permitted" public schools to take service under Rate 41 and required EPE to evaluate whether non-school customers should be allowed to continue receiving service under Rate 41. Because public schools were served under Rate 41 long before this docket and it's Agreed Order, I do not see how the Agreed Order "permitted" public schools to be served under Rate 41. Instead a better

[3] This is the same proposal that EPE says it is considering to propose in the Company's next base rate case.

characterization would be that the Agreed Order in Docket No. 12700 reaffirmed the existence of the Rate 41 class.

In his prior testimony, Mr. Schichtl also states that the Agreed Order required EPE to evaluate the removal of all non-school accounts. As previously stated, EPE believes the Agreed Order indicates a concern by the Commission with the continuance of Rate 41. The Agreed Order in Docket No. 12700 includes the following directives regarding Rate 41:

> d. The Company **SHALL** continue its monitoring of Rate 41 school customers to assess the impact of year round schools. The Company **SHALL** also assess the impact of including non-public schools in Rate 41. The Company **SHALL** file the results in the first rate case after the Freeze Period. In that filing, the Company also **SHALL** present testimony redesigning the applicability clause of Rate 41 to reflect the removal of non-school customers. The Company is not limited in its right to present testimony and may file testimony supporting other alternatives or proposed changes in its Rate 41 rate design. To the extent any City of El Paso or El Paso County account, which was not in Rate 41 at the time of the Commission's Order in Docket No. 9945, receives service under Rate Class 41, the Commission hereby **ORDERS** that all state accounts become eligible for Rate 41.

Given that the language in the Agreed Order required EPE to assess the impact of including "non-public schools in Rate 41" the Commission's order indicates the Commission would consider expanding the applicability of Rate 41 to also include non-public schools. Therefore, EPE's conclusion that this Agreed Order indicates a Commission concern with the continuance of Rate 41 is incorrect. If anything, the Agreed Order indicates the opposite – the Commission's desire to better understand the rate class and to possibly open the class to new entities.

EPE next claims that the Final Order in its subsequent rate case, Docket No. 37690, which closed Rate 41 to new customers, was an indication of the Commission's concern with the continuance of Rate 41. Again, I disagree with EPE's interpretation of the results of that case. The Final Order in Docket No. 37690 adopted the Stipulation of the parties. However, neither the Stipulation nor the Final Order discussed Rate 41, or why Rate 41 was closed to new customers. I believe this lack of discussion of Rate 41 in these documents, and the fact that the case was settled would indicate that the Commission expressed no opinion as to Rate 41 in Docket No. 37690.

After Docket No. 37690, EPE did not come in for another rate proceeding until Docket No. 40094. Though Mr. Schichtl states that EPE proposed terminating Rate 41 in its application, he does not explain how this translates into an indication that the Commission was concerned with the continuance of Rate 41. The Commission never spoke to the rate class as this rate case was also settled. The Stipulation and Commission's Final Order in that proceeding, which approved the Stipulation, did not address or discuss any Rate 41 issues. The result of Docket No. 40094 became the mere continuance of what was previously agreed upon and approved in Docket No. 37690. This was not a statement by the Commission on the continuance of Rate 41 but instead was a settlement before significant costs were incurred. I would note that the Stipulation was reached prior to the intervention deadline and that several Rate 41 intervenors were not included in the settlement negotiations. Since the Stipulation and Commission's Final Order did not approve EPE's proposal to terminate Rate 41, there is no indication that the Commission was concerned with the continuation of Rate 41.

In EPE's most recent rate case, Docket No. 44941, the Company once again proposed eliminating Rate 41. However, the case was also settled with no change to the existence or make-up of the Rate 41 customer class. Again, this case contained no indication by the Commission of a concern with the continuance of Rate 41.

III. EPE'S RATE 41 PROPOSAL

Q. PLEASE DESCRIBE THE APPLICABILITY OF EPE'S CURRENT RATE 41.

A. The Company's current Rate 41 applies to certain accounts for existing public school accounts and to existing municipal and county government accounts. In total, 1070 accounts take service under Rate 41.

Q. WHAT IS EPE PROPOSING IN THIS CASE WITH REGARD TO RATE 41?

A. Instead of proposing to eliminate Rate 41 like EPE has proposed in its previous rate case (and been unsuccessful at accomplishing), EPE is proposing to retain Rate 41. However, EPE is also proposing significant changes to the current rate structure and rate schedule provisions, departing from what has traditionally been considered Schedule No. 41. These proposed changes include the following:

(1) Changing the current Rate 41 rate structure to an hours use of demand rate structure.

(2) Including an optional TOU rate in the Rate 41 rate schedule.

(3) Requiring Rate 41 customers with DG to take service under the "optional" TOU rate.

Q. WHAT ARE THE REASONS PROVIDED BY EPE FOR CHANGING THE CURRENT RATE 41 RATE STRUCTURE AND RATE SCHEDULE PROVISIONS?

A. The primary reason provided by EPE for changing Rate 41 is that the current rate structure includes a declining energy block rate structure. As stated on page 41, lines 5 and 6, of the direct testimony of EPE witness James Schichtl, a declining energy block rate structure is "generally out of favor with utilities because it can be interpreted as encouraging consumption." This appears to be why EPE has chosen to again attempt to change Rate 41.

Q. DO YOU PERCEIVE A DECLINING ENERGY BLOCK RATE STRUCTURE TO LEAD TO INEFFICIENT USE BY MEMBERS OF RATE 41?

A. Not necessarily. One needs to consider all rate components in Schedule No. 41, not just the energy charge. Schedule No. 41 also includes a very high, seasonal demand charge which provides a significant price signal for Rate 41 customers to reduce their peak demand, i.e., operate more efficiently. As shown on EPE Schedule P-6.4, page 2, of EPE's $30,477,777 proposed revenue for Rate 41, $27,328,981, or approximately 90%, is demand related costs. Only $1,574,300, or approximately 5% of the total, are energy-related costs. Therefore Rate 41 already has significant incentives to reduce their on peak demand. As shown on page 4 of that same schedule, the average base energy cost for the Rate 41 customer class is $0.005434 per kWh. The lowest energy rate for the last block in the current Rate 41 rate schedule is $0.01185 per kWh, or more than twice the unit cost shown in EPE's cost of service study. If anything, EPE has not supported why the energy rate for the last block is as high as it is.

IV. PROBLEMS WITH EPE'S RATE 41 RATE DESIGN PROPOSAL

Q. PLEASE DESCRIBE EPE'S PROPOSED NEW RATE DESIGN FOR RATE 41.

A. As discussed on page 55, lines 24 through 26, of the direct testimony of EPE witness Manuel Carrasco, EPE is proposing to change the current Rate 41 rate structure to a rate that uses a block extender or hours use of demand rate structure. Under an hours use of demand rate structure, the number of kWh billed in each energy charge block will vary depending on the customer's monthly demand or kw. The higher the customer's demand, the more kWh that get billed at the first energy block charge. The same would apply to the second energy block charge. All kWh not billed in the first two blocks are billed in the third, or last, energy rate block. The current Rate 41 rate structure has two energy rate blocks, with a set number of kWh (3,000 kWh) in the first energy rate block. All kWh in excess of 3,000 kWh are billed at a lower energy rate.

Q. WHAT IS THE BASIS FOR EPE'S PROPOSED NEW RATE STRUCTURE FOR RATE 41?

A. As previously discussed and as further explained on page 57 of Mr. Carrasco's direct testimony, EPE is proposing to change the current rate structure because the Company believes that declining block rate structures, such as the current Rate 41 rate structure, "are legacy rate structures that are no longer generally accepted because they send price signals that may" discourage conservation. EPE tries to bolster its argument for a new rate structure by saying that the proposed new Rate 41 rate structure resembles the current rate structure for Rate 24.

