DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
LITIGATION OFFICE
720 KENNON STREET SE ROOM 136
WASHINGTON NAVY YARD DC 20374-5051

IN REPLY REFER TO

September 14, 2009

Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

In Re: Narragansett Electric Company d/b/a National Grid
Application For Approval of a Change in Electric Base Distribution Rates
Docket No. 4065

Dear Ms. Massaro

Enclosed please find the original and nine copies of the Department of the Navy's Testimony of Ali Al-Jabir's testimony in the above-referenced Docket.

Sincerely,

Joshua Harvey for
AUDREY VAN DYKE
Counsel for the
Secretary of the Navy

Cc: (by email)
Service List

BEFORE THE

RHODE ISLAND PUBLIC UTILITIES COMMISSION

APPLICATION OF THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID FOR APPROVAL OF A CHANGE IN ELECTRIC BASE DISTRIBUTION RATES PURSUANT TO R.I.G.L. SECTIONS 39-3-10 AND 39-3-11	)	**DOCKET NO. 4065**

Direct Testimony and Exhibits of

Ali Al-Jabir

On behalf of

The U.S. Department of the Navy

Project 9173
September 15, 2009

BRUBAKER & ASSOCIATES, INC.
CHESTERFIELD, MO 63017

BEFORE THE

RHODE ISLAND PUBLIC UTILITIES COMMISSION

APPLICATION OF THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID FOR APPROVAL OF A CHANGE IN ELECTRIC BASE DISTRIBUTION RATES PURSUANT TO R.I.G.L. SECTIONS 39-3-10 AND 39-3-11	)	**DOCKET NO. 4065**

TABLE OF CONTENTS

BEFORE THE

RHODE ISLAND PUBLIC UTILITIES COMMISSION

APPLICATION OF THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID FOR APPROVAL OF A CHANGE IN ELECTRIC BASE DISTRIBUTION RATES PURSUANT TO R.I.G.L. SECTIONS 39-3-10 AND 39-3-11	)	**DOCKET NO. 4065**

Direct Testimony of Ali Al-Jabir

Introduction

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A My name is Ali Al-Jabir and my business address is 6810 Saratoga Boulevard, Suite 202, Corpus Christi, Texas, 78414.

Q WHAT IS YOUR OCCUPATION?

A I am an energy advisor and a consultant in the field of public utility regulation with the firm of Brubaker & Associates, Inc ("BAI").

Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A These are set forth in Appendix A to my testimony.

Q ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A I am testifying on behalf of the United States Department of the Navy ("Navy"). The Navy is a large consumer of electricity in the service territory of the Narragansett Electric Company ("Company") and takes service from the Company primarily on Rate Schedule G-62.

Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A The purpose of my testimony is to discuss the Company's class cost of service study ("CCOSS") and proposed revenue distribution. The fact that I am not addressing a specific issue in the Company's application in this proceeding should not be construed as an endorsement of the Company's position with regard to such issue.

Q PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.

A My conclusions and recommendations can be summarized as follows:

1. The Company's CCOSS classified the investment in distribution line costs in Accounts 364 - 367 as entirely demand-related. This is inconsistent with cost causation and generally accepted cost allocation methodologies.

2. The Rhode Island Public Utilities Commission ("Commission") should require the Company to conduct a Minimum Distribution System study and to develop a CCOSS that classifies and allocates distribution line costs in Accounts 364 - 368 into demand and customer components in the Company's next base rate case.

3. The Company's proposal to allocate economic development costs only to commercial and industrial customers on the basis of energy consumption should be rejected. Instead, the Commission should broadly allocate the costs associated with the Company's economic development initiatives to all customer classes on the basis of delivery service revenues.

4. The revenue distribution in this case should be guided by the results of the modified CCOSS that reflects my recommended allocation of economic development costs. If the Commission determines that gradualism concerns justify capping the rate increase for the Lighting and Propulsion classes as proposed by the Company, it is not reasonable to impose full responsibility for this revenue subsidy only on the Commercial & Industrial ("C&I") Large Demand class. To remedy this inequity, I recommend that the Commission directly assign to the C&I Large Demand class any reductions that it orders to the Company's

requested revenue requirement in this proceeding. If the reduction to the Company's requested revenue requirement that the Commission orders is more than sufficient to bring the C&I Large Demand class to cost of service, then any additional revenue reduction should be allocated based on rate base to all customer classes.

Cost of Service Overview

Q HAS THE COMPANY FILED A CCOSS IN THIS PROCEEDING?

A Yes.

Q WHAT INFORMATION IS CONTAINED IN A CCOSS?

A A CCOSS is used to determine the cost that the Company incurs to serve the various customer classes in its service territory. A CCOSS compares the cost that each customer class imposes on the system to the revenues that each class contributes. This relationship is generally presented by comparing the rate of return that a class is providing to the utility's overall jurisdictional rate of return.

For example, when a customer class produces the same rate of return as the total utility rate of return, the customer class is paying revenue to the utility just sufficient to cover the costs that the utility incurs to serve that class. If a class produces a below-average rate of return, it may be concluded that the revenue provided by the class is insufficient to cover all relevant costs to serve that class. On the other hand, if a class produces a rate of return above the system average, it is not only paying revenues sufficient to cover the cost attributable to it, but in addition, it is paying part of the cost attributable to other classes who produce below system average rates of return.

Q WHY IS A CCOSS OF IMPORTANCE?

A A CCOSS illustrates the costs that a utility incurs to serve each customer class. It is a widely held principle that costs should be allocated among customer classes on the basis of cost-causation. That principle is perhaps the most universally accepted tenet of allocating cost that cannot be directly assigned to a particular customer class. In other words, costs should be allocated to those classes on the basis of how or why those costs are incurred by the utility. The results of such studies are used in assigning cost responsibilities to various customer classes in regulatory proceedings.

Q DO YOU SUPPORT THE PREMISE THAT COST-CAUSATION PRINCIPLES SHOULD GUIDE THE ALLOCATION OF COSTS TO THE CUSTOMER CLASSES?

A Yes. Rates that are based on consistently applied cost-causation principles are not only fair and reasonable, but further the cause of stability, conservation and efficiency. When consumers are presented with price signals that convey the consequences of their consumption decisions (i.e., how much energy to consume, at what rate, and when) they tend to take actions which not only minimize their own costs, but those of the utility as well.

