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IN REPLY REFER TO

January 21, 2010

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 post-hearing brief in the above-referenced Docket.

Sincerely,

A handwritten signature in black ink, appearing to read "Audrey Van Dyke", written over a white background.

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	§	DOCKET NO. 4065
ELECTRIC BASE DISTRIBUTION	§	
RATES PURSUANT TO R.I.G.L.	§	
SECTIONS 39-3-10 AND 39-3-11	§	

**INITIAL POST-HEARING BRIEF OF
THE U.S. DEPARTMENT OF THE NAVY**

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**INITIAL POST-HEARING BRIEF OF
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OVERVIEW AND SUMMARY OF CASE

The U.S. Department of the Navy (“Navy”) hereby submits its initial post-hearing brief in this docket. The Navy purchases large quantities of electricity from the Narragansett Electric Company (“the Company”) and is vitally interested in the outcome of this proceeding. The Navy participated in the hearing convened by the Rhode Island Public Utilities Commission (“Commission”) and filed direct testimony in this docket.

The Navy’s direct testimony addresses the Company’s proposed class cost of service study (“CCOSS”) and the proposed revenue distribution. While the Navy has no disagreement with many of the Company’s proposed cost allocation methods, the Navy does take exception to the Company’s proposed classification and allocation of certain components of distribution costs in Plant Accounts 364 - 368. The Navy takes the position that 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. In its direct testimony, the Company proposed

to assign line transformer costs in Account 368 to the classes on a customer basis, using the results of a special transformer cost study. In its rebuttal testimony, the Company modified its position and advocated an allocator for line transformer costs that gives a 50% weight to a non-coincident peak demand allocator and a 50% weight to the customer allocator derived from the Company's special line transformer cost allocation study.

The Navy also takes exception to the Company's proposal to allocate the \$1 million in costs for its proposed economic development program exclusively to commercial and industrial customers based on energy sales. The Navy believes that economic development programs offer broad-based benefits to all customer classes. Consequently, if the Commission approves the Company's proposed economic development program, the costs associated with this program should be broadly allocated across all of the customer classes in the CCOSS using a delivery service revenue allocator.

With respect to revenue distribution, the Navy disagrees 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 Commercial and Industrial ("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. Any additional revenue requirement reductions ordered by the Commission should be allocated to all customer classes using a rate base allocator.

The balance of the Navy's initial brief addresses each of the foregoing issues in detail.

CLASS COST OF SERVICE STUDY

1. Allocation of Distribution Line Costs

The distribution line costs in Plant Accounts 364 - 367 that are discussed by the Navy in this section of its brief consist of investment in poles, towers and fixtures, overhead and underground conductors and devices, and underground conduit. The distribution line costs in Account 368 consist of investment in line transformers.

In his direct testimony in this case, Company witness Howard S. Gorman proposed to classify and allocate the distribution line costs in Accounts 364 - 367 exclusively on a demand basis. As noted above, the Company further proposed to assign the line transformer costs in Account 368 to the classes on a customer basis, using the results of a special transformer cost study.¹ In his rebuttal testimony, Mr. Gorman presented a compromise position that would allocate line transformer costs in a manner that gives a 50% weight to a non-coincident peak demand allocator and a 50% weight to the customer allocator derived from the Company's special line transformer cost allocation study.²

By contrast, Navy witness Ali Al-Jabir proposes that the Commission require the Company to conduct a Minimum Distribution System study and to develop a CCOSS that uses the results of the minimum system study to classify and allocate the distribution line costs in Accounts 364 - 368 into demand and customer components in the Company's next rate case.³ The Navy requests that the Commission adopt Mr. Al-Jabir's proposal regarding the classification and allocation of distribution line costs in the Company's next base rate case, as this approach is more consistent with cost-causation principles relative to the Company's proposal.

¹Exhibit NGRID-10, Direct Testimony of Howard S. Gorman, pages 14 - 16.

²Exhibit NGRID-24, Rebuttal Testimony of Howard S. Gorman, page 3.

³Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, page 2, lines 16 - 19.