Q. ARE THERE ANY ISSUES OR PROBLEMS WITH EPE'S PROPOSED NEW RATE STRUCTURE FOR RATE 41?

A. Yes, there are several problems with EPE's proposed new Rate 41 rate structure. These problems are: (1) the Company's proposed new rate structure suffers from the same problem EPE identified as an issue with the current Rate 41 structure – the new rate structure is also a declining energy block rate structure so according to EPE's argument would also not encourage energy conservation, (2) the proposed new rate structure has not been supported by any analysis that demonstrates it will be an improvement to the current rate structure, (3) the rate design calculation is flawed due to EPE not having sufficient and acceptable billing determinants to calculate the proposed rates, (4) the proposed rate design will cause widely varying bill impacts on Rate 41 accounts, and (5) given EPE's plan to restructure Rate 41 in its next rate case, many accounts will see instability in their bills from one rate case to the next due to the proposed new Rate 41 rate structure in this case.

Q. DOES EPE'S CRITICISM OF THE DECLINING ENERGY BLOCK IN THE CURRENT RATE 41 RATE STRUCTURE ALSO APPLY TO THE COMPANY'S PROPOSED NEW RATE 41 RATE STRUCTURE?

A. Yes. While the decline is not as much, EPE's proposed rate design also uses declining energy block charges. EPE's criticism that the current Rate 41 declining energy block rate does not promote energy conservation, therefore, also applies to its proposed hours use of demand rate structure. Both rate structures see costs per kWh decline as usage increases. Therefore, if EPE uses as a rationale for changing the current Rate 41 rate structure that the structure does not encourage conservation, EPE would have the same

problem with the proposed structure. Overall, EPE is just replacing one rate structure with another that is arguably plagued by the same problem. It is not reasonable to replace one rate structure with another that has the same problem that the company uses as the rationale for the change.

Q. HAS EL PASO PROVIDED COST SUPPORT FOR ITS PROPOSED NEW RATE STRUCTURE FOR RATE 41?

A. No. The only other support or basis for its proposed new Rate 41 rate structure is that it is similar to the rate structure for Rate 24 and that EPE has contended that the characteristics of customers in Rate 41 are similar to customers in Rates 02, 24, and 25. However, EPE has not provided sufficient analysis or data to support this similarity claim. In fact, this claim is contrary to the proposed plan for Rate 41 that EPE is appearing to lay the foundation to implement in its next rate case. In its next rate case, EPE appears to be planning to limit Rate 41 to schools because schools have unique load and usage characteristics. Therefore, EPE's proposed hours use of demand rate structure in this case may not be appropriate for those customers. Before EPE creates a new rate structure for this class it should define the class in a way that will last more than one rate case.

Q. PLEASE EXPLAIN WHY EPE'S PROPOSED NEW RATE DESIGN FOR RATE 41 IS BASED ON FLAWED BILLING DETERMINANTS.

A. Hours use of demand rate structures require metered demand data in order to accurately design and apply the rate. Measured demand data is not available for 443 Rate 41 accounts, or 41.4% of all Rate 41 accounts. Since this information is needed to create an accurate hours of use demand rate structure, the Company attempted to estimate monthly

demands as a proxy for the missing data using the demand interval data from the Rate 41 load research meters and standard demand meters

This assumption directly contradicts EPE's claim that the types of accounts in Rate 41 have a broad range of load characteristics similar to the customers in Rates 02, 24, and 25 and that such a broad range of load characteristics would support migration into other classes, as proposed in the last EPE rate case. Designing a new rate using estimated billing determinants that assume customers are similar and then applying the rate to the actual billing determinants of customers that EPE claims are dissimilar will result in either an over-recovery or under-recovery of revenues from the Rate 41 customer class.

Q. WHAT FLAWS EXIST IN THE PRESENTATION OF RATE 41 IMPACTS IN EPE WITNESS TESTIMONY?

A. EPE's bill impact comparison, provided as Exhibit MC-8, shows bill impacts on an aggregated customer basis, but does not present customer bill impacts on individual accounts. Showing the impacts only on an aggregated customer basis smooths the impacts and hides the wide range of impacts on each premise.

Additionally, Exhibit MC-8 only reflects the impact of the rate structure change, not the impact of EPE's proposed $5.1 million rate increase for the Rate 41 customer class. Exhibit MC-8 only shows the dollar impacts and does not show the percent change from current rate amounts. For these reasons, Exhibit MC-8 exhibit can be viewed as misleading, in my opinion.

I have prepared a graph similar to EPE's Exhibit MC-8, except I show the bill impact amounts that also includes the $5.1 million rate increase. That graph is provided

on my Exhibit JWD-2. Exhibit JWD-2 also provides a graph of the percentage changes. I address bill impacts by Rate 41 account in Section VI of my direct testimony.

Q. ARE THERE ANY OTHER PROBLEMS WITH EPE'S CALCULATION OF THE BILL IMPACTS OF ITS PROPOSED HOURS USE OF DEMAND RATE STRUCTURE?

A. Yes. As previously mentioned, for purposes of estimating monthly demands for the Rate 41 accounts without demand meters, EPE applies the average monthly load factors of the accounts with demand meters. Even when these estimated demands exceed 15 kW, no demand charge is applied to the account, i.e. two different sets of demand data are being used for calculating one bill. Additionally there are other discrepancies between the billing kW and measured kW that exist in the support for EPE's bill impacts. For example, the maximum monthly demand being used for the hours of demand calculation for a large customer is approximately 7 times larger than the annual demand total being used to determine the demand charge. These discrepancies make EPE's analysis of the bill impacts unreliable.

V. PROBLEMS WITH EPE'S RATE 41 TOU RATE PROPOSAL

Q. PLEASE DESCRIBE EPE'S PROPOSED RATE 41 TOU RATE PROPOSAL.

A. As stated by EPE witness Manuel Carrasco, EPE is proposing the Rate 41 TOU rate as a "time-of-use option" for Rate 41 customers. EPE touts that the TOU rate option will help promote energy conservation and will encourage shifting usage from on-peak periods to off-peak periods.

Q. DO YOU HAVE ANY ISSUES OR PROBLEMS WITH EPE'S PROPOSED TOU RATE OPTION?

A. Yes, I have a few problems with the Rate 41 TOU rate option proposal. First, it is not "optional" for all Rate 41 customers. Second, similar to the flawed billing determinants problem with the hours use of demand rate calculations, EPE is using flawed billing determinants to design the Rate 41 TOU rate. Third, accurate bill impacts by Rate 41 accounts cannot be determined due to the flawed data previously referenced. Additionally, EPE is assuming that accounts on Rate 41 are able to react to pricing signals like a residential or small commercial customer. However, given the nature of the services provided by these account holders, it is difficult for them to be able to respond to pricing signals by shifting usage to other days or to other hours in the day.

Q. PLEASE EXPLAIN WHY THE EPE PROPOSED TOU RATE IS NOT OPTIONAL FOR A RATE 41 CUSTOMERS.

A. EPE's proposed Rate Schedule No. 41 is provided in Schedule Q-8.8. As shown on that proposed rate schedule, the TOU rate is described as an "alternate" rate for Rate 41 customers. There is no mention in the proposed rate schedule that the TOU rate option or alternate is mandatory for some Rate 41 customers. However, on page 57, lines 17 and 18, of the direct testimony of EPE witness Manuel Carrasco, it is briefly mentioned that for Rate 41 customers with DG, "the TOU rate option will be mandatory." This oxymoron is not supported by EPE and is not even included in the rate schedule. Instead it appears to have been slid in by EPE to make the TOU rate option mandatory for certain Rate 41 customers.

Q. PLEASE DESCRIBE THE FLAWS IN THE BILLING DETERMINANTS USED BY EPE TO CALCULATE ITS PROPOSED RATE 41 TOU RATE OPTION.

A. Similar to the flawed billing determinants used to calculate the standard Rate 41 rates, EPE does not have meters capable of recording energy usage by on-peak and off-peak periods for Rate 41 customers. Therefore, EPE developed "estimated" test year billing determinants for calculating the Rate 41 TOU rates. EPE had to estimate customer energy use in on-peak and off-peak periods for all customers. Using data for Rate 41 customers that were included in their load research sample, EPE determined an average percentage of their monthly on-peak energy to total monthly energy. That average on-peak energy percentage was 12.3%. The Company then applied this average on-peak energy percentage to each account's total monthly energy to estimate the account's on-peak and off-peak energy usage. These estimated billing determinants were then used to calculate the TOU rates. As with the flawed calculation of the standard Rate 41 charges, designing the TOU rate using estimated billing determinants and then applying the rates to future, actual billing determinants will result in either an over-recovery or under-recovery of revenues from Rate 41 customers taking service under the TOU rate option. Additionally, by using these estimates EPE is making a statement that members of Rate 41 are similar enough to use data on a few to estimate data for all, yet this is contradictory to prior EPE statements which have said that usage characteristics of Rate 41 are dissimilar to one another.

