TARIFF REGIME

FOR

DOMINICA ELECTRICITY SERVICES LTD

CONSULTATION DOCUMENT

Document Ref: 2009/004/CD-01

Independent Regulatory Commission
42-2 Kennedy Ave. 3rd Floor,
Roseau, Commonwealth of Dominica
Office: 767 440 6634/7247 Fax: 767 440 6635
www.ircdominica.org

CONSULTATION PROCESS

Persons who wish to participate in this consultation and to express opinions on this Document are invited to submit comments in writing to the IRC. Reponses/Comments should be sent to:

Executive Director
Independent Regulatory Commission
P.O. Box 1687
42-2 Kennedy Ave
Roseau
Commonwealth of Dominica

The Document is available from the IRC's offices at the address above or may be down loaded from its website at www.ircdominica.org. Responses, clearly showing the Document Reference identification, may be sent by mail or fax to the address or fax number above or by e mail to: ircdominica@gmail.com.

Confidential information provided with responses should be submitted as a separate document and clearly identified as such.

In order to stimulate debate, the IRC will place any responses received on its website at www.ircdominica.org immediately following the last date for receipt of responses. Comments on the responses will also be entertained by the IRC which should, likewise, be submitted by the date indicated.

The references and proposed time table for this consultation are:

Document Ref No: 2009/004/CD-01.
Document Title: Tariff Regime for Dominica Electricity Services Ltd.

Event	Proposed Date
Publication of Document	August 6, 2009
Responses close	September 18, 2009
Comments on responses	September 28,2009
Decision by Commission	October 21, 2009

Table of Contents

Part A - Tariff Regime For Dominica Electricity Services Ltd

Introduction

The Independent Regulatory Commission established pursuant to the Electricity Supply Act 10 of 2006 (the ESA, the Act) has responsibility for regulating the electricity sector in the Commonwealth of Dominica. Amongst its principal responsibilities is the duty to set tariffs that are cost reflective and balance the interests of consumers and the service providers alike.

The previous Act, the Electricity Supply Act of 1996, was repealed with the enactment of the later Act, that of 2006. Although there is an incumbent monopoly provider of electricity services, Dominica Electricity Services Ltd (DOMLEC), the Act provides for competition in generation, transmission, distribution and supply, and this regime is expected to continue at least until 2015 when the DOMLEC Licence expires.

The procedures for setting tariff are provided for in the Act and notwithstanding the provisions that previously obtained in the 1996 Act, the Commission determined on November 27, 2008 that it would not undertake further tariff adjustments under those arrangements. The Commission is mindful that a new tariff regime has to be established with some urgency and in January 2009 it signaled that it would be initiating a proceeding to consult on the matter. The Commission has also been of the view that a new tariff regime must be cast as a long term arrangement, perhaps even in the context of a new Licence for DOMLEC and therefore it has been seeking to identify and address the critical issues that would inform the development of the tariff regime.

The Commission had retained a consultant in 2008 to review the existing tariff and to recommend a tariff model for introduction under the Act. This work was completed in December 2008; the Commission had a public meeting in January 2009 to discuss the consultant's report and recommendations.

The Commission, having had regard to the various inputs from the public, the Tariff Consultant and DOMLEC, now sets out its thinking regarding the Tariff regime for DOMLEC.

In this document, levels of tariff are not considered. The Commission is of the view that the governing principles for the development and setting of

the tariff are the critical matters which must be put into Rules. Once these are promulgated, the matter of the actual tariff will be follow as a matter of course.

Legal Framework

The primary legislation governing the electricity sector in the Commonwealth of Dominica is the Electricity Supply Act 2006 (the Act, ESA 2006). It establishes the IRC as a body corporate for *"the purpose of performing the functions and carrying out the duties conferred on it …."*. Among other things, the Act provides the framework for the Commission to grant, amend or revoke licences for generation and/or transmission and/or distribution and supply of electricity, to set prices and tariffs, and to protect the interests of consumers and investors alike. The Act also grants a licence to DOMLEC to generate, transmit, distribute and supply electricity up to December 31, 2015, subject to the regulatory jurisdiction of the IRC.

The independence of the Commission in so far as the performance of its duties under the Act is enshrined at Section 18.

Section 18

> *"The Commission shall be independent in the performance of its functions under this Act and shall not be subject to the direction and control of the government or of any other person, corporation or authority, except that the Commission shall have due regard to the public interest and overall Government policy as embodied in legislation"*

The Commission's general powers, duties, responsibilities and functions are provided for at Sections 19, 20, 21 and 22.

Section 19

> *"The commission shall have sole and exclusive authority to regulate all electricity entities that are subject to this Act and shall have full powers to regulate all licencees with regard to all economic and technical aspects of regulation in accordance with this Act especially with regard to the determination of tariff or electricity charges."*

S. 20. 1 prescribes the general duties of the Commission:

> *The Commission shall, without limiting the generality of this section, have a duty to perform and exercise its functions and powers under this Act which it considers best calculated to:*
>
> *(a) encourage the expansion of electricity supply in Dominica where this is economic and cost effective and in the public interest;*
> *(b) encourage the operation and development of a safe, efficient and economic electricity sector in Dominica;*
> *(c) ensure the security and efficiency of supply of electricity in Dominica through the conduct of an efficient long – term supply planning process with due regard to future potential generation sources such as geothermal and wind energy;*
> *(d) facilitate the promotion of fair and sustainable competition in the electricity sector where it is efficient to do so;*
> *(e) protect the interests of all classes of consumers…. as to the terms and conditions and price of supply;*
> *(f) ensure the availability of health and safety guidance in relation to electricity supply to the public;*
> (g) *ensure that the financial viability of efficient regulated undertakings is not undermined;*
> (h) *facilitate the collection, publication and dissemination of information relating to standards of performance by licensed operators and for the electricity sector in Dominica for use by the electricity industry and consumers and by prospective investors in the sector; ……*

While some of the general functions of the Commission, as provided at S. 21 (1), are:

(a) …….
(b) issue, monitor and amend licences;
(c) establish, maintain review and amend as appropriate technical and performance standards for all types of facilities including hydro in the electricity sector and enforce compliance;
(d) establish, maintain, review and monitor safety standards for all types of facilities, including hydro facilities, in the electricity sector and shall monitor and enforce compliance with such safety standards;
(e) establish, maintain, review, monitor and amend as appropriate, customer care standards;
(f) regulate prices charged to consumers where this is not supplied on a competitive basis, and the methods by which they are to be charged;

(g) approve, modify, monitor and enforce terms and conditions for the supply of electricity to consumers;
(h) review, approve and propose modifications to the transmission codes and to the distribution codes that govern sector entities;
(i) ……..
(j) …….
(k) ……
(l) ……..….
(m) monitor the performance of licencees against mutually agreed targets and bench marking standards;
(n) review development plans, expansion programmes and fuel cost efficiencies of licencees;
(o) mutually agree with electricity providers and set operational and efficiency standards and bench marks for licencees;
(p) review and report on the efficiency of asset utilization and optimization and the appropriateness and implications of rate structures;
(q) …….