While the distribution system is built in part to meet the peak demands that customers impose on the utility, the system must also be extended simply to connect every customer to the power grid. As Mr. Al-Jabir testified, a much more extensive distribution network is required to attach a multitude of small customers to the grid than to attach larger customers, even if the large and small customers impose the same demands on the utility's system.⁴ Thus, the Company's distribution line costs are driven both by customer peak demands and the number of customers on the system. Both of these cost drivers are properly reflected in the Navy's proposal for the classification and allocation of distribution line costs.

A simple example can be used to illustrate the impact that the number of customers can have on the incurrence of distribution line costs. Consider a scenario under which the Company is required to extend electric service to a new residential subdivision in its service area. In such a situation, the Company must configure its distribution lines to ensure, at a minimum, that the lines it constructs are capable of reaching each street and lot in the subdivision, irrespective of how much demand it expects each customer in the subdivision to impose on its system. The costs associated with this minimum distribution system configuration are a function of the number of customers in the subdivision, not the peak demands of such customers.

The Company's own cost allocation witness, Howard S. Gorman, recognizes the relevance of both customer counts and peak demands as drivers for the incurrence of the Company's distribution line costs. Specifically, Mr. Gorman testified that the Commission should adopt his proposed CCOSS "because it reflects ... the dual purpose of the distribution system – to connect customers to the system and to meet peak demands."⁵ Under cross-examination in this case, Mr. Gorman further conceded that this dual purpose of the

⁴Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, pages 12 - 13.

⁵Exhibit NGRID-24, Rebuttal Testimony of Howard S. Gorman, page 3, lines 20 - 22.

distribution system specifically applies to the investment in Accounts 364 - 368: distribution poles, wires and transformers.⁶ Unfortunately, Mr. Gorman's CCOSS neglected to conduct a Minimum Distribution System study in this case, and he therefore failed to adequately and accurately reflect the impact of these two cost drivers in his proposed allocation of distribution line costs. This shortcoming is particularly evident in the Company's allocation of the distribution line costs in Accounts 364 - 367, which were allocated entirely on a demand basis, with no customer component.

As Mr. Al-Jabir explained in his direct testimony, a Minimum Distribution System study is commonly used to analyze the cost of the smallest size pole, conductor, cable and transformer that the utility installs to connect customers to the grid. Under the cost allocation approach advocated by the Navy, the cost of these smallest size facilities is classified as customer-related. The difference between the total distribution line cost and the calculated customer-related cost constitutes the demand-related cost.⁷

In his testimony, Mr. Al-Jabir also explained that the classification of some distribution line costs as customer-related is supported by NARUC's *Electric Utility Cost Allocation Manual* and has been adopted in at least 14 U.S. regulatory jurisdictions.⁸ In fact, Company witness Gorman acknowledged that it is common practice to classify and allocate a portion of distribution line costs on a customer basis. Specifically, Mr. Gorman testified as follows on this subject:

“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

⁶Docket No. 4065, Transcript of the Hearing on the Merits, November 13, 2009, page 47, lines 12 - 22.

⁷Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, page 12, lines 7 - 15.

⁸Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, pages 11 and 14.

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.”⁹

Moreover, Mr. Gorman conceded under cross-examination that a Minimum Distribution System study is a legitimate method of analyzing the demand/customer split for line transformer costs as well as for distribution poles and wires costs.¹⁰ These statements demonstrate that the Navy’s proposal for the classification and allocation of distribution line costs is not an unproven theoretical construct, but a well-established and widely recognized cost allocation approach in the electric utility industry.

The Company attempts to rely on case precedent in Rhode Island to support its failure to conduct a Minimum Distribution study in the instant proceeding, noting that the Company did not conduct such studies in prior rate cases. However, as Mr. Al-Jabir discussed in his direct testimony, the class cost of service studies in the Company’s recent rate cases (Docket Nos. 2072 and 2290) were not fully litigated, but were rather approved in the context of a settlement agreement. Moreover, the language of that settlement agreement explicitly stated that the treatment of distribution line costs in the stipulation does not have precedential value in future rate proceedings.¹¹ Therefore, case precedent in Rhode Island does not provide a sound basis for rejecting the application of a Minimum Distribution System approach in future Company rate cases.