Q. DOES EPE KNOW THE TEST YEAR BILLING UNITS THAT WILL ALLOW IT TO DETERMINE BILL IMPACTS FOR RATE 41 CUSTOMERS THAT HAVE

DG AND WILL BE FORCED TO TAKE SERVICE UNDER THE "OPTIONAL" RATE 41 TOU RATE?

A. Yes, in response to Rate 41's RFI Nos. 2-9 and 2-23, EPE says there are four Rate 41 accounts with DG. Since these four customers will be required to take service under the proposed TOU rate, it is important to determine their monthly bill impacts. The table below summarizes the bill impacts to these four DG customers under EPE's proposal.

Though at this point in time there are only four customers that will be affected by EPE's DG proposal, additional customers might become affected as members of Rate 41 begin to consider installing DG, as a way to offset their bills.

Q. HAVE YOU ALSO DETERMINED THE BILL IMPACTS ON THE OTHER RATE 41 ACCOUNTS SHOULD THEY DECIDE TO TAKE SERVICES UNDER THE TOU RATE OPTION?

A. Yes. I discuss the individual Rate 41 account bill impacts in the next section of my direct testimony. The optional TOU rate bill impact comparison is provided as my Exhibit JWD-4. As shown on that exhibit, the estimated customer bill impacts range from a potential decrease of $7,914 to a rate increase of $1,548,990.

VI. EPE'S PROPOSED POWER FACTOR PENALTY

Q. IS EPE PROPOSING ANY OTHER CHANGES TO RATE SCHEDULE NO. 41?

A. Yes. The Company's proposed Schedule No. 41 includes a new provision that penalizes customers if their monthly power factor is below 95%. The new proposed provision is titled "Power Factor Adjustment."

Q. GENERALLY SPEAKING, WHAT IS A POWER FACTOR ADJUSTMENT?

A. A Power Factor Adjustment is the ratio of real power (kW) to apparent power (kVA) on an electrical circuit at a certain time. If the power factor of a retail customer's load is less than a certain percent threshold, a utility may require the customer to improve its power factor by installing equipment, such as capacitors, or the customer's side of the meter. Until the customer takes action to improve its load factor above the percent threshold, the utility may also implement a power factor penalty that increases the customer's billing kW until the power factor percentage equals the percent threshold.

Q. PLEASE DESCRIBE EPE'S PROPOSED RATE 41 POWER FACTOR PENALTY PROVISION.

A. I did not find any EPE testimony that describes or supports the Company's proposal to include this power factor penalty provision in its proposed Schedule No. 41. However, in the Company's annotated proposed tariff provided in Schedule 8.8, the Rate 41 rate schedule identifies the following as a proposed new section in the rate schedule:

> **POWER FACTOR ADJUSTMENT**
>
> If the measured power factor at the time of the highest measured thirty (30) minute interval kw demand for the entire plant is below 90% lagging, a power factor adjustment shall be calculated as follows:
>
> ADJ = ((kW x .95 / PF) – kW) X DC, where
> ADJ = Increase to applicable Demand Charge

kW = Monthly Measured Demand
PF = Monthly Measured Power Factor, and
DC = Demand Charge

Based on this EPE proposed tariff language, if a Rate 41 customer's power factor falls below 0.95, then the customer's unadjusted billing demand is increased by a multiplier. The multiplier is determined by dividing 0.95 by the customer's monthly metered power factor. For example, if a customer's monthly power factor is 0.85, the multiplier in that month would be approximately 1.11765 (0.95 ÷ 0.85). Assuming that the customer's July metered or monthly unadjusted NCP billing demand is 500 kW, the customer would be billed an adjusted demand of approximately 559 kW (500 kW times 1.11765), or 59 kW more than the customer's actual demand. At the Company's proposed summer demand charge for Rate 41, the customer will pay a penalty in that month of approximately $1,443 (59 kW times $24.47 per kW).

Q. DO YOU HAVE ANY PROBLEMS WITH EPE'S PROPOSED NEW POWER FACTOR PROVISION INCLUDED IN SCHEDULE NO. 41?

A. Yes, I do have a problem with EPE's inclusion of its proposed power factor penalty, as they have provided no evidence or justified as to why the new charge is necessary. As shown in the example above, the monthly penalty amount can be significant. This is alarming concern since many entities that take service on Rate 41 have fixed budgets. Even if substantial evidence were produced providing that such a charge is justified and equitable, customers should be given significant notice by EPE prior to implementation of the proposed power factor penalty. The notice period should be of sufficient length (at least one year) to allow customers time to install capacitors to correct any low power

factors, as well as an education campaign to educate customers as to how to understand and react to this new charge.

Q. IS THERE ANOTHER REASON THAT THE PROPOSED NEW RATE 41 POWER FACTOR PENALTY PROVISION SHOULD NOT BE IMPLEMENTED FOR A LEAST ONE YEAR.

A. Yes. Not only has EPE failed to discuss or support its Rate 41 power factor penalty proposal, it has failed to quantify the additional annual revenues it expects to collect from Rate 41 customers for this new charge, These additional revenues will increase the amount of miscellaneous or other revenues that EPE has used to reduce its proposed base rate revenues. By understating the amount of other revenues, EPE has overstated its proposed base rate revenue increase. This problem further supports the need for a delayed implementation period, or even postponing its implementation until EPE's next rate case in order for further analysis, including revenue impacts.

Q. ARE YOU AWARE OF ANY OTHER UTILITIES THAT PROVIDED A CUSTOMER NOTICE PERIOD PRIOR TO IMPLEMENTING A NEW POWER FACTOR PENALTY?

A. Yes. In Sharyland Utilities' 2015 rate case in Docket No. 41474, Sharyland included a new power factor penalty provision in its proposed rate schedules. The Commission's Order in that docket stated that "Sharyland shall not enforce the Power Factor Adjustment Charge (PFAC) without providing 12 months prior notice to its customers." In that proceeding the Commission accurately identified the fact that customers need prior notice in order to adjust to new and unexpected penalties.

VII. RATE 41 BILL IMPACTS

Q. HAS EPE PREPARED BILL IMPACTS FOR EACH RATE 41 ACCOUNT?

A. While EPE did perform a bill impact analysis by account, it only presented bill impacts on an aggregated customer basis.

Q. ARE YOU PRESENTING RATE 41 BILL IMPACTS BY INDIVIDUAL ACCOUNTS?

A. Yes. Pages 1 through 221 of my Exhibit JWD-3 shows the percent revenue increase or decrease under the Company's proposed new Rate 41 rate structure. While the accounts with the incorrect load factor assumption mostly show similar bill impact increases, there is still a wide disparity in bill impacts for the other accounts. The range of bill impact percentage changes is a decrease of -54% up to an increase of 27%. It should be noted that the range of customer bill impacts would likely be much greater if EPE had actual billing determinants instead of flawed, estimated billing determinants. Exhibit JWD-2 summarizes the account bill impacts on a total customer impact basis.

Q. ARE THESE WIDE RANGING AND SUBSTANTIAL BILL IMPACTS A CONCERN?

A. Yes, they are a very real concern in this case, and a reason for not approving EPE's proposed new Rate 41 rate structure. These bill impacts become an even bigger concern, or problem, when considered in conjunction with EPE's proposed plan to revamp the Rate 41 customer class in its next rate case. As stated on page 42, line 7, through page 43, line 2, of the direct testimony of EPE witness James Schichtl, in its next rate case EPE may convert Rate 41 to a school only rate schedule. The non-school accounts currently on Rate 41 would be moved to another EPE rate schedule that would apply to

the account, which will likely result in changes to the rate class for those remaining customers. Changing rate structures and customer class definitions in back-to-back rate cases will likely cause volatile bill impacts on many customers. Some Rate 41 customers may see big increases in the current rate case and then big decreases in the next rate case, or vice versa. This is compounded by the fact that Rate 41 customers saw a 14.1% rate increase as a result of the last rate proceeding, a year ago and on average will see a 16% rate increase if EPE's application is approved without modification.