Although factors such as simplicity, gradualism, economic development and ease of administration may also be taken into consideration when determining the final spread of the revenue requirement among classes, the fundamental starting point and guideline should be the cost of serving each customer class produced by the CCOSS.

Q HOW IS THE COST OF SERVING EACH CUSTOMER CLASS DETERMINED?

A The appropriate mechanism to determine the cost of serving each customer class is a fully allocated embedded CCOSS. It follows, however, that the objective of

cost-based rates cannot be attained unless the CCOSS is developed using cost-causation principles.

Q WHAT ARE THE MAJOR STEPS IN A CCOSS?

A The first step in a CCOSS is known as functionalization. This refers to the process by which the company's investments and expenses are reviewed and put into different categories of cost. The primary functions utilized are production, transmission and distribution. Of course, each broad function may have several subcategories to provide for a more refined determination of cost of service.

The second major step is known as classification. In the classification step, the functionalized costs are separated into the categories of demand-related, energy-related and customer-related costs in order to facilitate the allocation of costs by applying cost-causation principles.

Demand- or capacity-related costs are those costs that are incurred by the utility to serve the amount of demand that each customer class places on the system. A traditional example of capacity-related costs is the investment associated with generating stations, transmission lines and a portion of the distribution system. Once the utility makes an investment in these facilities, the costs continue to be incurred, irrespective of the number of kilowatthours generated and sold or the number of customers taking service from the utility.

Energy-related costs are those costs that are incurred by the utility to provide the energy required by its customers. Energy-related costs, such as fuel expense, are almost directly proportional to the amount of kilowatthours supplied by the utility system to meet its customers' energy requirements. As a general rule, delivery service costs are not energy-related.

Customer-related costs are those costs that are incurred to connect customers to the system and are independent of the customer's demand and energy requirements. Primary examples of customer-related costs are investments in meters, services and the portion of the distribution system that is necessary to connect customers to the system. In addition, such accounting functions as meter reading, bill preparation and revenue accounting are considered customer-related costs.

The final step in the CCOSS is the allocation of each category of the functionalized and classified costs to the various customer classes using cost-causation principles. Demand-related costs are allocated on a basis that gives recognition to each class's responsibility for the Company's need to build plant to serve the demands imposed on the system. Energy-related costs are allocated on the basis of energy use by each customer class. Customer-related costs are allocated based upon the number of customers in each class, weighted to account for the complexity of servicing the needs of the different classes of customers.

Q WHY IS IT IMPORTANT TO ADHERE TO BASIC COST OF SERVICE PRINCIPLES IN THE RATEMAKING PROCESS?

A The basic reasons for using cost of service as the primary factor in the revenue allocation/rate design process are equity, cost causation, appropriate price signals, conservation and revenue stability.

Q HOW IS THE EQUITY PRINCIPLE ACHIEVED BY BASING RATES ON COSTS?

A To the extent practical, when rates are based on cost, each customer pays what it costs the utility to serve them, no more and no less. If rates are not based on cost of

service, then some customers contribute disproportionately to the utility's revenue requirement and provide contributions to the cost to serve other customers.

Q HOW DO COST-BASED RATES PROVIDE APPROPRIATE PRICE SIGNALS TO CUSTOMERS?

A Rate design is the process of translating the cost of providing service for each customer class into per unit charges that recover the targeted revenue requirement for each class. It is important that the proper amounts and types of costs be allocated to the appropriate customer classes so that they may ultimately be reflected in the rates.

When the rates are designed so that the demand, energy, and customer costs are properly reflected in the demand, energy and customer components of the rate schedules, respectively, customers are provided with the appropriate price signals to manage their loads accordingly. This, in turn, provides the correct signal to the utility (and other competitive power suppliers if applicable) about the need for new investment to meet the customers' needs. When customers impose a certain level of demand on the system, they should pay for the prudent cost that the utility incurs to supply that demand and the energy charge that they pay should reflect the cost of providing that energy.

From a rate design perspective, overpricing one portion of the rate (i.e., energy) and under pricing the other components of the rate, such as customer and demand charges, will result in a disproportionate share of revenues being collected from high load factor customers and send distorted price signals to all customers.

Q HOW DO COST-BASED RATES FURTHER THE GOAL OF CONSERVATION?

A Conservation occurs when wasteful or inefficient uses of electricity are discouraged or minimized. Only when rates are based on the cost to serve them do customers receive an accurate and appropriate price signal against which to make their consumption decisions. If rates are not based on costs, then customers may be induced to use electricity inefficiently in response to the distorted price signals.

Q PLEASE DISCUSS THE REVENUE STABILITY CONSIDERATION.

A Rates that are designed to track changes in the level of costs result in revenue changes that mirror cost changes. Thus, cost-based rates provide an important enhancement to a utility's earnings stability, reducing its need to file for rate increases.

From the perspective of the customer, cost-based rates provide a more reliable and transparent means of determining future levels of power costs. If rates are based on factors other than the cost to serve, it becomes much more difficult for customers to translate utility-wide cost changes into changes in the rates applicable to customer classes and to particular customers within each class. For the customer, this situation reduces the attractiveness of expansion, as well as continued operations, in the utility's service territory because of the limited ability to plan and budget for the level of future power costs that the customer will incur.

The Company's Cost of Service Study

Q PLEASE PROVIDE AN OVERVIEW OF THE COMPANY'S CCOSS.

A The Company presented a traditional, embedded CCOSS that was used to establish the level of revenues necessary for each customer class to provide a return on rate

base equal to the overall rate of return. The Company developed a CCOSS for the following customer classes: Residential, Small C&I, General C&I, C&I 200 kW Demand, C&I 3,000 kW Demand, Lighting and Propulsion. The rate year used for the CCOSS is the 12-month period ending December 31, 2010.

Q DO YOU DISAGREE WITH ANY ASPECTS OF THE COMPANY'S CCOSS AND REVENUE DISTRIBUTION?

A Yes. Primarily, I take exception to the Company's proposed classification and allocation of certain components of distribution costs. Specifically, I disagree with the Company's allocation of the costs associated with investments in Plant Accounts 364 - 368. The costs associated with these accounts should be classified and allocated based on both demands and customer counts. By contrast, the Company proposes to allocate distribution poles and wires costs in Accounts 364 - 367 entirely on a demand basis. The Company is proposing to allocate transformer costs in Account 368 exclusively on a customer basis.