For the foregoing reasons, it is appropriate to classify and allocate a portion of the Company’s distribution line costs as customer-related. To accomplish this goal, the Commission should require the Company to conduct a Minimum Distribution System study and to develop a

⁹Exhibit NGRID-10, Direct Testimony of Howard S. Gorman, page 15.

¹⁰Docket No. 4065, Transcript of the Hearing on the Merits, November 13, 2009, page 50, lines 2 - 7.

¹¹Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, pages 15 - 16.

CCOSS that classifies and allocates distribution line costs into demand and customer components in the Company's next rate case.

2. Allocation of Economic Development Costs

In this proceeding, the Company is asking the Commission to approve 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.¹²

The Company proposes to allocate the costs associated with these economic development programs on a kWh basis, but using only the energy consumption of commercial and industrial customers. The result of this allocation method is that the Residential, Lighting and Propulsion classes bear no responsibility for the Company's economic development program costs.¹³

In support of its proposed allocation method, the Company asserts that its economic development programs are targeted to helping commercial and industrial customers grow, retain and attract business to Rhode Island. Consequently, the Company argues that these costs are closely related to energy consumption by the commercial and industrial customer classes.¹⁴

However, as Mr. Al-Jabir testified, economic development programs are not intended exclusively to benefit commercial and industrial customers. Rather, such programs are designed

¹²Exhibit NGRID-14, Direct Testimony of Carmen Fields, pages 3 - 9.

¹³Exhibit NGRID-10, Direct Testimony of Howard S. Gorman, Schedule NG-HSG-2, page 26.

¹⁴Exhibit NGRID-68, Company's response to Navy Data Request 3-2(c).

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.¹⁵

Mr. Al-Jabir's direct testimony points out that 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 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.¹⁶

Mr. Al-Jabir also testified that 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 2003.¹⁷ 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 benefit the entire customer base, including residential customers who are able to obtain new jobs or retain existing jobs because of such programs.¹⁸

¹⁵Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, page 17, lines 15 - 18.

¹⁶Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, pages 17 - 18.

¹⁷Exhibit NGRID-14, Direct Testimony of Carmen Fields, page 8.

¹⁸Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, page 18, lines 14 - 22.

Under cross-examination in this proceeding, the Company's witness on economic development programs, Ms. Carmen Fields, acknowledged that residential electric customers in the Company's service area would be beneficiaries of the Company's efforts to retain or create jobs through its economic development programs.¹⁹ Company witness Fields provided additional testimony regarding the broad-based benefits of the Company's proposed economic development programs. Specifically, Ms. Fields stated as follows on this topic:

“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.”²⁰

In response to discovery in this case, the Company also stated that a failure to adopt its proposed economic development programs could lead to a “lost benefit of additional customer revenues that would reduce costs for all customers in the ratemaking setting.” [Emphasis added.]²¹ When asked to clarify this discovery response, Ms. Fields explained under cross-examination that the cost reductions referenced in this response would benefit residential customers.²² These statements underscore the fact that economic development programs are intended to benefit all customer classes, not just commercial and industrial customers.

The preceding discussion demonstrates that both the rate impact and the job creation benefits of economic development programs would be broadly distributed to all customer classes, including residential customers, if the Commission approves the Company's proposed economic development programs. Consequently, it is reasonable and appropriate to require all customer classes to share the cost burden of such programs. Therefore, the Navy believes that the Commission should reject the Company's proposal to allocate economic development costs

¹⁹Docket No. 4065, Transcript of the Hearing on the Merits, November 13, 2009, page 122, lines 12 - 19.

²⁰Exhibit NGRID-14, Direct Testimony of Carmen Fields, page 7.

²¹Exhibit NGRID-48, Company's response to Division Data Request 16-21(e).