My Exhibit JWD-5 illustrates this problem. This exhibit shows the estimated impacts on the non-school Rate 41 customers under EPE's proposed rates in this case and under the proposed rate schedule EPE will likely move the non-school customers to if in the next rate proceeding EPE makes Rate 41 a class for only schools. As shown on this exhibit EPE's charges for some Rate 41 customers will become volatile under the Company's proposal, which is a clear problem. For example, one city or county government customer would see its charges from EPE increase by approximately 27% in this case and then decrease by (18%) in EPE's next rate case. Another example, as shown on this exhibit, is that another city or county government customer would see its charges decrease by approximately (53%) in this case and then increase by 103% in EPE's next rate case. This volatility is especially alarming as the holders of these accounts have to plan for budget years before they occur and who already have tight budgets that cannot easily account for wide shifts in electricity costs.

VIII. RATE 41 GROUP'S PROPOSED REVENUE DISTRIBUTION

Q. PLEASE DESCRIBE EPE'S PROPOSED REVENUE DISTRIBUTION TO THE CUSTOMER CLASSES AND ESPECIALLY TO THE RATE 41 CUSTOMER CLASS.

A. In prior rate cases, EPE has proposed moving customer class revenue levels closer to their cost of service. However, if moving a class's revenue levels entirely to its cost of service caused a substantial rate increase, EPE also proposed to moderate the increase by applying gradualism.

In this case, EPE is proposing to move all customer class revenue levels equal to their cost of service, regardless of the magnitude of the resulting rate increase for any particular customer class and without considering the magnitude of the resulting rate increase in this proceeding with the increase from the last rate proceeding. The results of the Company's proposed revenue distribution is summarized on Table AH-1 on page 15 of the direct testimony of EPE witness Adrian Hernandez and on Schedule Q-1.

As shown on EPE's Table AH-1, EPE is proposing a total Texas retail base rate revenue increase of $42,544,446, or 8.78% over current base rate revenues. Given EPE's proposed strict adherence to their cost of service study ("COSS"), the proposed revenue distribution results in a wide disparity in impacts on customer classes. The disparity in impacts on customer classes are extreme and demonstrate the quick shifts EPE has been making over the last rate cases to get all classes to cost of service regardless of the shock this might cause. For this proceeding, the range of impacts on rate classes is anywhere from an increase of 125.8% for one rate class to a decrease of (8.2%) for another rate class. The Rate 41 customer class would receive a 20.25% base rate increase, or 2.31

times the average Texas jurisdiction increase. This would be in conjunction with the 14.1% increase from the last rate proceeding which went into effect in April 2016, or a little more than a year ago. EPE is proposing this without any sort of gradualism or phase in period which is unreasonable.

Q. IN YOUR OPINION, WHAT ARE THE PROBLEMS WITH EPE'S PROPOSED REVENUE DISTRIBUTION?

A. First, given the wide disparity in impacts on rate classes, this case is a good example as to why gradualism should be applied. Obviously, no rate class should get a 125% base rate increase in one rate case; the impacts of an increase like that could be very problematic. This is especially true when back to back rate cases seek large rate increases Gradualism should be applied in order to avoid rate shock to customers in this proceeding. Under EPE's proposed revenue distribution, other rate classes, including Rate 41, will receive substantial base rate increases and should have gradualism applied to their proposed increases. I recommend that the base rate increase for any rate class be limited to 1.5 times the system average increase, or 13.17% (8.78% times 1.5). This 1.5 gradualism factor has been adopted in prior Commission decisions. The revenue shortfall resulting from the gradualism adjustment would be proportionately spread to the other customer classes.

Q. ARE THERE OTHER REASONS THAT EPE'S PROPOSED RATE INCREASE FOR RATE 41 SHOULD BE REDUCED?

A. Yes. Since its inception over 70 years ago, Rate 41 was never intended to be based on the full cost of service. Instead, the public policy record indicates that Rate 41 was

intended to provide school districts and local governments a rate discount in exchange for franchise agreements.

In 1995 the Texas Legislature passed SB 1524 which required EPE to include El Paso Community College (EPCC) in the Rate 41 customer class. Since the Legislature determined that EPCC should be included in Rate 41 and receive the rate discount, it is doubtful that the Legislature would have taken this action if it believed the rate discount was not warranted and should be eliminated or that the rate class should be dissolved. Instead this action indicates a Legislative approval and expansion of the discount to cover other entities in the EPE service territory that should benefit. I have attached a copy of SB 1524 as my Exhibit JWD-6. There is strong public policy behind discounting rates for the Rate 41 class.

Q. WHAT IS YOUR RECOMMENDATION AS TO THE LEVEL OF THE RATE DISCOUNT FOR RATE 41?

A. I propose a discount for Rate 41 class similar to the discounts provided in PURA for institutions of higher education and for military bases. Those governmental entities receive a 20% discount in base rates. For revenue distribution purposes, I have applied the 20% discount to EPE's proposed base rate revenues for Rate 41.

Q. HAVE YOU DEVELOPED A PROPOSED REVENUE DISTRIBUTION BASED ON YOUR GRADUALISM PROPOSED AND RECOMMENDED RATE 41 RATE LEVEL?

A. Yes. My recommended revenue distribution is provided on my Exhibit JWD-7.

IX. RATE 41 GROUP'S RATE DESIGN PROPOSAL

Q. WHAT IS YOUR RECOMMENDATION FOR THE RATE STRUCTURE FOR SCHEDULE NO. 41?

A. I have previously discussed problems with EPE's proposed changes to the proposed rate structure of Rate 41. These problems or issues include:

- The Company's proposed revenue level for Rate 41,
- EPE's proposed new rate structure for the standard rate in Schedule No. 41,
- The optional TOU rate proposal for Rate 41,
- The mandatory TOU rate for Rate 41 customers with DG, and
- EPE's proposed power factor penalty.

Given all of the flaws with EPE's proposed new Rate 41 rate structure and proposed optional TOU rate, the Company's proposed rates for Schedule No. 41 should be rejected. This is further supported by EPE's plans to possibly change Rate 41 yet again in its next rate case.

My recommendation is that the current Rate 41 rate structure should continue, with two modifications. Using the current rate structure avoids using EPE's flawed estimates for the test year billing determinants used to develop their proposed rates. The first rate design modification I would make is to reduce the rate differential between first energy rate block and the second energy rate block in the current rates. Based on my recommended revenue distribution, I have used the entire base rate revenue reduction to reduce the current energy charges. I reduced the energy rate for the first energy rate block more than I reduced the energy rate for the second energy rate block. My second change

to the current rate structure was to reduce the demand charge in order to reach the target revenue requirement for Rate 41.

Q. WHAT IS THE BASIS FOR OR OBJECTIVE OF YOUR RECOMMENDED RATE 41?

A. Reducing the rate differential between the first energy rate block and the second energy block rate will help resolve criticism that the declining energy block rates do not encourage energy conservation and are a better solution to EPE's identified problem.

Q. WHAT ARE YOUR RECOMMENDED RATE 41 RATES?

A. The recommended Rate 41 rates, based on EPE's proposed revenue requirement and my recommended revenue distribution and rate design, are as follows.

TABLE 1

Rate Component	Summer	Winter
Customer Charge	$ 18.82	$ 18.82
Energy Charges		
<= 3,000 kWh	$ 0.10055	$ 0.08448
> 3,000 kWh	0.02992	0.01290
Demand Charge	$ 19.34	$ 16.06

The above rates are for Rate 41 accounts receiving service at secondary voltages. Rates for primary voltage Rate 41 customers would be similar to the above rates, except they would reflect lower costs and lower losses for primary voltage service.

X. EPE'S LOAD RESEARCH ANALYSIS FOR RATE 41 IS FLAWED

Q. DO YOU HAVE ANY CONCERNS ABOUT EPE'S "LOAD CHARACTERISTICS ANALYSIS OF TEXAS RATE 41 SAMPLE CUSTOMERS" CONDUCTED BY EPE WITNESS GEORGE NOVELA AND PRESENTED AS HIS EXHIBIT GN-8?