I also take exception to the Company's proposal to allocate the costs associated with its proposed economic development program exclusively to commercial and industrial customers. The costs associated with this program should be broadly allocated across all of the customer classes in the CCOSS.

With respect to revenue distribution, I disagree with the Company's proposal regarding the allocation of the proposed revenue subsidy for the Lighting and Propulsion classes. Specifically, it is inappropriate and inequitable to assign the entire burden of this revenue subsidy to the C&I Large Demand class. This treatment should be corrected by assigning any revenue requirement reductions that the Commission orders in this case exclusively to the C&I Large Demand class, to the extent required to ensure that this class achieves a unity rate of return. Each of the

points referenced above is addressed in more detail in subsequent sections of my direct testimony.

Allocation of Distribution Line Costs

Q PLEASE BRIEFLY DESCRIBE THE INVESTMENT THAT IS INCLUDED IN PLANT ACCOUNTS 364 - 368.

A Plant Accounts 364 - 368 contain the following types of investment:

TABLE 1

Plant Accounts 364 - 368 Description

Account	Delivery Service
364	Poles, towers and fixtures
365	Overhead conductors and devices
366	Underground conduit
367	Underground conductors and devices
368	Line transformers

Collectively, the investment that is shown in Plant Accounts 364 - 368 is sometimes referred to as distribution line costs.

Q HOW DID THE COMPANY CLASSIFY AND ALLOCATE THE DISTRIBUTION LINE COSTS IN PLANT ACCOUNTS 364 - 368 IN ITS CCOSS?

A The Company's CCOSS classifies and allocates the distribution line costs in Accounts 364 - 367 exclusively on a demand basis. At the same time, the Company is proposing to allocate transformer costs in Account 368 entirely on a customer basis.

Q DO YOU BELIEVE IT IS APPROPRIATE TO CLASSIFY AND ALLOCATE THE DISTRIBUTION LINE COSTS IN PLANT ACCOUNTS 364 - 367 ENTIRELY ON THE BASIS OF CUSTOMER DEMANDS?

A No. This is inconsistent with cost-causation and generally accepted cost allocation methodologies. The primary purpose of the distribution system is to deliver power from the transmission grid to the customer. Certain distribution investments must be made just to connect a customer to the system. These investments are customer-related.

Q IS IT COMMON PRACTICE TO CLASSIFY A PORTION OF THE DISTRIBUTION LINE COSTS AS CUSTOMER-RELATED?

A Yes. The National Association of Regulatory Utility Commissioners ("NARUC") Electric Utility Cost Allocation Manual states that:

> "Distribution plant Accounts 364 through 370 involve demand and customer costs. The customer component of distribution facilities is that portion of costs which varies with the number of customers. Thus, the number of poles, conductors, transformers, services, and meters are directly related to the number of customers on the utility's system. As shown in Table 6-1, each primary plant account can be separately classified into a demand and customer component. Two methods are used to determine the demand and customer components of distribution facilities. They are, the minimum-size-of-facilities method, and the minimum-intercept cost (zero-intercept or positive-intercept cost, as applicable) of facilities."[1]

Table 6-1 from the NARUC Manual is included in my testimony as Exhibit AZA-1. This exhibit shows that Distribution Plant Accounts 364 - 368 have a customer component. The Company must incur costs to construct a distribution line irrespective of the amount (i.e., energy) or rate (i.e., demand) of electricity usage. Therefore, a portion of these distribution line costs is properly classified and allocated

[1]National Association of Regulatory Utility Commissioners, Electric Utility Cost Allocation Manual, January 1992, page 90.

as customer-related. The remaining distribution investment is needed to provide sufficient capacity to meet customers' demands when they arise. This portion of the distribution investment is demand-related. By classifying and allocating the distribution investment in Plant Accounts 364 - 367 entirely on a demand basis, the Company's CCOSS ignores sound cost-causation principles with respect to this category of costs.

Q PLEASE EXPLAIN ONE OF THE METHODS USED FOR CLASSIFYING DISTRIBUTION LINE COSTS.

A One of the methods that the NARUC Manual discusses is the minimum size method. The minimum size method determines the minimum size distribution system that could be built to serve the minimum load requirements of customers on the system. This method involves determining the smallest size pole, conductor, cable and transformer that is currently installed by the utility. The cost of the smallest size facility is classified as customer-related. The demand-related cost is the difference between the total cost and the customer-related cost.

Q WOULD YOU PROVIDE A SIMPLE ILLUSTRATION THAT SUPPORTS THE CLASSIFICATION OF A PORTION OF THE DISTRIBUTION SYSTEM AS CUSTOMER-RELATED?

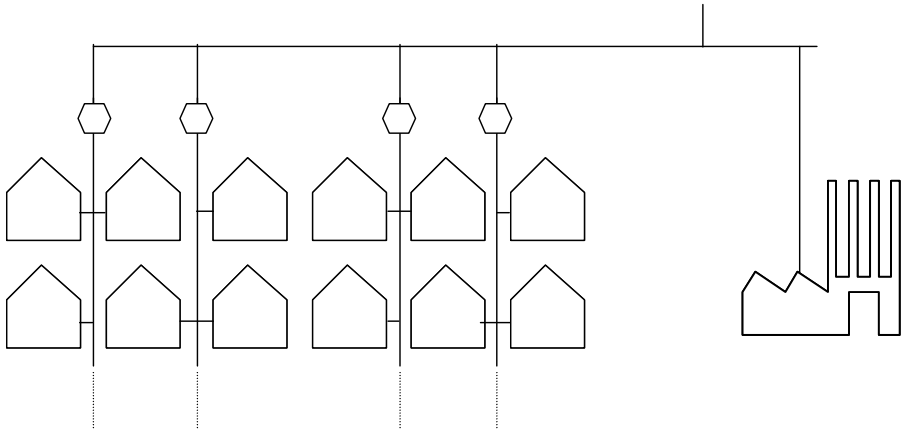
A Yes. The following diagram shows the distribution network for a utility with two customer classes, A and B. The physical distribution network necessary to attach Class A is designed to serve 12 customers, each with a 10 kW load, having a total demand of 120 kW. This is the same total demand imposed on the utility system by Class B, which consists of a single customer. Clearly, a much more extensive distribution system is required to attach the multitude of small customers (Class A),

than to attach the single larger customer (Class B), despite the fact that the total demand of each customer class is the same.

Although some additional customers can be attached without additional investment in certain areas of the system, it is obvious that attaching a large number of customers requires investment in facilities, not only initially but also on a continuing basis for maintenance.