The Procedure for the setting and review of tariffs for electricity supply is provided at Sections 23 and 24.

Section 23

(1) An electricity service provider shall not –

(a) Offer service unless it has, prior to offering such services, filed its proposed tariffs with the Commission and such tariff rates and charges have come into effect pursuant to section 24; and

(b) Make changes on tariffs, or other terms of the service after proposed tariffs have been filed with the Commission, except as authorized under this section.

(2) An electricity service provider shall submit tariff proposals in conformity with this section in writing to the Commission with respect to the tariffs it intends to apply for the use of its systems, facilities and services.

(3) Proposed tariffs filed under subsection (2) shall contain all relevant information concerning rates and charges for services, including deposits, non-recurring charges and monthly charges as well as terms and conditions applicable to the provision of services, including disputes or claims over billing or provision of services.

(4) A Licencee shall make tariffs available to the public by publishing such tariff in the Gazette and two local newspapers.

(5) All proposed tariffs filed with the Commission shall be kept complete, accurate and up to date.

(6) After a proposed tariff has been filed with the Commission and has come into force and effect, no changes may be made in the rates, charges or other terms of service relating to all the services provided under the tariff, except upon the filing and review of tariffs as provided in this Act.

(7) Proposed Tariffs shall:

- *(a) Be accompanied by all accounting and costing information as the Commission may require; and*
- *(b) Comply with all the other requirements and conditions as shall be applicable to the licensee concerned.*

Section 24

(1) All tariffs proposed by a licensee shall conform with the principles and provisions governing tariff formulation established by the Commission pursuant to the legislation for the time being and shall be submitted to the Commission for review as to their conformity with such principles and provisions.

(2) The Commission shall within 60 days of the submission of the tariff proposed under subsection (1), make a determination to:

- *(a) approve the tariff without amendment*
- *(b) conditionally approve the tariff subject to amendments specifically proposed by the Commission being accepted by the licensee; or*
- *(c) reject the tariff proposal outright, stating clearly in writing the reasons for such rejection, which reasons may include a determination that the tariff is not ripe for review.*

(3) In the event that the Commission makes a determination under subsection (2) (b) the licensee may submit a revised tariff within 30 days of the determination; and the Commission shall make a new determination in accordance with one of the three options specified in subsection (2) within 30 days of such submission.

(4) In the event of an outright rejection of the proposed tariff under subsection 2 (c), the Licencee may file a new tariff at any time; or may file a petition to the Commission for reconsideration of such rejection.

(5) A petition shall be filed within 30 days of the rejection an d shall state the Licencee's basis for reconsideration, which may include fundamental change in circumstances from the conditions that prevailed when the tariff was originally rejected by the Commission.

(6) In the event that the Licencee files a petition for reconsideration under subsection (4), the Commission shall act upon such petition within 30 days and make a determination in accordance with one of the three options set forth in subsection (2).

(7) If the Commission fails to act on a tariff submission pursuant to this section within the timeframes for determination specified in subsections (2), (3) and (6), the tariff shall be deemed approved until such time as the Commission makes a determination.

S.86. repeals the 1996 Act and establishes the Commission's jurisdiction over Dominica Electricity Services Ltd (DOMLEC), *the Company*.

Section 86

(1) The Electricity Supply Act 1996 is hereby repealed.

(2) Not withstanding subsection (1) and any other law –

- *(a) The Company shall be licensed to generate, transmit, distribute and supply electricity up to December 31, 2015 subject to the regulations imposed by the Independent Regulatory Commission.*
- *(b) If the Company fails to conform to the regulations imposed by the Commission, the Company's licence shall be revoked by the Commission if in the opinion of the Commission the revocation of such Licence will serve the public interest.*
- (c) *Within six months of the establishment of the Commission, the company shall comply with the provisions of this Act and in particular section 23 and section 24 as if it has not been licenced under this Act and seek to get the tariff approved by following the procedures prescribed in the aforementioned sections.*

Regulatory Policy Objectives

The Commission's regulatory policy is to establish a tariff which balances the interests of the consumers and investors alike where the investors have the opportunity to realize a fair return on investment while customers can expect an efficient, responsive and economical service in an environment where the rights of all stake holders are preserved. The

Commission will not guarantee a rate of return to the investors but will seek to create a regulatory environment where the incentives are such that the company through efficient operational practices and continual efficiency improvements will have the opportunity to achieve the desired rate of return during any tariff period.

Tariff Principles

There are basically two models for a tariff structure which could apply in the Dominica situation.

1. A tariff which includes all the costs including the costs of fuel, based on a projected cost of fuel over the tariff period; or
2. A two part tariff comprising (i) a non fuel base rate and (ii) a fuel charge, which fully recovers the cost of fuel (subject to efficiency factors) and no more.

Both methods use the same techniques and parameters for estimating revenue requirements the exception being that in the first case fuel is included in the revenue requirements while it is not in the second case. The options for treating with fuel costs is discussed separately; suffice it to say that the Commission will be interested in hearing stakeholder views and perhaps preferences on both tariff structure options.

The average tariff that will be in effect from time to time shall be consistent with the following:

$$\mathbf{T = RR \pm GO \pm RF}$$

Where

T = Average tariff

RR = Revenue Requirements

GO = A provision to recover or return the cost of Obligations imposed by the government which were not known or anticipated at the tariff review.

RF = A provision for regulatory fees to fund the Commission as approved by Cabinet pursuant to the Act.