A. Yes, I find the analysis exhibited by Mr. Novela unconvincing and does not show that "existing customers in TX Rate 41 have usage load profiles that are similar to usage profiles of customers in other existing rates" as concluded in the analysis.[4] I conclude this based on the following factors, each of which I will discuss in detail below:

(1) Use of the correlation coefficient is, in and of itself, insufficient to establish similar usage profiles,

(2) Mr. Novela only used monthly data to evaluate usage profiles, AND

(3) Mr. Novela does not find low correlation coefficients for the Rate 25 and Rate 25 equivalents group as dispositive of his hypothesis that load profiles are similar.

Q. IS USE OF THE CORRELATION COEFFICIENT A SUFFICIENT WAY TO ESTABLISH SIMILAR USAGE PROFILES?

A. Although the correlation coefficient is one useful tool for evaluating whether two load profiles move in the same direction at the same time, it is not sufficient to establish similar usage profiles. The timing of energy consumption throughout the day and by day of week, the timing of peak demands, and the level of diversity during system peak demands are also key considerations in determining whether load profiles are similar. To demonstrate that correlation coefficients alone are not sufficient to establish load profile

[4] Exhibit GN-8, page 10.

similarities, I've constructed two hypothetical load profiles. The profiles are summarized in the Table and Figures below.

TABLE 2

HYPOTHETICAL LOAD PROFILES				
	PROFILE 1		PROFILE 2	
Month	Energy (kWh)	Demand (kW)	Energy (kWh)	Demand (kW)
Jan	100,200	420	110,000	140
Feb	98,500	370	109,700	150
Mar	99,700	410	110,200	170
Apr	100,800	440	111,200	200
May	99,800	500	109,400	200
Jun	175,000	540	120,200	220
Jul	200,200	720	122,500	230
Aug	202,000	750	122,600	250
Sep	151,800	680	115,700	230
Oct	111,100	570	110,800	220
Nov	96,200	440	105,500	170
Dec	99,500	410	109,900	180
Annual	1,534,800	750.0	1,357,700	250.0
Load Factor		23.4%		62.0%

FIGURE 1

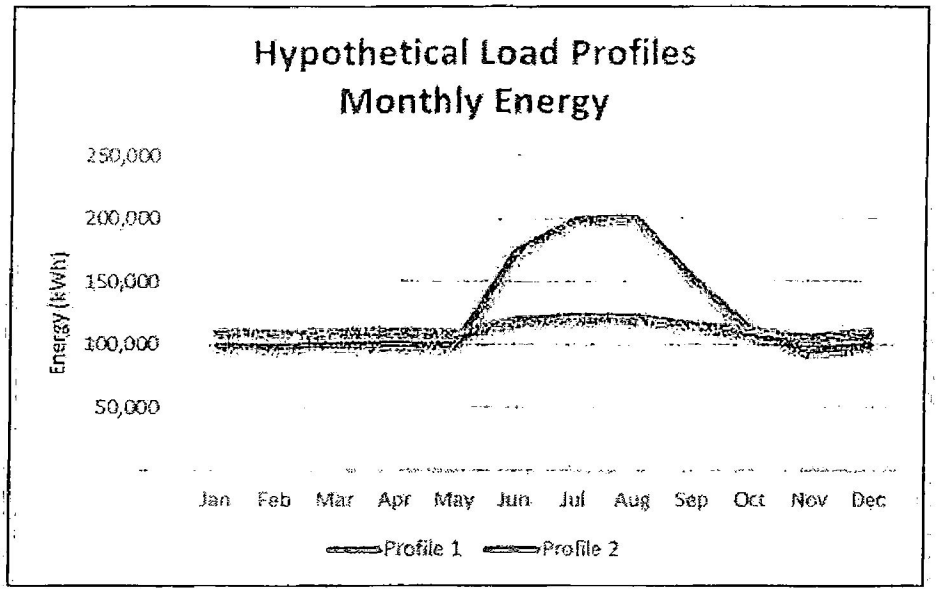
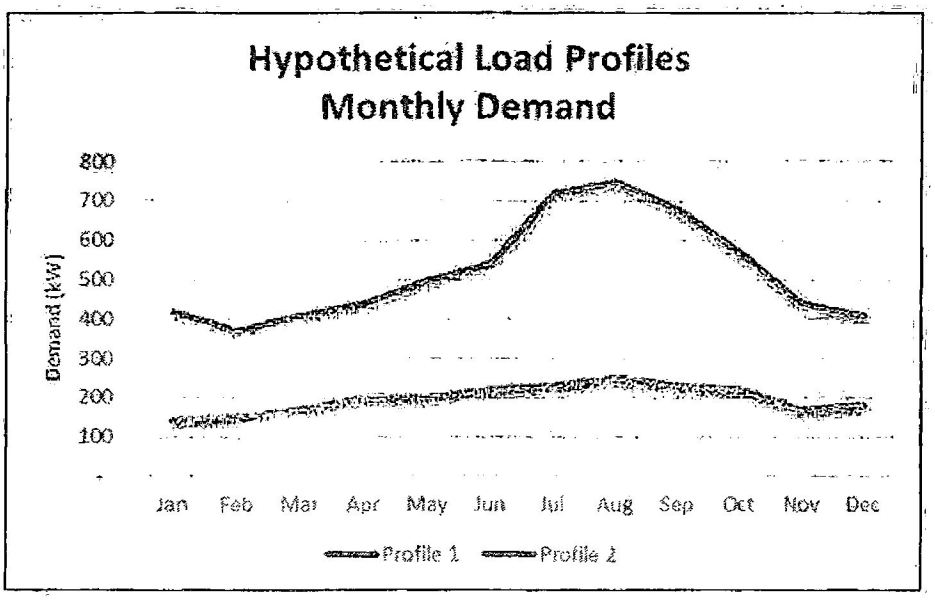


FIGURE 2



These load profiles are clearly dissimilar. Profile 1 increases its summer usage significantly and Profile 2 has a much higher load factor. Yet, for these two profiles, the

correlation coefficient for monthly energy consumption is 0.976 and the correlation coefficient for demand is 0.896. Though these correlation coefficients would demonstrate these profiles to be similar, they clearly are not when one looks at summer usage and load factor. This demonstrates that evaluating only correlation of monthly consumption is an insufficient basis for determining similarity of load profiles for purposes of combining existing rate classes. This is a flaw in Mr. Novela's analysis which makes dissimilar profiles to appear similar.

Q. WHY IS IT A PROBLEM THAT MR. NOVELA ONLY USED MONTHLY LOAD PROFILES FOR THE ANALYSIS IN GN-8?

A. Mr. Novela's correlation coefficients are computed using monthly energy and monthly demands. All this establishes is whether or not the Rate 41 customers and their equivalent comparison rate group show similar seasonal patterns in usage. In the EPE service territory it would be common for dissimilar customers to nonetheless have similar seasonal usage as usage will tend to increase in the hot summer, which is why summer paek demands drive production capacity costs. By focusing only on monthly consumption patterns, Mr. Novela has ignored time-of-day or day of week usage patterns that might provide for differences in usage profiles that are masked at the monthly aggregate level.

Mr. Novela does take account of this potential difference when he took timing of consumption into account qualitatively in evaluating Rate 41 schools versus Rate 41 non-schools, stating in the conclusions: "In terms of energy, the Schools and Non-Schools groups exhibit similar usage patterns for the majority of the year, with the exception of June and July, when classes may not be in session for at least part of the month, if not the

entire month."[5] However, no such time-of-day or day-of-week load pattern analysis is conducted when reviewing Rate 41 customers with other classes.

By focusing only on seasonal variations in load, it is quite likely that high correlation coefficients would result in comparing two classes, especially classes whose consumption is influenced by space conditioning (including schools, office buildings, small general service accounts, and residences). One would expect to see consumption rise during extreme weather months due to increased heating and cooling loads and decline in mild months when base loads such as lighting and refrigeration dominate. Such rises and falls in energy and demands throughout a year between different customer types would generate high correlation coefficients but would not indicate that these classes are inherently similar. To demonstrate, using the unadjusted test year data provided in Schedule O-01.03, I compute the following correlation coefficients between the Residential Service Class and various commercial and industrial classes demonstrating the flaw in EPE's analysis. These classes have very high correlation using monthly load profiles and yet the Company has not recommended condensing all of these rate classes into one class in this or previous recent rate cases.