To the extent that the distribution system components must be sized to accommodate additional load beyond the minimum required level, this additional distribution line investment is a demand-related cost. Thus, the distribution system is properly classified as both demand-related and customer-related.

Classification of Distribution Investment



Total Demand = 120 kW
Class A

Total Demand = 120 kW
Class B

Q HAVE UTILITY COMMISSIONS ADOPTED CLASS COST OF SERVICE STUDIES THAT CLASSIFY AND ALLOCATE A PORTION OF DISTRIBUTION LINE COSTS ON A CUSTOMER BASIS?

A Yes. Among others, state regulatory commissions in Connecticut, Florida, Hawaii, Maine, Massachusetts, Minnesota, Missouri, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Utah and Wisconsin have classified and allocated the distribution plant costs in Accounts 364 - 368 on both a customer- and demand-related basis for class cost of service purposes.

Q DO YOU BELIEVE ADOPTION OF THIS APPROACH IS APPROPRIATE IN RHODE ISLAND?

A Yes. I recommend the Commission adopt this approach because it is consistent with cost-causation principles. The allocation of distribution plant costs based upon customer- and demand-related components would promote the establishment of rates in a manner that reflects cost causation, and would be revenue neutral to the Company.

Q DOES THE COMPANY'S TESTIMONY IN THIS CASE ACKNOWLEDGE THAT DISTRIBUTION LINE COSTS ARE OFTEN CLASSIFIED AND ALLOCATED ON BOTH A DEMAND AND CUSTOMER BASIS?

A Yes. In his direct testimony, Company witness Howard S. Gorman recognizes that such treatment of distribution line costs is common in a CCOSS. On this topic, Mr. Gorman stated as follows:

> "A Minimum System Study is often used to classify the following Secondary distribution assets: Poles, Towers and Fixtures; Overhead Conductors and Devices; Underground Conduits; Underground Conductors and Devices; and Line Transformers. The Minimum System Study recognizes that these assets have a dual purpose –

both to connect customers to the system and to meet peak demand, and that the Company's investment in these assets is affected by both purposes."[2]

Q DID THE COMPANY PERFORM A MINIMUM DISTRIBUTION SYSTEM STUDY IN THIS CASE?

A No.

Q HAS THE COMPANY PROVIDED ANY RATIONALE FOR NOT CONDUCTING SUCH A STUDY?

A The Company explains that it did not perform a Minimum Distribution System study in its last rate case. The Company also contends that such studies are not routinely performed in Rhode Island. Finally, the Company points out that it classified distribution line costs in Accounts 364 - 367 as exclusively demand-related in previous cases, including Docket Nos. 2072 and 2290.[3]

Q HOW DO YOU RESPOND TO THE COMPANY'S ARGUMENTS?

A The Company's reliance on its experience in prior Rhode Island base rate cases does not justify its proposed treatment of distribution line costs in this proceeding. As I explained above, classifying and allocating distribution line costs using both customer and demand components is consistent with sound principles of cost causation. This consideration should provide sufficient cause for the Commission to reexamine the treatment of distribution line costs in this case. Moreover, the Company's response to Navy Data Request 3-5 states that the class cost of service studies in Docket Nos. 2072 and 2290 were not fully litigated, but were rather part of a settlement

[2]Docket No. 4065, Direct Testimony of Howard S. Gorman, page 15.
[3]Docket No. 4065, Company's response to Navy Data Request 3-5.

agreement. As such, the Company's treatment of distribution line costs in these prior cases should not have precedential value in this or future rate proceedings.

Q WHAT IS YOUR RECOMMENDATION WITH RESPECT TO THE CLASSIFICATION AND ALLOCATION OF DISTRIBUTION LINE COSTS?

A The classification and allocation of distribution line costs using both demand and customer components is an approach that is widely employed in class cost of service studies and is consistent with cost causation. Therefore, I recommend that the Commission require the Company to conduct a Minimum Distribution System study and develop a CCOSS that classifies and allocates distribution line costs into demand and customer components in the Company's next rate case. This would allow the Commission to apply this approach using actual data for the Company's distribution system.

Allocation of Economic Development Costs

Q PLEASE PROVIDE A BRIEF DESCRIPTION OF THE COMPANY'S PROPOSED ECONOMIC DEVELOPMENT PROGRAM.

A The Company is proposing a total allowance of $1 million per year that would be dedicated to new economic development initiatives in the areas of targeted infrastructure improvement, urban revitalization and strategic business development efforts. The Company intends to develop the details of this economic development program through a collaborative effort with interested parties. The Company is not proposing to include any energy price incentive programs in its economic development proposal.[4]

[4]Docket No. 4065, Direct Testimony of Company witness Carmen Fields, pages 3-9.

Q HOW IS THE COMPANY PROPOSING TO ALLOCATE THESE ECONOMIC DEVELOPMENT COSTS TO THE RATE CLASSES IN ITS CCOSS?

A The Company proposes to allocate these costs on a kWh basis, but using only the energy consumption of commercial and industrial customers. The result of this method is that the Residential, Lighting and Propulsion classes bear no responsibility for the Company's economic development program costs.[5]

Q WHAT IS THE COMPANY'S RATIONALE FOR ALLOCATING ECONOMIC DEVELOPMENT COSTS IN THIS MANNER?

A In response to discovery in this case, the Company stated that its economic development program is targeted to helping commercial and industrial customers grow, retain and attract business to Rhode Island. Consequently, the Company's discovery response asserted that these costs are closely related to energy consumption by the commercial and industrial customer classes.[6]

Q DO YOU AGREE WITH THE COMPANY'S REASONING?

A No. Economic development programs are not intended exclusively to benefit commercial and industrial customers. Rather, such programs are designed to reduce the escalation of electricity rates for all customer classes by spreading the fixed costs of providing delivery service over a larger customer base.

Q PLEASE EXPLAIN.

A The costs associated with the provision of delivery service are predominantly fixed, sunk costs that are incurred to construct the facilities necessary for delivering power

[5]Docket No. 4065, Direct Testimony of Howard S. Gorman, Schedule NG-HSG-2, page 26.
[6]Docket No. 4065, Company's response to Navy Data Request 3-2(c).

to customers over the electrical grid. If the total load on the system declines due to deteriorating economic conditions, these same sunk costs will be spread over a smaller amount of remaining load on the system. This would lead to higher per unit delivery service charges for all customers in future rate cases. Conversely, an expansion in customer sales through economic development efforts can reduce rates for all customer classes as the fixed costs of the power grid are spread over larger delivery service volumes.