²²Docket No. 4065, Transcript of the Hearing on the Merits, November 13, 2009, page 121, lines 7 - 18.

only to commercial and industrial customers. Rather, the Commission should broadly allocate the costs associated with the Company's economic development programs to all customer classes on the basis of delivery service revenues.

The Navy further notes that the record in this case demonstrates that the Company's proposed allocation of economic development program costs in the instant proceeding is inconsistent with the allocation of the costs associated with the economic development efforts previously conducted by the Company and by National Grid. In Docket No. 2290, for example, the Company allocated the costs associated with economic development rate discounts to residential as well as commercial and industrial customers. 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.²³ These allocation methods are clearly inconsistent with the Company's current proposal to allocate economic development costs exclusively to commercial and industrial customers.

Finally, the Navy highlights the fact that the Division of Public Utilities and Carriers ("the Division") has also argued that economic development programs provide broad-based benefits and that it is appropriate to allocate the cost of such programs to all customer classes in this proceeding. Specifically, Division witness Dr. Dale E. Swan testified that a decision by the Commission to approve the Company's proposed economic development programs would be based on the rationale that the programs would "confer benefits on the community that warrant the costs. The benefits are likely to take the form of increased general economic activity and the creation of jobs, which will redound to the benefit of the community as a whole ... These costs

²³Exhibit NGRID-47, Company's response to Division Data Request 15-3.

should be socialized across the board, requiring that all customer classes, residential as well as commercial and industrial, pay a fair proportion of these costs.”²⁴

In the event the Commission decides to approve the Company’s proposed economic development initiatives, the Navy urges the Commission to reject the Company’s proposal to allocate the costs associated with such programs only to commercial and industrial customers. Instead, the Commission should allocate these program costs to all customer classes using a delivery service revenue allocator.

REVENUE DISTRIBUTION

In his direct testimony, Mr. Al-Jabir testified that the goal of the revenue distribution process should be to maximize the movement of all customer classes to cost of service, as dictated by the modified CCOSS results developed by Mr. Al-Jabir that reflect the Navy’s revised allocation of the Company’s economic development program costs.²⁵ As Mr. Al-Jabir explained in his direct testimony, the Commission should strive to implement cost-based delivery service rates for several reasons.

First, cost-based rates are fair because they ensure that each customer class only pays the costs that it causes the Company to incur to provide delivery service to that class. Second, cost-based rates enhance economic efficiency by sending accurate price signals to consumers of delivery services. Thus, cost-based rates create proper incentives for the use of these services. By contrast, customer class rate subsidies would incent wasteful consumption by understating the true cost of service for selected customer classes.

²⁴Exhibit DIV-7, Direct Testimony of Dale E. Swan, page 16, lines 1 - 8.

²⁵Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, page 24, lines 14 - 17.

Third, a cost-based rate design results in more stable utility rates over time, because cost-based rates ensure that fluctuations in the Company's delivery service costs will result in corresponding changes in the Company's revenues. This rate stability makes it easier for both the utility and its customers to manage their budgets and plan for future power requirements. Finally, cost-based rates are advantageous because they eliminate the need for the somewhat arbitrary value judgments that must be employed when a utility's revenue increase is distributed across the customer classes in a manner that violates the class cost of service study results.²⁶

In his testimony, Mr. Al-Jabir also explained that the movement of customer classes to cost-based rates can be measured using the relative rate of return index for each class. Specifically, 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 for 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 100.²⁷

In this proceeding, 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. Thus, the Company has proposed to move the aforementioned customer classes to cost-based rates. However, 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. As Mr. Al-Jabir testified, this means that the Company distributed its proposed revenue

²⁶Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, pages 6 - 8.

²⁷Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, page 22, lines 3 - 13.