[5] Exhibit GN-8, Page 10.

TABLE 3

CORRELATION COEFFICIENTS BETWEEN RESIDENTIAL SERVICE AND OTHER RATE CLASSES USING UNADJUSTED TEST YEAR DATA, SCHEDULE O-01.03

Classes to Compare		Correlation Coefficients		
		Energy	MDD[1]	CPD[2]
Residential	Small General Service	0.977	0.921	0.887
Residential	General Service Secondary	0.941	0.855	0.848
Residential	General Service Primary	0.989	0.926	0.944
Residential	Large Power Service Secondary	0.806	0.848	0.800
Residential	Large Power Service Primary	0.701	0.687	0.681
Residential	City and County Service Secondary	0.709	0.860	0.861
Residential	City and County Service Primary	0.917	0.852	0.839

1 - Maximum Diversified Demand
2 - Coincident Peak Demand

Q. DOES MR. NOVELA CONCLUDE THAT LOW CORRELATION FOR THE RATE 25 EQUIVALENTS ANALYSIS INDICATES THOSE LOAD PROFILES ARE NOT SIMILAR?

A. In Exhibit GN-8, Mr. Novela does recognize the low correlation coefficients for the Rate 25 and Rate 25 equivalents analysis, stating

> [a]lthough TX Rate 25 and Rate 25 equivalents in Rate 41 follow the same overall shape, they do tend to have lower correlation coefficients than the other groups we compare. Given the broad range of customers that are billed under TX Rate 25, the difference in the average energy and demand values between TX Rate 25 and the TX Rate 25 Equivalents is not surprising.[6]

However, Mr. Novela does not seem to conclude this as dispositive evidence proving his hypothesis that the load profiles of Rate 41 customers and other rate classes are similar. In his direct testimony, he concludes "EPE's analysis shows that the usage profiles of

[6] Exhibit GN-8, Page 10.

existing customers in Texas Rate 41 are similar to the usage profiles of customers in other existing rates for which Rate 41 customers would qualify in the absence of Texas Rate 41."[7] This is in spite of the fact that there is essentially no correlation between Rate 25 and his Rate 25 equivalents with respect to energy (correlation coefficient = -0.088). These two groups also have very low correlation with respect to maximum diversified demand (0.387) and non-coincident peak demand (0.394), which he does not explain.

By way of contrast, Mr. Novela concludes that a designation of schools versus non-schools grouping within Rate 41 customers should be studied further since correlation analyses indicate mixed results, with correlation coefficients ranging from 0.013 to 0.440 for energy and the various demands. Though he recognizes the mixed results as a rational for needing to study the Rate 41 group more, he does not view the same mixed results as a reason for studying the Rate 25/Rate 25 Equivalent groups further. Instead he does not recognize the mixed results as showing that the Rate 25 and Rate 25 Equivalent groups might in fact be dissimilar. It is alarming that after his analysis he does not recommend further analysis of the Rate 41 accounts that would be equivalent to Rate 25.

Q. GIVEN THE ANALYSIS CONDUCTED BY EPE IN EXHIBIT GN-8, DO YOU AGREE WITH THE CONCLUSION THAT THE USAGE PROFILES OF EXISTING CUSTOMERS IN RATE 41 ARE SIMILAR TO USAGE PROFILES OF CUSTOMERS IN OTHER EXISTING RATE CLASSES?

A. Given the concerns I have raised above about EPE's analysis summarized in their Exhibit GN-8, I do not agree with the conclusion drawn from the analysis. EPE's analysis does

[7] Direct testimony of George Novela, page 27, lines 2-4.

not provide sufficient evidence to support the conclusion. EPE's analysis does not look to see if the usage profiles are truly similar because they do not look to other important factors like timing of energy consumption throughout the day and by day of week, the timing of peak demands, and the level of diversity during system peak demands; these are all key considerations in determining whether load profiles are similar

XI. SUMMARY AND CONCLUSIONS

Q. PLEASE SUMMARIZE YOUR FINDINGS AND CONCLUSIONS REGARDING THE COMPANY'S PROPOSAL TO ALTER RATE 41.

(1) This is the 9th consecutive EPE rate case in which EPE has changed its position regarding Rate 41. As with all of the prior attempts, EPE's latest proposed Rate 41 changes are flawed, not adequately supported by the evidence, and should be rejected by the Commission.

(2) EPE plans to make 10 consecutive rate cases in which it has changed its position on Rate 41. In its testimony in this case, EPE has announced its intentions to do the load research necessary to propose to limit Rate 41 to schools in its next rate proceeding. The Commission should order in this case that EPE is to retain the Rate 41 class and to cease its attempts to eliminate or further limit those allowed to take service under Rate 41.

(3) EPE's proposal to eliminate the Rate 41 rate discount and set Rate 41 rate levels equal to the cost of service is misguided, contrary to the public policy rationale and contractual purpose for creating Rate 41, and is contrary to Legislative intent. Therefore, the proposal should be rejected.

(4) EPE's proposal to change the Rate 41 rate structure to a block extender or hours

use of demand rate structure is flawed, will cause volatile impacts on Rate 41 customer bills and is unsupported by the evidence. The current rate design should be maintained and the energy rate differentials between blocks should be reduced.

(5) EPE's proposed optional time-of-use ("TOU") rate for Rate 41 is flawed and unsupported by the evidence, and should be rejected.

(6) Similarly, EPE's proposal to make its proposed optional TOU rate mandatory for Rate 41 customers with distributed generation is flawed and unsupported by the evidence, is also discriminatory, and should be rejected.

(7) EPE's proposed new power factor penalty provision for Rate 41 should not be approved in this case, or if approved, it should not be implemented until 12 months after the Commission's Order.

(8) EPE's overall proposed distribution of its revenue increase to the customer classes is flawed and incorrectly increases the Rate 41 revenue level in an extreme way in order to bring the Rate 41 revenue level equal to the cost of service.

(9) EPE's Rate 41 customer class load research analysis presented in this case does not adequately support EPE's claim that Rate 41 customers are similar to Rates 02, 24, and 25 customers.

(10) EPE's rate changes to Rate 41 in the last rate case, the proposed rate design changes to Rate 41 in this case, and then restructuring Rate 41 in the Company's next rate case will result in volatile bill impacts on many Rate 41 accounts.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