Q ARE ECONOMIC DEVELOPMENT PROGRAMS DESIGNED TO BROADLY BENEFIT ALL CUSTOMERS IN OTHER RESPECTS?

A Yes. A principal benefit of economic development programs is to retain existing jobs and to create new jobs in the Company's service territory. Indeed, the Company asserts that National Grid's economic development programs in New York State have contributed to the creation or retention of 10,000 jobs since 2003.[7]

Although these enhanced employment opportunities are created at the companies targeted by economic development programs in the first instance, these programs indirectly benefit the local economy in general, as the beneficiaries of the programs spend money to acquire goods and services from other businesses. This creates a ripple effect that generates job opportunities at other businesses in the Company's service territory. The local employment opportunities created by economic development programs inure to the benefit of the entire customer base, including residential customers who are able to obtain new jobs or retain existing jobs as a result of such programs.

[7]Docket No. 4065, Direct Testimony of Carmen Fields, page 8.

Q HAS THE COMPANY ACKNOWLEDGED THE BROAD DISTRIBUTION OF BENEFITS ASSOCIATED WITH ECONOMIC DEVELOPMENT PROGRAMS?

A Yes. Company witness Carmen Fields states as follows with respect to the value of economic development programs in controlling the rate of growth in delivery service rates:

> "The programs ….. will generate system benefits in the form of a stable customer base and more efficient utilization of existing energy delivery assets – both of which will help mitigate potential delivery price increases, and encourage economic growth in the long run."[8]

In response to discovery in this case, the Company also stated that a failure to adopt its proposed economic development initiative could lead to a "lost benefit of additional customer revenues *that would reduce costs for all customers in the ratemaking setting.*" [Emphasis added.][9]

Finally, the Company has recognized that job creation is a central benefit of economic development programs, stating that one of the overarching principles that applies to the Company's economic development initiatives is "the Company's keen desire to help create jobs."[10] As noted above, job creation and retention is a broad benefit of economic development programs for the entire customer base.

[8]Docket No. 4065, Direct Testimony of Carmen Fields, page 7.
[9]Docket No. 4065, Company's response to Division Data Request 16-21(e).
[10]Docket No. 4065, Direct Testimony of Carmen Fields, page 6.

Q IS THE COMPANY'S PROPOSAL REGARDING THE ALLOCATION OF ECONOMIC DEVELOPMENT COSTS IN THIS CASE CONSISTENT WITH THE TREATMENT AFFORDED TO OTHER COSTS ASSOCIATED WITH ECONOMIC DEVELOPMENT EFFORTS CONDUCTED BY THE COMPANY AND NATIONAL GRID?

A Based on the Company's response to discovery in this case, the answer is no. For example, the Company stated that the revenue shortfalls associated with previous economic development discounts that it has offered were not allocated exclusively to commercial and industrial customers. In Docket No. 2290, these costs were allocated to most customer classes, including residential customers.[11] In addition, the Company stated that the revenue shortfalls associated with National Grid's economic development programs in upstate New York and Metro New York were broadly allocated to all other retail customers that did not participate in these programs.[12] These examples reflect a broad allocation of economic development program costs that contradicts the Company's current proposal to allocate such costs exclusively to commercial and industrial customers.

Q WHAT IS YOUR RECOMMENDATION REGARDING THE ALLOCATION OF ECONOMIC DEVELOPMENT COSTS IN THIS CASE?

A I recommend that the Commission reject the Company's proposal to allocate economic development costs only to commercial and industrial customers. This proposal ignores the fact that such programs are implemented to benefit the entire customer base by mitigating delivery service rate increases and expanding job opportunities in the Company's service area. Moreover, this proposal contradicts the

[11]Docket No. 4065, Company's response to Division Data Request 15-2.
[12]Docket No. 4065, Company's response to Division Data Request 15-3.

broad allocation of the revenue shortfalls associated with the Company's economic development rate discount programs in Docket No. 2290. For these reasons, the Commission should broadly allocate the costs associated with the Company's economic development initiative to all customers on the basis of delivery service revenues. This approach recognizes that the Company's entire customer base has an interest in the successful pursuit of economic development programs.

Q HAVE YOU REVISED THE CCOSS TO REFLECT YOUR RECOMMENDED ALLOCATION OF ECONOMIC DEVELOPMENT COSTS?

A Yes. Exhibit AZA-2 provides a comparison of the class allocation of economic development costs using delivery service revenues relative to the allocation that results from the Company's method. Because the Company included economic development costs as part of the Account 910 allocator in the CCOSS, the exhibit also shows the impact of my recommended change on the total allocation of costs in this account. As can be seen in this exhibit, the allocation method I am proposing distributes the cost burden of these economic development programs to all customer classes. By contrast, the Company's proposal would inappropriately exempt certain customer classes from any responsibility for economic development program costs.

Revenue Distribution

Q HAVE YOU REVIEWED THE RESULTS OF THE CCOSS?

A Yes. I reviewed the results of the CCOSS for the rate year ending December 31, 2010. The results of the CCOSS are summarized in Exhibit AZA-3. This exhibit shows the CCOSS results at present and proposed rates, both under the Company's proposal and under the modified CCOSS that reflects my recommended allocation of

economic development costs. The CCOSS results include the rate of return, the relative rate of return index, and the revenue under- or over-collection.

Q HOW CAN THE CCOSS RESULTS BE INTERPRETED WITH RESPECT TO THE REVENUE CONTRIBUTION OF EACH CLASS RELATIVE TO ITS COST OF SERVICE?

A The rates of a customer class are set at cost of service when the relative rate of return index of the class is 100. At that level, the rate of return derived from the class is equal to the system rate of return. A customer class has a revenue under-collection when the revenues provided through its rates are less than the cost to serve that class, resulting in a class relative rate of return index below 100. Conversely, a customer class has a revenue over-collection when the revenues collected from the class are greater than the cost to serve that class, resulting in a relative rate of return index greater than 100.

Q HOW DOES THE COMPANY PROPOSE TO DISTRIBUTE THE PROPOSED REVENUE INCREASE AMONG THE CUSTOMER CLASSES?