Revenue Requirements

The Utility's revenue requirement is calculated as the sum of its estimated costs of providing service, where a fair return is included as one of those

costs. These forecasted funding levels have to be sufficient to get the required work done without adversely impacting quality of service, or compromising reliability, customer service or safety: any disallowance resulting in deferral of projects or work activities must be carefully considered and weighed against these criteria.

The Revenue Requirement consists of the sum of Operating Costs and Financing Costs required for providing electricity service.

RR = Operating Costs + Financing Costs

Where RR = Revenue requirement
*Operating Costs = Costs of labour, **fuel**, depreciation, income taxes, deferred costs*
Financing Costs = Cost of capital which includes cost of debt and equity.

The critical exercise is to determine the forecast of the revenue requirements based on a sustainable and defensible estimate of the expenses for the base year. One approach is where the base year is the year for which the most recent published annual reports and audited financial statements are available and from which the ***Test Year***[1] (the forecasted year), representing a forecasted statement of expenses and costs that are known and measurable is derived.

In any event, in all cases, the expenses that are ultimately approved for inclusion will be those that are determined by the Commission to be prudent.

In circumstances where the cost of fuel is a 100% pass through and shown as a line item charge in the tariff, the Revenue requirement will be based on a test year which will take into account all efficient non fuel operating costs, depreciation expenses, taxes and a fair return on investment. Non – fuel operating costs are all prudently incurred costs which are not directly associated with investment in capital plant; salaries and wages; other employee costs; operating costs of generation, transmission, distribution and supply facilities; interests cost on borrowings not associated with capital investment; rents; leases; information technology costs; taxes other

[1] A "Test Year" is a 12-month period used as the basis for presenting information to regulators regarding the results of a utility's past or future operations. This period may or may not coincide with calendar years.

than income taxes; and other costs that are determined to be reasonably incurred.

Consultation issue 1.0

The Commission is inclined to towards the two part tariff (where fuel is a 100% pass through) but it is interested in hearing views on the two methodologies and arguments as to the reasons for the preferred option.

Forecasting Methodologies: Operating Costs

Operating Costs = Costs of labour, fuel, depreciation, income taxes, deferred costs

"Operating Costs" refer to Operation, Maintenance and Administrative (OMA)[1] costs required to provide utility service, which typically include the cost of labor, fuel, depreciation, income taxes, and certain deferred costs. The comparison of OMA expenditures starts with escalating the recorded costs for the period under review; "***Historical adjustments***" are made to remove cyclical and unusual expenses incurred during that recorded period. These are **normalized adjustments** to the utility's historical data for costs incurred for non-recurring, unusual, or one-time expenditures for ratemaking purposes to reflect what should be the utility's normal and reasonable costs of doing business. An example of one-time expenditures to be removed would be costs of one off specific studies that will not be continued or replicated in the future. The forecast then has to account for "***future adjustments***" to incorporate anticipated cyclical and unusual activities and expenses that the utility plans in the forecasted period.

There are several forecasting methods that can be used to develop an estimate of Test Year expenses. The four methods most often applied are: linear trending, averaging, last recorded year, and budget-based estimates.

1) If recorded expenses in a particular account have shown a trend in a certain direction over the period under review, then the most recent point in the trend is the most

[1] OMA expenses refer to expenses incurred for normal plant operations.

appropriate base estimate for the Test Year. As a general rule of thumb, if there is a downward/upward trend in the cost history then the last recorded year can be indicative of future cost estimates.

2) Averaging is an appropriate forecasting methodology when the underlying activities and related expenditures are cyclical in nature or when they are influenced by weather or other external forces beyond the control of the utility.

3) The last recorded year method can be used where programmatic changes are instituted, which will likely impact future costs in the same way.

4) A budget-based forecast generally will be given less weight than forecasts based on recorded spending, because for on-going functions a multi-year historical spending pattern suggests a utility's willingness and ability to commit to a budgetary plan on a sustained basis. A budget-based estimate becomes more appropriate than historical costs where the focus and structure of an organization was constantly changing during the historical period, i.e. due to reorganization, in such instance historical costs are not relevant for forecasting purposes.[1] A budget-based methodology can be considered as a viable forecast in instances where there is no cost history, for example the introduction of new programs.

Typically, the utility's OMA expenses will remain relatively constant from year to year reflecting primarily the impact of inflation in current terms. Expenses associated with extraordinary events, say, the impact of natural disasters, are usually readily identifiable and should not be included in forecasted costs.

Elements of the OMA expenses

The typical elements OMA expenses are

- Employee salaries, wages and benefits

[1] If the budget-based method is selected then a comparison still has to be made with historic data.

- Travel
- Communication
- Information technology
- Office expenses
- Public relations
- Legal and professional
- Equipment and line repair/maintenance
- Insurance
- Bank and credit card charges
- Security
- Commercial costs – meter reading, billing, etc
- Other expenses

There are a number of other expenses, which must be considered including Depreciation, Taxes and Deferred Costs.

Depreciation Estimate

Depreciation is the most significant expense for most utilities and it is the means by which the utility recovers from ratepayers funds (over time) provided by investors (up front) for the construction or acquisition of tangible assets and utility plant. This systematic recovery of an asset's cost over its useful life is recorded in the company's income statement as an expense. In determining the depreciation rates to recover the cost of capital assets over their remaining useful life, the only assets to be considered are those that have been allowed into rate base. Since the depreciation expense is an estimate, any over or under recovery is reconciled in future depreciation charges. It is recommended that utilities conduct depreciation studies periodically.

The purpose of depreciation is to allow a utility to recover the original cost (less net salvage) of fixed capital investment over the useful life of the plant by means of an equitable plan of charges through operating expenses. The depreciation expense is a function of the level of plant balance and of the parameters (net salvage value and service life) that are applied to the gross salvage amount received less the cost of removing the asset.[1] The depreciation calculation can be made using a straight-line

[1] Net salvage represents the gross salvage amount, less the cost of removing the asset when it is retired from service. It can either be positive or negative. The salvage is negative when it costs

remaining life basis method, which uses depreciation rates based on net salvage, average service lives, remaining lives and mortality dispersion patterns developed from a depreciation study.[1]

Depreciation rates can change over time, however it is incumbent on the utility to provide *Depreciation Studies* to justify any changes to the estimated removal or decommission cost, the estimated salvage value and the estimated remaining useful life in years. These are all the estimates necessary to determine annual depreciation:[2] any changes to these parameters have to be approved by the regulator to ensure reasonable capital recovery.