EXHIBIT JWD-1

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
1/1/1976	Federal Power Commission	ER76-530	Arizona Public Service Company
2/76	South Dakota Public Utility Commission	F-3055	Northwestern Public Service Company
5/79	Federal Energy Regulatory Commission	78-379; 380; 381; 382; 383	Indiana & Michigan Electric Company
11/80	New Mexico Public Service Commission	1627	Kit Carson Electric Cooperative (Direct Testimony)
6/81	Arizona Corporation Commission	9962-E-1032	Citizens Utilities Company
9/81	Federal Energy Regulatory Commission	ER81-179	Arizona Public Service Commission (Direct Testimony)
3/84	Texas Public Utility Commission	5640	Texas Utilities Electric Company
4/2/1984	Public Utility Commission of Texas	5560	Gulf States Utility Company (Direct Testimony)
7/3/84	Texas Public Utility Commission	5640	Texas Utilities Electric Company (Direct Testimony)
11/15/1984	Texas Public Utility Commission	5709	Texas Utilities Electric Company (Direct Testimony)
1/85	Federal Energy Regulatory Commission	ER84-568-000	Gulf States Utilities Company (Direct Testimony)
11/20/1985	Federal Energy Regulatory Commission	ER85-538-001	Gulf States Utilities Company (Direct Testimony)
1/7/86	Louisiana Public Service Commission	U-16510	Central Louisiana Electric Company (Direct Testimony)
3/10/86	Texas Public Utility Commission	6677	Texas Utilities Electric Company
3/14/86	Federal Energy Regulatory Commission	ER85-538-001	Gulf States Utilities Company Rebuttal and Surrebuttal Testimony)
6/20/88	Texas Public Utility Commission	8032	Lower Colorado River Authority (Direct Testimony)
7/15/88	Texas Public Utility Commission	8032	Lower Colorado River Authority (Supplemental Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
3/7/90	Texas Public Utility Commission	9165	El Paso Electric Company (Direct Testimony)
4/12/90	Texas Public Utility Commission	9300	Texas Utilities Electric Company (Direct Testimony - Revenue Requirements Phase)
5/1/90	Texas Public Utility Commission	9300	Texas Utilities Electric Company (Direct Testimony - Phase II - Rate Design)
7/6/90	Texas Public Utility Commission	9300	Texas Utilities Electric Company (Supplemental Testimony - Revenue Requirements)
7/10/90	Texas Public Utility Commission	9427	Lower Colorado River Authority (Direct Testimony - Rate Design)
7/30/90	Texas Public Utility Commission	9427	Lower Colorado River Authority (Rebuttal Testimony - Rate Design)
8/23/90	Texas Public Utility Commission	9561	Central Power & Light Company (Direct Testimony - Rate Design)
1/11/91	Texas Public Utility Commission	9427	Lower Colorado River Authority (Rebuttal Testimony)
9/24/91	Texas Public Utility Commission	10404	Guadalupe Valley Electric Cooperative (Direct Testimony)
12/91	Rate Area 2&3 Nebraska Municipalities	N/A	Peoples Natural Gas Company
7/31/92	Texas Public Utility Commission	11266	Guadalupe-Blanco River Authority (Direct Testimony)
8/7/92	State Corporation Commission of Kansas	180,416-U	Peoples Natural Gas Company (Direct Testimony)
9/8/92	Texas Public Utility Commission	11266	Guadalupe-Blanco River Authority (Direct Testimony)
9/92	Texas Public Utility Commission	10894	Gulf States Utilities Company (Direct Testimony)
5/93	Texas Public Utility Commission	11735	Texas Utilities Electric Company (Rebuttal Testimony)
6/93	Texas Public Utility Commission	11892	Generic Proceeding Regarding Purchased Power (Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
09/08/93	State Corporation Commission of Kansas	186,363-U	KN Energy (Direct Testimony)
09/94	State Corporation Commission of Kansas	190,362-U	Kansas Natural Pipeline and Kansas Natural Partnership (Direct Testimony)
10/17/94	Texas Public Utility Commission	12820	Central Power and Light Company (Direct Testimony)
11/15/1994	City of Houston	NA	Houston Lighting and Power Company (Direct Testimony)
11/15/1994	Texas Public Utility Commission	12065	Houston Lighting and Power Company (Direct Testimony - Revenue Requirements Phase)
12/12/1994	Texas Public Utility Commission	12820	Central Power & Light Company (Supplemental Testimony)
1/10/1995	Texas Public Utility Commission	12065	Houston Lighting & Power Company (Direct Testimony - Rate Design Phase)
5/23/95	Federal Energy Regulatory Commission	TX94-4-000	Texas Utilities Electric Company and Southwestern Electric Service (Affidavit)
8/7/95	Texas Public Utility Commission	13369	West Texas Utilities Company Rebuttal Testimony - Rate Design Phase)
10/31/95	Texas Public Utility Commission	14435	Southwestern Electric Power Company (Direct Testimony)
11/95	Rate Area 3 Nebraska Municipalities	N/A	Peoples Natural Gas Company (Municipal Report)
02/07/96	Federal Energy Regulatory Commission	TX96-2-000	City of College Station, Texas (Affidavit)
5/15/96	Texas Public Utility Commission	14965	Central Power & Light Company (Direct Testimony)
5/29/1996	Texas Public Utility Commission	14965	Central Power & Light Company (Rebuttal Testimony)
07/19/96	Texas Public Utility Commission	15766	City of Bryan, Texas (Direct Testimony)
8/29/1996	Texas Public Utility Commission	15296	City of Bryan, Texas (Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
08/07/96	State of Illinois Commerce Commission	96-0245 & 96-0248	Commonwealth Edison Company (Direct Testimony)
09/06/96	Texas Public Utility Commission	15643	Central Power & Light Company and West Texas Utilities Company (Direct Testimony)
9/17/1996	Texas Public Utility Commission	15296	City of Bryan, Texas (Rebuttal Testimony)
09/18/96	Texas Public Utility Commission	15638	Texas Utilities Electric Company (Direct Testimony)
10/22/96	Texas Natural Resource Conservation Commission	96-0652-UCR	Longbranch Associates, L.P. (Direct Testimony)
08/05/97	Arkansas Public Service Commission	97-019-U	Arkansas Western Gas Company (Direct Testimony)
08/06/97	Texas Public Utility Commission	16705	Entergy Texas (Direct Testimony)
08/25/97	Texas Public Utility Commission	16705	Entergy Texas (Rebuttal Testimony - Rate Design Phase)
09/23/97	Arkansas Public Service Commission	97-019-U	Arkansas Western Gas Company Surrebuttal Testimony
09/30/97	Texas Public Utility Commission	16705	Entergy Texas (Direct Testimony - Competitive Issues Phase)
12/97	United States Tax Court	7685-96 and 4979-97	Lykes Energy, Inc. (Report)
12/97	Condemnation Court Appointed by the Supreme Court of Nebraska	13880	Peoples Natural Gas
12/1/1997	Condemnation Court Appointed by the Supreme Court of Nebraska	NA	Peoples Natural Gas Company (Report to City of Walton, Nebraska)
8/1/1998	Condemnation Court Appointed by the Supreme Court of Nebraska	101	Peoples Natural Gas (Report to City of Scribner, Nebraska)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
10/98	Federal Energy Regulatory Commission	ER-99-6-000	Entergy Gulf States, Inc. (Affidavit)
10/19/1998	Federal Energy Regulatory Commission	TX98-	Gulf States Utilities Company (Affidavit)
12/31/1998	Texas Public Utility Commission	20292	Sharyland Utilities, L.P. (Direct Testimony)
3/11/1999	Texas Public Utility Commission	20292	Sharyland Utilities, L.P (Supplemental Testimony)
4/30/1999	Texas Public Utility Commission	20292	Sharyland Utilities, L.P. (Rebuttal Testimony)
7/16/1999	Texas Public Utility Commission	19265	Central and South West Corporation and American Electric Power Company, Inc. (Direct Testimony)
11/1/1999	Texas Public Utility Commission	21591	Sharyland Utilities, L.P. (Direct Testimony)
11/24/1999	Texas Public Utility Commission	21528	Central Power and Light Company (Direct Testimony)
1/27/2000	Texas Railroad Commission	8976	Texas Utilities Company Lone Star Pipeline (Direct Testimony)
3/31/2000	Texas Public Utility Commission	22348	Sharyland Utilities, L.P (Direct Testimony)
08/2000	Texas Public Utility Commission	20624	Reliant Energy HL&P (Direct Testimony)
10/16/2000	Texas Public Utility Commission	22344	Generic Issues Associated with Unbundled Cost of Service Rate (Direct Testimony)
10/23/2000	Texas Public Utility Commission	21956	Reliant Energy, Inc. (Direct Testimony)
11/14/2000	Texas Public Utility Commission	22350	TXU Electric Company (Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
11/17/2000	Texas Public Utility Commission	22352	Central Power and Light Company (Direct Testimony)
12/12/2000	Texas Public Utility Commission	22355	Reliant Energy HL&P (Direct - Final Phase) (Direct Testimony)
12/21/2000	Texas Public Utility Commission	22355	Reliant Energy HL&P (Direct Testimony - Rate Case Expense Phase)
12/29/2000	Texas Public Utility Commission	22355	Reliant Energy HL&P (Supplemental & Rebuttal Testimonies)
7/5/2001	Texas Public Utility Commission	23950	Reliant Energy (Direct Testimony)
9/6/2001	Texas Public Utility Commission	24239	Mutual Energy CPL, LP (Direct Testimony)
4/22/2002	State Corporation Commission of Kansas	02-WSRE-301-RTS	Western Resources, Inc. and Kansas Gas and Electric Company (Direct Testimony)
6/19/2002	Federal Energy Regulatory Commission	TX96-2-000	City of College Station, Texas (Direct Testimony)
8/5/2002	Oklahoma Corporation Commission	200100455	Oklahoma Gas and Electric Company (Responsive Testimony)
12/31/2002	Texas Public Utility Commission	26195	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
4/24/2003	Texas Public Utility Commission	25089	Market Protocols for the Portions of Texas Within the Southeastern Reliability Council (Rebuttal Testimony)
6/9/2003	Texas Public Utility Commission	25089	Market Protocols for the Portions of Texas Within the Southeastern Reliability Council (Supplemental Direct Testimony)
7/11/2003	State Corporation Commission of Kansas	03-KGSG-602-RTS	Kansas Gas Service, a Division of ONEOK, Inc. (Direct Testimony)
8/11/2003	Texas Public Utility Commission	25089	Market Protocols for the Portions of Texas Within the Southeastern Reliability Council (Second Supplemental Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
8/18/2003	State Corporation Commission of Kansas	03-KGSG-602-RTS	Kansas Gas Service, a Division of ONEOK, Inc. (Supplemental Testimony)
10/29/2003	Federal Energy Regulatory Commission	ER04-35-000	Entergy Services, Inc. (Affidavit)
11/5/2003	Texas Public Utility Commission	26195	CenterPoint Energy Houston Electric, LLC (Supplemental Direct Testimony)
2/9/2004	Texas Public Utility Commission	28840	AEP Texas Central Company (Direct Testimony)
6/1/2004	Texas Public Utility Commission	29526	CenterPoint Energy Houston Electric, LLC, Reliant Energy Retail Services, LLC, and Texas Genco, LP (Direct Testimony)
8/19/2004	Texas Public Utility Commission	28813	Cap Rock Energy Corporation (Affidavit)
8/30/2004	Texas Public Utility Commission	28813	Cap Rock Energy Corporation (Direct Testimony)
1/7/2005	Texas Public Utility Commission	30485	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
3/16/2005	Texas Public Utility Commission	30706	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
6/9/2005	Texas Public Utility Commission	29801	Southwestern Public Service Company (Direct Testimony)
9/2/2005	Texas Public Utility Commission	31056	AEP Texas Central Company and CPL Retail Energy, LP (Direct Testimony)
9/9/2005	State Corporation Commission of Kansas	05-WSEE-981-RTS	Westar Energy, Inc. and Kansas Gas and Electric Company (Direct Testimony)
9/29/2005	Georgia Public Service Commission	20298-U	Atmos Energy Corporation (Direct Testimony)
4/24/2006	Texas Public Utility Commission	32475	AEP Texas Central Company (Cross Answering Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
3/1/2006	Texas Public Utility Commission	32093	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
8/23/2006	Texas Public Utility Commission	32795	Reallocation of Stranded Costs Pursuant to PURA §139.253(f) (Direct Testimony)
8/24/2006	Texas Public Utility Commission	32758	AEP Texas Central Company (Direct Testimony)
12/22/2006	Texas Public Utility Commission	32766	Southwestern Public Service Company (Direct Testimony)
3/13/2007	Texas Public Utility Commission	33509	AEP Texas Central Company (Direct Testimony)
3/19/2007	State Corporation Commission of Kansas	07-AQLG-431-RTS	Aquila Networks-KGO (Direct Testimony)
4/27/2007	Texas Public Utility Commission	33687	Entergy Gulf States, Inc. (Direct Testimony)
7/11/2007	Texas Public Utility Commission	33823	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
7/13/2007	Texas Public Utility Commission	33687	East Texas Cooperatives (Supplemental Testimony)
1/11/2008	Texas Public Utility Commission	35219	Guadalupe Valley Electric Cooperative, Inc (Direct Testimony)
1/29/2008	Texas Public Utility Commission	35287	Sharyland Utilities, L.P. (Direct Testimony)
7/1/2008	Georgia Public Service Commission	27163	Atmos Energy Corporation (Direct Testimony)
9/16/2008	Texas Public Utility Commission	34442	JD Wind (Direct Testimony)
9/29/2008	State Corporation Commission of the State of Kansas	08-WSEE-1041-RTS	Westar Energy, Inc. and Kansas Gas and Electric Company (Direct Testimony)
10/13/2008	Texas Public Utility Commission	35763	Southwestern Public Services Company (Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
11/26/2008	Texas Public Utility Commission	35717	Oncor Electric Delivery Company (Direct Testimony)
6/26/2009	State Corporation Commission of the State of Kansas	09-WSEE-641-GIE	Westar Energy, Inc. and Kansas Gas and Electric Company (Direct Testimony)
6/29/2009	Texas Public Utility Commission	36918	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
9/30/2009	State Corporation Commission of the State of Kansas	09-WSEE-925-RTS	Westar Energy, Inc. and Kansas Gas and Electric Company (Direct Testimony)
7/10/2010	Pennsylvania Public Utility Commission	R-2010-2161575, et. al.	PECO Energy Company (Direct Testimony)
9/3/2010	Texas Public Utility Commission	38324	Oncor Electric Delivery Company, LLC (Direct Testimony)
9/10/2010	Texas Public Utility Commission	38339	CenterPoint Energy Houston Electric, LLC (Direct Testimony)
9/24/2010	Texas Public Utility Commission	38339	CenterPoint Energy Houston Electric, LLC (Cross-Rebuttal Testimony)
9/27/2010	Texas Public Utility Commission	38324	Oncor Electric Delivery Company, LLC (Cross-Rebuttal Testimony)
11/5/2010	Texas Public Utility Commission	38577	Modification of LCRA CREZ Transmission Plan (Direct Testimony)
2/4/2011	Texas Railroad Commission	GUD 10038	CenterPoint Energy Texas Gas (Direct Testimony)
3/1/2011	Texas Public Utility Commission	39070	Sharyland Utilities, L.P. (Direct Testimony)
10/19/2011	Texas Public Utility Commission	39856	Guadalupe Valley Electric Cooperative (Direct Testimony)
5/1/2012	Texas Public Utility Commission	40364	Sharyland Utilities, L.P. (Direct Testimony)