A Exhibit AZA-4 shows the Company's proposed revenue increase by amount and as a percentage of present revenue for each customer class. For comparison purposes, the exhibit also shows the rate increases that would result from a direct application of the results of the CCOSS in this proceeding. It should be noted that, for revenue distribution purposes, the Company consolidated the C&I 200 kW Demand and the C&I 3,000 kW Demand rate classes into a single C&I Large Demand class.

Q HOW DOES THE COMPANY'S REVENUE DISTRIBUTION PROPOSAL COMPARE TO THE ACTUAL COST TO SERVE EACH RATE CLASS, AS INDICATED BY THE CCOSS RESULTS?

A As shown in Exhibit AZA-3, the Company's proposed revenue distribution results in a relative rate of return equal to 100 for the Residential, Small C&I, and General C&I customer classes. The proposed revenue distribution yields a relative rate of return of less than 100 for the Lighting and Propulsion classes, while the C&I Large Demand class has a relative of return of 110.

This means that the Company distributed its proposed revenue increase in a manner that requires the C&I Large Demand class to subsidize the provision of delivery services to the Lighting and Propulsion classes. These inter-class subsidies result from the Company's proposal to limit the rate increase to the Lighting and Propulsion classes to two times the system average increase. Moreover, the Company proposes to assign this revenue subsidy exclusively to the C&I Large Demand class.

Q IS IT APPROPRIATE TO ASSIGN THE ENTIRE AMOUNT OF THE REVENUE SUBSIDY TO ONE CUSTOMER CLASS?

A No. The goal of the revenue distribution process should be to maximize the movement of all customer classes to a unity rate of return, such that the amount of inter-class subsidies is minimized. If the Commission determines that gradualism concerns justify capping the rate increase for the Lighting and Propulsion classes as proposed by the Company, it is not reasonable to impose full responsibility for this revenue subsidy only on the C&I Large Demand class.

Q PLEASE EXPLAIN WHY THE COMPANY'S TREATMENT OF THE PROPOSED REVENUE SUBSIDY IS INEQUITABLE.

A The CCOSS study results show that, at present rates, the C&I Large Demand class has a relative rate of return of 264. This figure significantly exceeds the relative rates of return at present rates for all other classes on the Company's system. This means that, at current rates, large commercial and industrial customers are paying rates that are significantly above cost and providing large subsidies to some other customer classes on the system (including Lighting and Propulsion customers). In light of this historical pattern of rate subsidization, it is inappropriate to single out the C&I Large Demand class to bear the burden of perpetuating rate subsidies for Lighting and Propulsion customers through future rates.

Q WHAT IS YOUR RECOMMENDATION REGARDING THE DISTRIBUTION OF ANY REVENUE INCREASE IN THIS PROCEEDING?

A The revenue distribution in this case should be guided by the results of the modified CCOSS that reflects my recommended allocation of economic development costs. Specifically, the Commission should seek to maximize the movement of all customer classes to cost of service, as dictated by the modified CCOSS results. The Company proposes to bring the Residential, Small C&I and General C&I classes to cost of service, but it would also inequitably require the C&I Large Demand class to bear the full burden of the proposed revenue subsidy for the Lighting and Propulsion classes.

If the Commission accepts the Company's proposal to moderate the rate increase dictated by the CCOSS for the Lighting and Propulsion classes, it is inappropriate to assign the entire amount of the resulting revenue subsidy only to the C&I Large Demand class. To bring the C&I Large Demand class to cost of service without imposing a greater cost burden on other customer classes, I recommend that

the Commission directly assign to the C&I Large Demand class any reductions that it orders to the Company's requested revenue requirement in this proceeding. This approach would maximize movement toward cost-based rates for the C&I Large Demand class, while preserving the Company's proposal to moderate the rate increase for the Lighting and Propulsion classes. If the reduction to the Company's requested revenue requirement that the Commission orders is more than sufficient to bring the C&I Large Demand class to cost of service as dictated by the modified CCOSS results, then any additional revenue reduction should be allocated based on rate base to all customer classes.

Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A Yes.

Appendix A

Qualifications of Ali Al-Jabir

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Ali Al-Jabir. My business address is 6810 Saratoga Boulevard, Suite 202, Corpus Christi, Texas, 78414.

Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

A I am a consultant in the field of public utility regulation with the firm of Brubaker & Associates, Inc. ("BAI").

Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND.

A I am a graduate of the University of Texas at Austin ("UT-Austin"). I hold the degrees of Bachelor of Arts and Master of Arts in Economics, both from UT-Austin. I have also completed course work at Harvard University. I received my B.A. degree with highest honors, and I am a member of the Phi Beta Kappa Honor Society.

Q PLEASE STATE YOUR EXPERIENCE.

A I joined BAI in January 1997. My work consists of preparing economic studies and economic policy analysis related to investor-owned, cooperative, and municipal utilities. Prior to joining BAI, I was employed at the Public Utility Commission of Texas ("Texas Commission") since 1991, where I held various positions including Policy Advisor to the Chairman. As Policy Advisor, I advised the Chairman on policy decisions in numerous rate and rulemaking proceedings. In 1995, I advised the Texas Legislature on the development of the statutory framework for wholesale competition in the Electric Reliability Council of Texas ("ERCOT"), and I was involved

in subsequent rulemakings at the Texas Commission to implement wholesale open access transmission service in the region.

During my tenure at the Texas Commission and in my present capacity, I have reviewed and analyzed several electric utility base rate and fuel filings in Texas. I have also worked on utility rate, fuel, and merger proceedings and rulemakings in Virginia, Missouri, Colorado, Indiana, Alberta, Pennsylvania, North Carolina, South Carolina, Michigan and Nova Scotia. In addition to my work on such proceedings, I have drafted policy papers and comments regarding electric industry restructuring and competitive policy issues in Texas, Alabama, Louisiana, Georgia, and Delaware, as well as before the Federal Energy Regulatory Commission. I have been an invited speaker at several electric utility industry conferences, and I have presented seminars on utility regulation and industry restructuring.

BAI and its predecessor firms have been active in utility rate and economic consulting since 1937. The firm provides consulting services in the field of public utility regulation to many clients, including large industrial and institutional customers, some competitive retail power providers and utilities and, on occasion, state regulatory agencies. In addition, we have prepared depreciation and feasibility studies relating to utility service. We assist in the negotiation of contracts and the solicitation and procurement of competitive energy supplies for large energy users, provide economic policy analysis on industry restructuring issues, and present seminars on utility regulation. In general, we are engaged in regulatory consulting, economic analysis, energy procurement, and contract negotiation.