> ***The Commission intends to require DOMLEC to carry out a Depreciation Study prior to the second Tariff Review.***

Tax Expense Estimate

If *income taxes* are charged to the utility,[3] there are two ways to treat income taxes as an expense: i) reflect only income taxes payable during the period under review; or ii) reflect income taxes related to the period under review regardless of when they are paid. The latter is the most prevalent approach among utilities. Tax expense is the composite of projected taxable income streams, book expenses, special tax deductions, and tax credits. It is calculated as stipulated under tax law but it may be subject to a different treatment for regulatory purposes as determined by the Commission.[4]

Deferred Cost Estimate

Deferred costs are costs that have been incurred by the utility that have not yet been recovered from ratepayers. These cost deferrals occur because in determining revenue requirements estimates are used, which may vary

---

more to remove and dispose than the asset is worth. Net negative salvage value is determined by subtracting the cost of removing the asset from the salvage value.

[1] See NARUC on Depreciation Practices.

[2] Depreciation is calculated as follows:

Annual Depreciation= (B-A+R-S) ÷ RL
B= Original Cost (or Net Book Value)
A= Accumulated Depreciation
S= Estimated Salvage Value
RL= Estimated Remaining Useful Life in years

[3] There are some utilities that are charged local taxes, but not federal (national) or municipal taxes such as in Crown Corporation utilities in British Columbia. However, as parastatal entities, these utilities pay a set dividend to the government which can be interpreted as a tax.

[4] The accounting treatment of tax expenses for tax filing purposes can be different from submissions for regulatory purposes.

from actual costs. The utility can record these costs in a deferral account and, once regulatory approval is obtained, these costs can be recovered from ratepayers through an adjustment in future rates. This treatment of deferred costs allows for rate stability and predictability. It is advisable that these costs be recovered as close as possible to the time they are incurred, i.e. usually within two to three years.

If the utility requests funding for projects that were deferred during the historic period, then it has to provide the analysis identifying the positive and negative impact of deferring each project, such as recorded incidents of adverse quality of service, reliability, customer service or safety due to the project or work activity deferrals.[1]

Provisions for costs incurred as a result of natural disasters

DOMLEC like other utilities in the hurricane belt of the Caribbean region have not, in recent years, been able to access insurance coverage for outside plant at reasonable costs. The Commission believes that it would not be unreasonable for DOMLEC to make provision in its revenue requirements for a self insurance fund and to provide other mechanisms to ensure that in the event of a disaster, the company will have immediate access to a sufficiency of funds to meet its immediate needs for restoring supplies.

> ***The rules and procedures for managing and accessing the fund will be subject to the approval of the Commission. DOMLEC will be required to submit its proposals in respect of such Rules and Procedures to the Commission within 90 days of the coming into effect of the tariff regime.***

Treatment of Fuel Costs

The volatility in world oil prices during 2008 in particular, resulted in alarm and customer dissatisfaction at the impact on electricity prices. In Dominica, both the Independent Regulatory Commission and DOMLEC, from their respective points of view, encountered considerable challenges in facing the customer fall out.

[1] An example common for many utilities was the deferral of costs due to Y2K in 1999. These utilities still had to justify the expenses of deferred projects/programs if they were included in a subsequent Revenue Requirement application.

Chart 1 and Chart 2 show the respective movements of fuel oil prices (to DOMLEC) and the corresponding fuel surcharge, over the fifteen month period January 2008 to March 2009.

Apart from the obvious impact on the end price of electricity to customer which in itself is a cause for discontent, the volatility in the prices from month to month impose additional hardships as customers cannot plan with any degree of certainty for electricity costs.

While the end costs remain an issue, it's been felt that if the effect of the surcharge regime can be "smoothed out" such that the monthly swings are not as aggressive, consumer concerns may be allayed but more importantly it would enable more predictability and price stability for the complete spectrum of customers.

Chart 1
Average fuel price to DOMLEC
January 2008 – March 2009

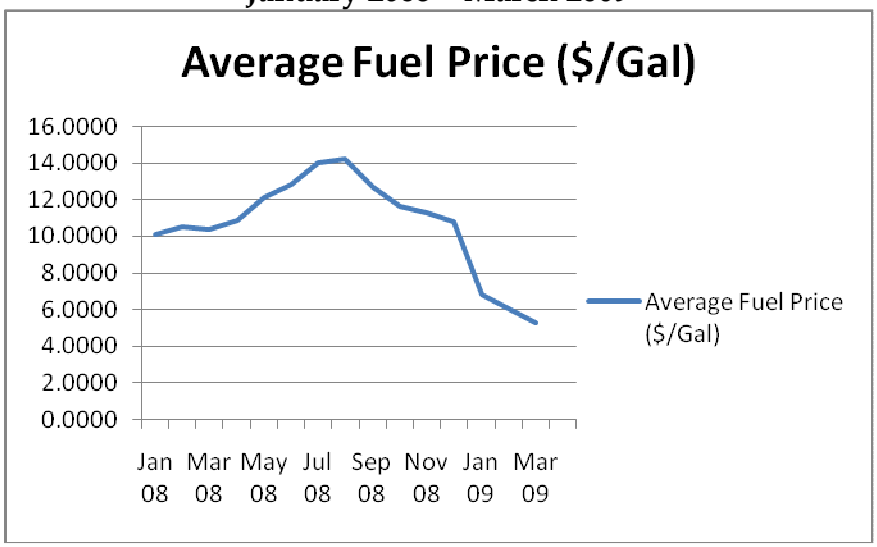
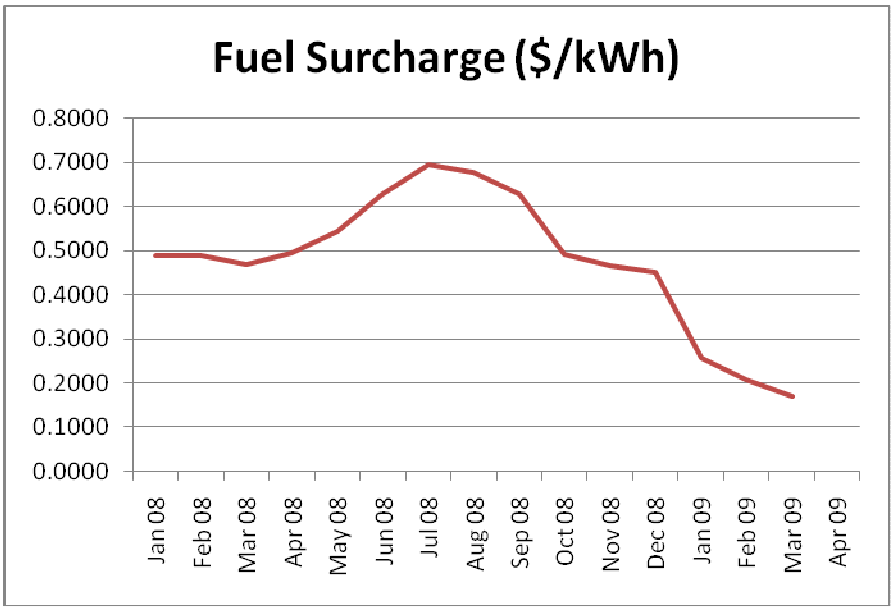