LIST OF TESTIMONY, AFFIDAVITS, AND EXPERT REPORTS PRESENTED IN REGULATORY AND COURT PROCEEDINGS BY JAMES W. DANIEL

DATE	REGULATORY AGENCY/COURT	DOCKET	UTILITY INVOLVED
5/15/2012	Delaware Public Service Commisison	11-528	Delmarva Power & Light Company (Direct Testimony)
11/2/2012	Florida Public Service Commission	120015-EI	Florida Power & Light Company (Direct Testimony)
2/20/2013	Texas Public Utility Commission	40627	Austin Energy (Cross-Rebuttal Testimony)
4/30/2013	Texas Public Utility Commission	41438	Sharyland Utilities, L.P (Direct Testimony)
5/31/2013	Texas Public Utility Commission	41474	Sharyland Utilities, L.P. (Direct Testimony)
8/27/2013	Texas Public Utility Commission	41794	Sharyland Utilities, L.P. (Direct Testimony)
11/7/2013	Texas Public Utility Commission	41474	Sharyland Utilities, L.P. (Rebuttal Testimony)
1/2/2014	Texas Public Utility Commission	42133	Sharyland Utilities, L.P. (Direct Testimony)
1/9/2014	Michigan Public Service Commission	U-17437	DTE Electric Company (Direct Testimony)
5/19/2014	Public Service Commission of West Virginia	14-0344-E-GI	Appalachian Power Co. & Wheeling Power Co. dba American Electric Power (Direct Testimony)
6/17/2014	Texas Public Utility Commission	42087	Oncor Electric Delivery Company (Direct Testimony)
7/23/2014	Texas Public Utility Commission	42699	Sharyland Utilities, L.P. (Direct Testimony)
8/6/2014	Virginia State Corporation Commission	2014-00026	Appalachian Power Co. & Wheeling Power Co. dba American Electric Power (Direct Testimony)
8/15/2014	Texas Public Utility Commission	42767	Sharyland Utilities, L.P. (Direct Testimony)
12/18/2014	Public Service Commission of West Virginia	14-1152-E-42T	Appalachian Power Co. & Wheeling Power Co dba American Electric Power (Direct Testimony)