In addition to our main office in St. Louis, the firm also has branch offices in Corpus Christi, Texas and Phoenix, Arizona.

Q HAVE YOU PREVIOUSLY FILED TESTIMONY IN CONTESTED UTILITY PROCEEDINGS?

A Yes, I have filed written testimony in the following dockets:

1. Texas Docket No. 10035 – Application of West Texas Utilities Company to Reconcile Fuel Costs and for Authority to Change Fixed Fuel Factors;

2. Texas Docket No. 10200 – Application of the Texas - New Mexico Power Company for Authority to Change Rates;

3. Texas Docket No. 10325 – Application of the Central Texas Electric Cooperative, Inc. for Authority to Change Rates;

4. Texas Docket No. 10600 – Application of the Brazos River Authority for Approval of Rates;

5. Texas Docket No. 10881 – Application of the New Era Electric Cooperative, Inc. for Authority to Change Rates;

6. Texas Docket No. 11244 – Petition of the Medina Electric Cooperative, Inc. to Reduce its Fixed Fuel Factor and the Application of the South Texas Electric Cooperative, Inc. for Authority to Refund an Over-Recovery of Fuel Cost Revenues and to Reduce its Fixed Fuel Factor;

7. Texas Docket No. 11271 – Application of Bowie-Cass Electric Cooperative, Inc. for Authority to Change Rates;

8. Texas Docket No. 11567 – Application of Kaufman County Electric Cooperative, Inc. for Authority to Change Rates;

9. Texas Docket No. 18607 – Application of West Texas Utilities Company for Authority to Reconcile Fuel Costs;

10. Texas Docket No. 20290 – Application of Central Power & Light Company for Authority to Reconcile Fuel Costs;

11. Virginia Case No. PUE980814 – In the matter of considering an electricity retail access pilot program: American Electric Power – Virginia;

12. Texas Docket No. 21111 – Application of Entergy Gulf States Inc. for Authority to Reconcile Fuel Costs and to Recover a Surcharge for Under-Recovered Fuel Costs;

13. Virginia Case No. PUE990717 – Application of Virginia Electric and Power Company to Revise Its Fuel Factor Pursuant to Virginia Code Section 56-249.6;

14. Texas Docket No. 22344 – Generic Issues Associated with Applications for Approval of Unbundled Cost of Service Rates Pursuant to PURA Section 39.201 and Public Utility Commission Substantive Rule § 25.344;

15. Texas Docket No. 22350 – Application of TXU Electric Company for Approval of Unbundled Cost of Service Rates Pursuant to PURA Section 39.201 and Public Utility Commission Substantive Rule 25.344 (Phase III);

16. Texas Docket No. 22352 – Application of Central Power and Light Company for Approval of Unbundled Cost of Service Rates Pursuant to PURA Section 39.201 and Public Utility Commission Substantive Rule 25.344 (Final Phase);

17. Texas Docket No. 22353 – Application of Southwestern Electric Power Company for Approval of Unbundled Cost of Service Rates Pursuant to PURA Section 39.201 and Public Utility Commission Substantive Rule 25.344 (Final Phase);

18. Texas Docket No. 22354 – Application of West Texas Utilities Company for Approval of Unbundled Cost of Service Rates Pursuant to PURA Section 39.201 and Public Utility Commission Substantive Rule 25.344 (Final Phase);

19. Texas Docket No. 22356 – Application of Entergy Gulf States, Inc. for Approval of Unbundled Cost of Service Rates Pursuant to PURA Section 39.201 and Public Utility Commission Substantive Rule 25.344;

20. Texas Docket No. 22349 – Application of Texas-New Mexico Power Company for Approval of Unbundled Cost of Service Rates Pursuant to PURA Section 39.201 and Public Utility Commission Substantive Rule 25.344 (Final Phase);

21. Virginia Case No. PUE000584 – Application of Virginia Electric and Power Company for Approval of a Functional Separation Plan under the Virginia Electric Utility Restructuring Act;

22. Texas Docket No. 24468 – Staff's Petition to Determine Readiness for Retail Competition in the Portions of Texas Within the Southwest Power Pool;

23. Texas Docket No. 24469 – Staff's Petition to Determine Readiness for Retail Competition in the Portions of Texas Within the Southeastern Electric Reliability Council;

24. Virginia Case No. PUE-2002-00377 – Application of Virginia Electric and Power Company to Revise Its Fuel Factor Pursuant to Section 56-249.6 of the Code of Virginia;

25. Texas Docket No. 27035 – Application of Central Power and Light Company for Authority to Reconcile Fuel Costs;

26. Texas Docket No. 28818 – Application of Entergy Gulf States, Inc. for Certification of an Independent Organization for the Entergy Settlement Area in Texas;

27. Virginia Case No. PUE-2000-00550 -- Appalachian Power Company d/b/a American Electric Power: Regional Transmission Entities;

28. Texas Docket No. 29408 – Application of Entergy Gulf States, Inc. for the Authority to Reconcile Fuel Costs;

29. Texas Docket No. 29801 – Application of Southwestern Public Service Company for: (1) Reconciliation of its Fuel Costs for 2002 and 2003; (2) A Finding of Special Circumstances; and (3) Related Relief;

30. Texas Docket No. 30143 -- Petition of El Paso Electric Company to Reconcile Fuel Costs;

31. Texas Docket No. 31540 – Proceeding to Consider Protocols to Implement a Nodal Market in the Electric Reliability Council of Texas Pursuant to PUC Substantive Rule 25.501;

32. Texas Docket No. 32795 – Staff's Petition to Initiate a Generic Proceeding to Re-Allocate Stranded Costs Pursuant to PURA Section 39.253(f);

33. Texas Docket No. 33309 – Application of AEP Texas Central Company for Authority to Change Rates;

34. Texas Docket No. 33310 – Application of AEP Texas North Company for Authority to Change Rates;

35. Michigan Case No. U-15245 – In the Matter of the Application of Consumers Energy Company for Authority to Increase its Rates for the Generation and Distribution of Electricity and for Other Rate Relief;

36. Texas Docket No. 34800 – Application of Entergy Gulf States, Inc. for Authority to Change Rates and to Reconcile Fuel Costs; and

37. Texas Docket No. 35717 – Application of Oncor Electric Delivery Company LLC for Authority to Change Rates.

TABLE 6-1

CLASSIFICATION OF DISTRIBUTION PLANT[1]

FERC Uniform System of Accounts No.	Description	Demand Related	Customer Related
	Distribution Plant [2]		
360	Land & Land Rights	X	X
361	Structures & Improvements	X	X
362	Station Equipment	X	-
363	Storage Battery Equipment	X	-
364	Poles, Towers, & Fixtures	X	X
365	Overhead Conductors & Devices	X	X
366	Underground Conduit	X	X
367	Underground Conductors & Devices	X	X
368	Line Transformers	X	X
369	Services	-	X
370	Meters	-	X
371	Installations on Customer Premises	-	X
372	Leased Property on Customer Premises	-	X
373	Street Lighting & Signal Systems [1]	-	-

[1]Assignment or "exclusive use" costs are assigned directly to the customer class or group which exclusively uses such facilities. The remaining costs are then classified to the respective cost components.