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.²⁸

The Navy takes the position that it is inappropriate to impose on the C&I Large Demand class the full responsibility for the revenue subsidy resulting from the proposal to cap the rate increase for the Lighting and Propulsion classes. In his direct testimony, Mr. Al-Jabir explained that, on a consolidated basis, the C&I Large Demand class has a relative rate of return of 264 at current rates.²⁹ This figure significantly exceeds the relative rates of return at present rates for all other classes on the Company's system. This means that, on a consolidated basis, large commercial and industrial customers are paying rates that are significantly above cost and are 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 consolidated C&I Large Demand class to bear the burden of perpetuating rate subsidies for Lighting and Propulsion customers through future rates.³⁰

The Navy notes that Division witness Swan also opposed the Company's proposal to allocate the Lighting and Propulsion revenue shortfall (subsidy) exclusively to the C&I Large Demand class. Specifically, Mr. Swan testified as follows on this subject:

"I feel strongly that there is no basis for the C&I Large Demand class to absorb all of that shortfall, and so I think it is more appropriate to allocate the shortfall to all classes on the basis of full cost revenue. That spreads the burden of carrying the shortfall among all classes."³¹

²⁸Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, page 23, lines 4 - 15.

²⁹Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, Exhibit AZA-3, column 2.

³⁰Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, page 24, lines 3 - 11.

³¹Exhibit DIV-14, Surrebuttal Testimony of Dr. Dale E. Swan, page 14, lines 3 - 6.

While the Navy strongly supports Dr. Swan's position that the C&I Large Demand class should not bear the full burden of inter-class subsidies in this case, the Navy is concerned that Dr. Swan's remedy of allocating the Lighting and Propulsion shortfall to all classes on a revenue basis would have the effect of moving some customer classes further away from cost-based rates relative to the Company's proposal. As the Navy explained earlier in this brief, the Company is proposing a revenue distribution that would establish a relative rate of return of 100 for the Residential, Small C&I, and General C&I customer classes. Consequently, the Division's proposal to spread the Lighting and Propulsion subsidy among all classes would obstruct the goal of moving the aforementioned classes to fully cost-based delivery service rates.

As Mr. Al-Jabir testified, it is possible to bring the C&I Large Demand class to full cost of service without imposing a greater cost burden on other customer classes. This goal can be accomplished by directly assigning to the C&I Large Demand class any reductions that the Commission 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 as dictated by the modified CCOSS results reflected in Mr. Al-Jabir's direct testimony, then any additional revenue reduction should be allocated based on rate base to all customer classes.³²

The Navy urges the Commission to adopt the revenue distribution approach described in Mr. Al-Jabir's testimony because it would maximize movement toward cost-based rates for the C&I Large Demand class and other customer classes, while preserving the Company's proposal to moderate the rate increase for the Lighting and Propulsion classes.

³²Exhibit NAVY-1, Direct Testimony of Ali Al-Jabir, pages 24 - 25.

CONCLUSION AND RECOMMENDATIONS

For the reasons set forth in this brief, the Navy respectfully requests that the Commission require the Company to conduct a Minimum Distribution System study and to use the results of this study to classify and allocate distribution line costs on both a customer and demand basis in its next base rate case. In addition, the Navy urges the Commission to reject the Company's proposal to allocate economic development program costs exclusively to commercial and industrial customers on the basis of energy consumption. Rather, the Company should be required to allocate any economic development program costs approved by the Commission to all customer classes using a delivery service revenue allocator. Finally, the Commission should adopt the Navy's proposal to directly assign to the C& I Large Demand class any reductions that it orders to the Company's requested revenue requirement in this proceeding, to the extent required to bring the C&I Large Demand class to cost of service. Any additional revenue requirement reductions ordered by the Commission should be allocated to all customer classes using a rate base allocator. The Navy's positions on these issues comport with sound principles of cost-causation and thereby ensure equitable treatment of all customer classes.

The Navy also requests all other relief at law or in equity to which it may be entitled.

Respectfully submitted,

Audrey VanDyke
COUNSEL FOR THE
U.S. DEPARTMENT OF THE NAVY

CERTIFICATE OF SERVICE

I, Audrey VanDyke, Attorney for the U.S. Department of the Navy, hereby certify that a true and correct copy of the foregoing document was served on all parties of record in this proceeding on this 22nd day of January 2010 by facsimile, First Class U.S. Mail, postage prepaid, or by hand delivery.

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