Chart 2
Fuel Surcharge
January 2008 – March 2009



The structure for fuel cost recovery is a critical element in the tariff regime.
Possible mechanisms for fuel cost recovery

The overriding regulatory principle is that the utility must be allowed to recover its legitimate costs. The regulator can and should impose performance criteria to encourage the utility to be prudent and efficient in its operations and therefore a penalty can be applied for failure to meet the performance criteria but it should not impose penalties on the cost of inputs to the utility thus preventing the utility from recovering its legitimate costs. In this context, the discount factor as provided in the Act is an unfair penalty and one which should be discontinued as soon as possible.

There are four possible regimes.

1) Keep the surcharge regime exactly as is (with monthly adjustments) but increase the provision for the base fuel price to reflect current realities. The implication here is that although the base rate for electricity would increase, the fluctuations due to variations in fuel prices should be dampened.

2) The Tariff Consultant recommended that the fuel surcharge be eliminated and that fuel costs be fully incorporated into the revenue requirement in the base rates. The proposal is to forecast and fix the fuel prices for five years (consistent with the tariff) based on the costs incurred in the Test year estimate. The utility would maintain a variance account to hold differences in fuel prices and at the end of the period the adjustments will be made and if necessary reflected in the next tariff review.

3) Increase the base fuel rate in the tariff, but make the adjustment at three or six month intervals.

4) Replace the fuel surcharge with a fuel charge shown as a line item without comingling fuel costs in the base revenue requirement as part of the energy charge.

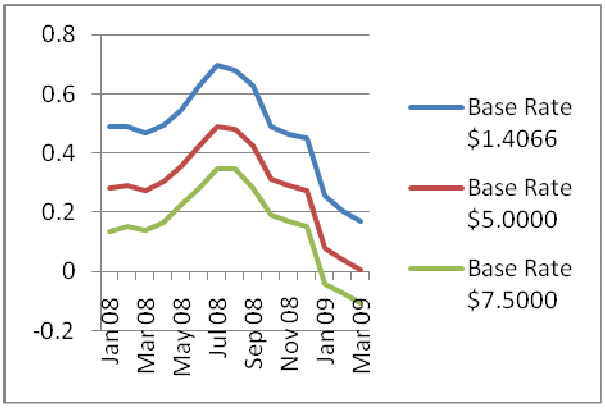
A common thread in the three scenarios as well as in the present arrangement is the level of the assumed base cost for fuel. The present base tariff of EC$1.4066 per imperial gallon is unrealistic and although the level does not really matter in terms of recovery it does impact on the level of the surcharge and therefore a perception, at least, of instability.

Table 1 provides a sense of the level of the surcharge that would have been experienced during 2008 at differing values of the base rate. It should be noted that actual electricity bills would **not** have been different as the energy charge would be correspondingly higher reflecting the higher base rate for fuel in the tariff. Chart 3 is a graphical representation of Table 1.

Table 1
2008 Fuel Surcharge ($/kWh)
At various assumed base rates

Month	Base Rate $1.4066	Base Rate $5.0000	Base Rate $7.5000
Jan 08	0.4898	0.2812	0.1361
Feb 08	0.4876	0.2891	0.1511
Mar 08	0.4683	0.2744	0.1396
Apr 08	0.4953	0.3015	0.1666
May 08	0.5442	0.3562	0.2254
Jun 08	0.6267	0.4237	0.2824
Jul 08	0.6957	0.4911	0.3488
Aug 08	0.6785	0.4826	0.3463
Sep 08	0.6293	0.4235	0.2803
Oct 08	0.4913	0.3132	0.1893
Nov 08	0.4642	0.2906	0.1698
Dec 08	0.4515	0.2738	0.1502
Jan 09	0.256	0.0807	-0.0412
Feb 09	0.2059	0.0412	-0.0734
Mar 09	0.1689	0.0053	-0.1085

Chart 3
2008 Fuel Surcharge ($/kWh)
At various assumed base rates



What is evident is that, although it does allow for a lower rate in the fuel surcharge, increasing the base rate does not impact the volatility of the surcharge itself as will be noted from Chart 3. Therefore the desired objective of smoothing the rates is not achieved.

If the revenue requirement to purchase fuel oil for the period January - December 2009 is developed using the actual results, the base rate for fuel is calculated as $11.8435/gallon. Chart No 4 shows the variation in the fuel surcharge for this scenario. Chart 5 illustrates that, in this situation, if the fuel charge were computed monthly using the base price, the over recovery for the months January to May and October to December would balance the under recovery for June to December. This is to be expected given the method used to calculate the base rate.