[2]The amounts between classification may vary considerably. A study of the minimum intercept method or other appropriate methods should be made to determine the relationships between the demand and customer components.

Narragansett Electric Company

Summary of Economic Development Program Expense and
Total Account 910 - Customer Service - Miscellaneous Expenses

Line	Customer Class	Economic Development Program Expense				Total Account 910 Expenses				Account 910 Allocator	
		Company Proposed	Modified CCOSS	Change Amount	Change Percent	Company Proposed	Modified CCOSS	Change Amount	Change Percent	Company Proposed	Modified CCOSS
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Residential	$ -	$ 525,043	$ 525,043	NM	$ 1,825,174	$ 2,350,218	$ 525,043	28.8%	54.86%	70.64%
2	Small C&I	$ 121,921	$ 107,866	$ (14,055)	-11.5%	$ 327,457	$ 313,402	$ (14,055)	-4.3%	9.84%	9.42%
3	General C&I	$ 302,733	$ 147,189	$ (155,544)	-51.4%	$ 414,565	$ 259,021	$ (155,544)	-37.5%	12.46%	7.79%
4	200 kW Demand	$ 450,567	$ 154,378	$ (296,189)	-65.7%	$ 581,043	$ 284,854	$ (296,189)	-51.0%	17.46%	8.56%
5	3000 kW Demand	$ 124,779	$ 23,583	$ (101,196)	-81.1%	$ 159,637	$ 58,441	$ (101,196)	-63.4%	4.80%	1.76%
6	Lighting	$ -	$ 41,008	$ 41,008	NM	$ 17,481	$ 58,489	$ 41,008	234.6%	0.53%	1.76%
7	Propulsion	$ -	$ 933	$ 933	NM	$ 1,601	$ 2,533	$ 933	58.3%	0.05%	0.08%
8	**Total**	**$ 1,000,000**	**$ 1,000,000**	**$ 0**	**0.0%**	**$ 3,326,959**	**$ 3,326,959**	**$ 0**	**0.0%**	**100.00%**	**100.00%**

Source:
Docket No. R.I.P.U.C., Sponsor-H.S. Gorman, Schedule NG-HSG-2, Page 26.

Narragansett Electric Company

Summary of Cost of Service Study Results
Rate Year Ended 12/31/2010

Line	Customer Class	Present Rates Rate of Return	Present Rates Relative Rate of Return	Present Rates Over/(Under) Collection (000)	Company Proposed Revenue Distribution Rate of Return	Company Proposed Revenue Distribution Relative Rate of Return	Company Proposed Revenue Distribution Over/(Under) Collection (000)	Revenue Distribution Under Modified CCOSS Results Rate of Return	Revenue Distribution Under Modified CCOSS Results Relative Rate of Return	Revenue Distribution Under Modified CCOSS Results Over/(Under) Collection (000)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Residential	1.29%	58	$ (4,157)	8.98%	100	$ (0)	8.98%	100	$ (0)
2	Small C&I	4.41%	198	$ 1,868	8.98%	100	$ (0)	8.98%	100	$ (0)
3	General C&I	3.24%	145	$ 1,233	8.98%	100	$ (0)	8.98%	100	$ (0)
4	C&I Large Demand	5.88%	264	$ 5,055	9.89%	110	$ 1,264	9.92%	111	$ 1,309
5	Lighting	-5.12%	-230	$ (3,235)	7.72%	86	$ (556)	7.62%	85	$ (599)
6	Propulsion	-20.25%	-909	$ (764)	-11.84%	-132	$ (708)	-11.87%	-132	$ (708)
7	**Total**	**2.23%**	**100**	**$ -**	**8.98%**	**100**	**$ -**	**8.98%**	**100**	$ -

Source:
Docket No. R.I.P.U.C., Sponsor-H.S. Gorman, Schedule NG-HSG-4, Pages 1 and 2.

Narragansett Electric Company

Summary of Base Rate Increase
Rate Year Ended 12/31/2010

Line	Customer Class	Present Revenues (000)	Company Proposed Rate Change Amount (000)	Company Proposed Rate Change Percent	Company Proposed Cost-Based Change Amount (000)	Company Proposed Cost-Based Change Percent	Modified CCOSS Rate Change Amount (000)	Modified CCOSS Rate Change Percent	Modified CCOSS Cost-Based Change Amount (000)	Modified CCOSS Cost-Based Change Percent
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Residential	$ 117,770	$ 37,949	32.2%	$ 37,949	32.2%	$ 38,503	32.7%	$ 38,503	32.7%
2	Small C&I	$ 23,985	$ 5,292	22.1%	$ 5,292	22.1%	$ 5,277	22.0%	$ 5,277	22.0%
3	General C&I	$ 32,841	$ 8,607	26.2%	$ 8,607	26.2%	$ 8,443	25.7%	$ 8,443	25.7%
4	C&I Large Demand	$ 39,447	$ 8,283	21.0%	$ 7,019	17.8%	$ 7,908	20.0%	$ 6,599	16.7%
5	Lighting	$ 8,983	$ 5,274	58.7%	$ 5,830	64.9%	$ 5,274	58.7%	$ 5,873	65.4%
6	Propulsion	$ 215	$ 126	58.7%	$ 834	387.3%	$ 126	58.7%	$ 835	387.7%
7	**Total**	**$ 223,242**	**$ 65,530**	**29.4%**	**$ 65,530**	**29.4%**	**$ 65,530**	**29.4%**	**$ 65,530**	**29.4%**

Source:
Docket No. R.I.P.U.C., Sponsor-H.S. Gorman, Schedule NG-HSG-4, Pages 1 and 2.