Chart No 4
2008 Fuel Surcharge
Base rate - $11.8435

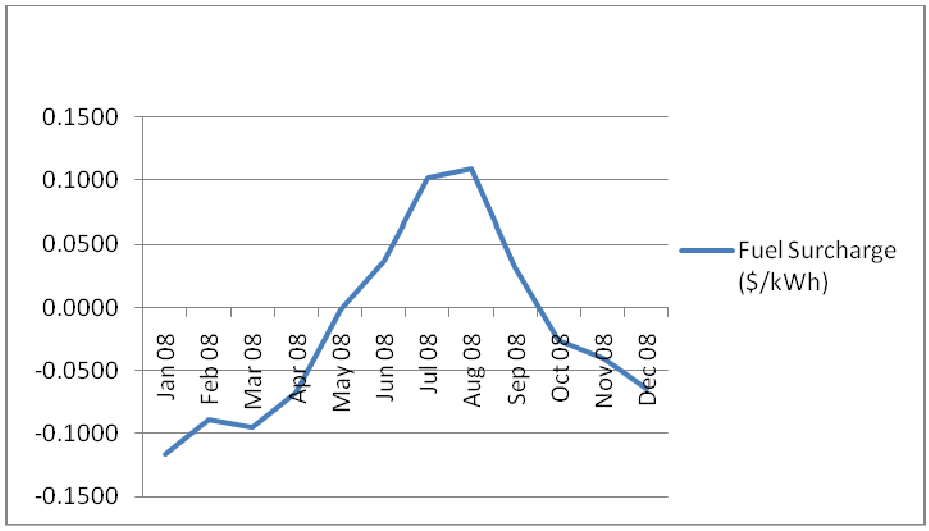
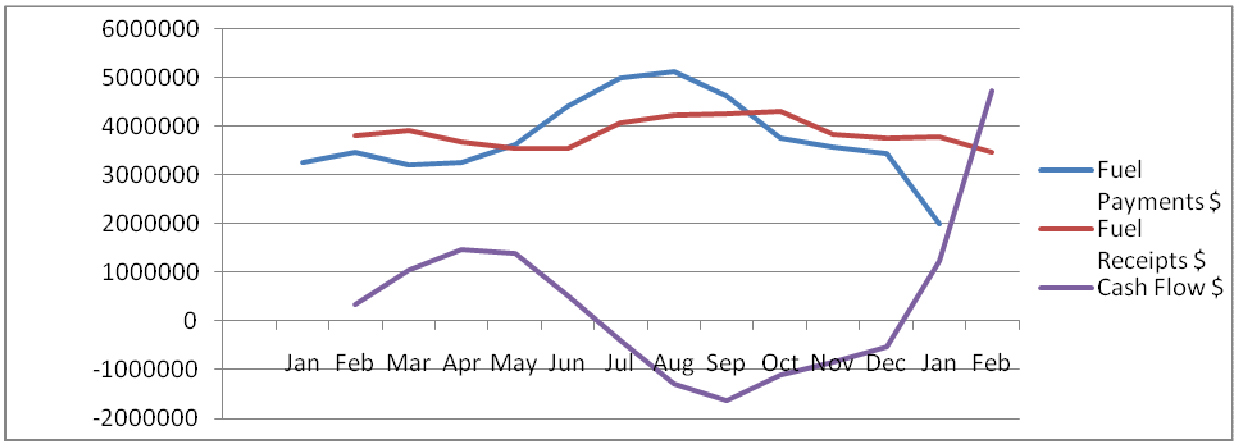


Chart 5 illustrates the cash flow for fuel procurement in this scenario with adjustments for assumed lags in the time for payment and corresponding receipts. Essentially it is assumed that receipts will lag payments for fuel by one month. It demonstrates that the fuel procurement would experience negative cash flow during the six month period July 2008 – January 2009 and the deficit in cash of approximately $5.8 million would probably have to be financed. This financing cost would eventually prove to be a charge to consumers.

Chart 5
Cash flow for fuel procurement
Base rate - $11.8435



The foregoing analysis illustrates the burden that could be placed on the utility's cash flow and on consumers in a model where fuel costs are to be forecasted for a five year period. In this scenario, actual results have been used in the model and although the fuel rate would have been billed at the

base rate monthly, the implications for the company's cash flow are significant. The issue really is that it is not practical to forecast fuel costs over extended periods and both consumers and the company could be placed at risk under such a regime. These problems arise in systems where there is little or no diversity in the fuel mix and are heavily dependent on fuel oil.

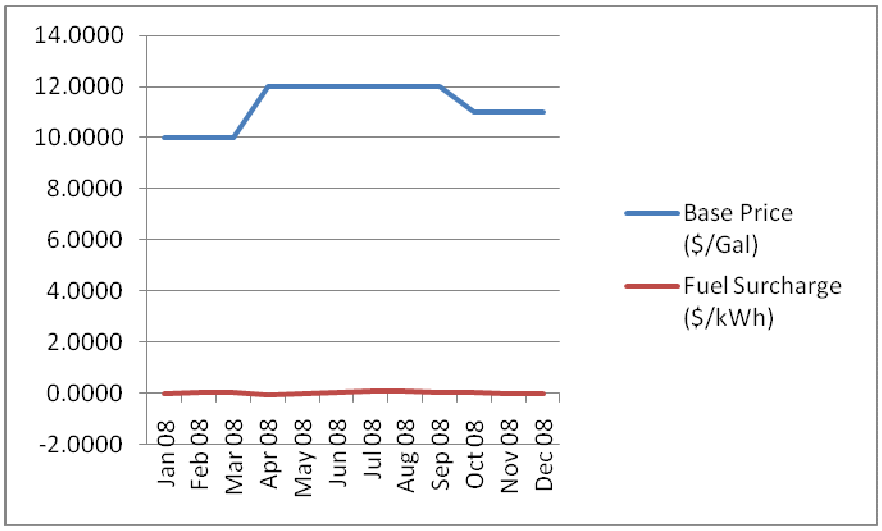
A possible alternative may be to forecast the fuel price for a shorter period, say on a quarterly basis, and to make adjustments for any over or under recovery at the quarterly forecast. Chart 6 illustrates an example of a possible scenario for the 2008 situation using the selections at Table 2 as forecasts (*the selected values have not been developed on any statistical basis but are purely intuitive for illustration purposes only*).

Table 2
Selected Quarterly Av Fuel Prices – 2008

Year - 2008	Actual Av Fuel Price ($/Gal)		Selected Av Fuel Price ($/Gal)
	Month	Av Price	
Jan - Mar	Jan	10.0976	10.0000
	Feb	10.4967	
	Mar	10.3454	
Apr - Jun	Apr	10.8614	12.0000
	May	12.1106	
	Jun	12.8179	
Jul - Sep	Jul	13.9764	12.0000
	Aug	14.2072	
	Sep	12.7103	
Oct - Dec	Oct	11.6092	11.0000
	Nov	11.2974	
	Dec	10.8078	

Chart 6 illustrates that, in a more tightly controlled forecast period, it might be possible to smooth out the energy surcharge by forecasting the fuel charge over a shorter period, making the adjustments and resetting the base rate on a quarterly basis. While the rates will vary with fuel prices, the regime should provide improved stability.

Chart 6
2008 Fuel surcharge
Selected quarterly Av fuel prices (Table 2)



Other Issues to be considered

1) The question of whether fuel should be 100% pass through or not is a question that often arises in the design of fuel recovery mechanisms. The fear is that if a 100% pass through is allowed the utility does not have any incentive to procure or use fuel sufficiently. This can be overcome by imposing two conditions on the utility:
   i. Competitive procurement of fuel
   ii. Application of performance standards for fuel efficiency (system kWh/gal or heat rate) and system losses

2) If fuel cost is to be a 100% pass through, regardless of the recovery mechanism chosen, the concept of a fuel charge (rather than fuel surcharge) as a line item on the bill should be considered. This would entail removing fuel from the revenue requirements in the base tariff. This will enable greater transparency, afford for better monitoring and more convenient application of penalties and, importantly, allow for easier administration of IPP's and renewable energy in the generation mix.

3) The "discount factor" has to be removed – it is contrary to the regulatory principles for allowing cost recovery and in the future will tend to skew the pricing signals when alternative sources of fuel and/or generation are available to DOMLEC resulting in inefficient dispatch of generating plant.

The Commission is of the view that a full pass through of fuel costs should be allowed, adjusted for efficiency factors and that this should be applied in the context of a two part tariff.

Consultation issue # 2
The Commission would be interested to hear views on the recovery mechanisms for fuel:

(1) Should fuel be a 100% pass through in the tariff recovered through a two part tariff mechanism (i.e. shown as a separate line item on the bill)?

Is there a case in this scenario to smooth recovery by projecting fuel costs over, say, a three or six month period.
Should fuel costs be projected over the tariff period, say three (3) years and under/over recovery accounted for in a separate variance account and for which adjustments would be made at the tariff review.

(2) **Should the existing regime remain unchanged but increase the base rate in the tariff to reflect the current reality.**

Forecasting Methodologies: Financing Costs

Financing Costs = *Cost of capital which includes cost of debt and equity.*
= *Rate Base x Cost of Capital Rate*

Rate Base
The rate base represents the utility's investment on which it is allowed to earn a return and consists of the amounts that the utility has paid out but has not yet recovered from customers.

The purpose of determining the Rate Base[1] is to develop an appropriate level of utility investment on which a return can be earned. The Rate Base items to be considered are: Fixed Capital Costs, Adjustments, Working Capital and Deductions for Reserves.

Rate Base is calculated on a weighted average basis to properly reflect the fact that additions occur throughout the year. For example, the weighted average is calculated using the sum of the monthly balances of all the Rate Base Items for the current year[2] divided by 12.

Forecasting Methodologies: Fixed Capital Costs (Electric Plant-in-Service)

Fixed Capital Costs, otherwise known as Electric Plant-in-Service, refer to assets in generation, transmission, distribution, shared services, information technology, capitalized software, and corporate center.

The methodology for reviewing Fixed Capital Costs consists of determining the historic spending pattern and then adding any specific plant budget items for the Test Period. Some utilities use a ***project-by-project review*** of the actual capital work that needs to be performed. Capital expenditures are directly related to the forecasted plant in service levels if capital projects and blanket work orders are on schedule and on target.[3]

It is important to note that while this methodology may seem more reliable than a forecast based on the level of past spending, in actuality there is no obligation on the part of the company under conventional cost-of-service ratemaking or incentive ratemaking to spend budgeted amounts during the relevant time period. No matter how detailed the utility showing is through a project by project review, it may not necessarily carry out those plans. There could be many reasons for this because a utility requires flexibility to optimally respond to changing

[1] Rate Base is net of depreciation expense, because depreciation will be factored as an Operating Cost. See previous section on Depreciation Estimate.

[2] "Current year" has to be defined as calendar year (Jan to Dec) or some other designated period (i.e. Mid Dec '06 to Dec '07).

[3] If there is no discernible categorization for a certain capital project they can be included as "blanket work orders or blanket budget items." These are a variety of projects with smaller capital expenditures, which are on-going projects with no one completion date, covering on-going expansion, replacement, and upgrade activities. Blanket work orders are established to simplify the approval process for expenditures involving multiple locations or projects.

circumstances, i.e. plant reliability or operability changes, results of studies and conceptual or preliminary engineering, industry developments, replacement energy costs, and other evolving factors.

An averaging approach may be used to forecast future capital expenditures. While historical spending patterns reflect not only past spending plans, but also the utility's willingness and ability to carry out those plans. The Commission is of the view that this methodology would be inappropriate for the stage at which the public electricity supply system in Dominica finds itself as the Commission anticipates that DOMLEC must embark on a major capital projects to reinforce and upgrade and expand the system to meet future demand.

If future capital projects are deemed as prudent, a ***blended approach*** of averaging of historical capital expenditures and adding certain capital projects is a different methodology used to determine the appropriate level of future expenditures. These capital projects, though, have to be properly vetted and approved through the utility's internal review process. The utility has to make a showing to the Commission justifying the need for these projects with supporting data, i.e. work scope data for each capital project, including a detailed cost breakdown of estimates.

Another way to detect whether Test Year capital forecasted expenditure levels are prudent is by comparing the level of capital expenditures actually incurred and the forecasted costs. The 2008 data should be readily available for the Commission to consider.

One of the determinations to be made is whether the utility under-spent or altogether omitted expenditures on capital additions/replacements that was planned in the past and included in past rates. Since this can be perceived as double charging ratepayers, the regulator has to make a determination of whether there should be a disallowance for those capital expenditures or whether they have to be incurred for continued safe, compliant, and reliable operation.

Similar to expensed deferred costs, deferred capital projects in the historic periods -which are included in subsequent Revenue Requirement applications - need to be justified on their own merit.

It is incumbent on the utility to determine and quantify whether there will be O&M savings resulting from capital investments. These O&M savings

fall into two categories: 1) estimated reductions in future years and 2) avoided increases in future years. The Commission can require a utility to show cost savings for ratepayers.

Capital investment may be required for: 1) safety, 2) reliability, 3) environmental, and 4) lost generation. The majority of the capital expenditures incurred by DOMLEC in the historical period are aimed at improving reliability, increasing capacity, improving service quality, reducing system losses, health & safety and replacement of obsolete equipment.

Once the utility has justified the need for each capital project on the basis of performance objectives, then it has to explain its *prioritization criteria* in the selection of critical projects: for example, the reason for including or excluding a needed project in meeting reliability performance.

While a simple averaging method can be used to forecast annual capital expenditures to be included in rate base for the Test Period, the ultimate objective is to forecast the level and timing of additions to plant-in-service for each year. Ideally, the utility's computer model should automatically calculate the Weighted Average plant-in-service balances based on the completion dates of each of the proposed capital projects: these amounts are then included in rate base on which a utility earns its rate of return.

> ***The Company will be required to file annually with the Commission, its Capital budget and updated five year Capital Investment Plan.***

While the Commission does not expect to manage the company's capital budget, it wishes to satisfy itself that the company is pursuing investments in accordance with the approved IRP and the associated capital investment programme.

Adjustments

Adjustments are also referred to as "No Cost Capital." These are funds received by a utility to which it is not entitled to earn a rate of return and as such these amounts are not included in rate base.

These adjustments consist of customer advances, which are funds paid by customers for the construction of facilities required to service those

customers, or to finance future payments, such as non-current liabilities, deferred credits, etc…

For the Revenue Requirement estimate, the following would be identified as adjustments and excluded from rate base:

- Customer Advances for Construction (=referred as "deferred revenue" in DOMLEC's financials)
- Consumer deposits (i.e. for connections)
- Capital Grants and
- Other revenue (= interest income)

Ideally, a weighted average of balances for each of these adjustments would be calculated and subtracted from rate base.

Working Capital
Working Capital consists of Materials & Supplies and Working Cash.

Materials & Supplies (M&S) represent the balance of inventories maintained for new plant construction, as well as for the operation and maintenance of existing plant. There could be several different accounts to track Materials & Supplies, as well as tracking unpaid invoices which are deducted from M&S. In developing a forecast one needs to assess whether there is a correlation between M&S balances and plant additions, since it is feasible that M&S inventories may increase if the level of plant additions increased. If that holds true, one can consider using the same forecasting methodology used for Fixed Capital costs.

Working Cash refers to the funds advanced by shareholders to pay for expenses before a utility receives any revenue from ratepayers. These funds have to be included in rate base to compensate investors for those advances. Working Cash is the average amount of capital, over and above the investment in plant and other line items identified in rate base, whereby investors supply funds to bridge the gap between the time expenditures are made to provide service and the time when rates are collected for that service. This time lag poses challenges in establishing an appropriate measurement for this component.

A proper calculation of Working Cash consists of: 1) identifying the operational cash requirement based on a standardized factor, i.e. the operating expenditures for a typical number of days representing the gap

(less depreciation, taxes and fuel cost); and 2) the so-called lead/lag calculation, which is based on studies measuring the net difference between the time when service is rendered and revenues are collected from ratepayers, and the time when these costs are incurred and paid; then multiplying this net difference by the average daily operating expenses.[1]

Deductions for Reserve

Deductions for Reserve is composed of different account balances, such as Accumulated Depreciation Reserve, Accumulated Amortization, Accumulated Deferred Taxes, Unfunded Pension Reserve. These amounts have to be removed from rate base, because they have already been collected from ratepayers.

As previously pointed out, the depreciation expense is calculated using a straight-line method. *Accumulated Depreciation* indicates the amount of total depreciation that was previously collected from customers and as such these amounts have to be removed from rate base.

Similarly, *Accumulated Deferred Tax* is deducted from rate base, because as a deferred tax reserve it represents accumulated amounts resulting from the time difference between when the tax expense is recognized (=recorded) and when it is incurred in actual tax returns. Utilities are allowed to include an amount of income tax expense that is higher than what they will actually pay.[2]

Cost of Capital Rate

The *Cost of Capital Rate* is the weighted average of the cost of rates for the various items in the utility's capital structure, i.e. debt, preferred equity, and common equity.

This estimate is the rate of return investors will receive and it is applicable to the Rate Base. The following discussion sets out the Commission's thinking on major factors and steps required in developing a cost of capital estimate. DOMLEC, in making its tariff submission is required to make detailed proposals along with supporting analysis to the Commission on its derivation of the WACC to be applied in its revenue requirements determination.

[1] Ensure that these costs are strictly needed to finance operations.
[2] See previous description on the Tax Expense Estimate.

Weighted Average Cost Of Capital

The overall rate of return or cost of capital is a weighted average of the cost of debt, preferred equity, and common equity, where the weights are the market-value percentages of debt, preferred equity, and common equity in a firm's capital structure. The overall cost of capital, which is called the firm's "weighted average cost of capital" (WACC), is specified by the following formula:

$$WACC = w_d k_d + w_c k_s + w_p k_p \quad (1)$$

where,

w_d = the fraction of debt in capital structure,
w_c = the fraction of equity in capital structure,
w_p = the fraction of preferred stock in capital structure,
k_d = cost of debt,
k_s = cost of equity,
k_p = cost of preferred stock.

To apply the formula, one must estimate the cost of debt, preferred stock and common equity using methodologies accepted by both financial economists and regulators. In addition, one must estimate the capital structure mix of debt, preferred stock, and common equity. With these inputs, the WACC can be calculated from the above equation.

The cost of debt, interest payment, and the cost of preferred stock, dividend payment, are fixed by a contract and therefore are relatively easy to measure. The measurement of the cost of common equity, on the other hand, is more involved since return to common equity is not fixed, and thus is not known with certainty. Instead, return on equity must be estimated. The estimation of return on equity is based on the principle that rational investors will not invest in a particular investment opportunity if the expected return is less than the return expected from alternative investments of comparable risk. Therefore, return on equity is calculated by measuring the expected returns on alternative investments of comparable risk.

Estimating the return on equity may give rise to two types of errors. First, the use of any specific model may give rise to errors or biases unique to that model. To reduce errors that may result from the application of any one model, several financial models have been employed to estimate the cost of equity. The final cost of equity figure used in calculating an overall

rate of return is the average of the results of the models applied. Second, the measurement of the cost of equity for any individual company may involve errors. To reduce errors that may result from the estimation of the cost of equity for a single company, the models are applied to a group of companies of similar risk.
Next, the selection of comparable companies for DOMLEC is explained.

Comparable Companies

The comparable group of companies is an important factor in both the Discounted Cash Flow (DCF) model and the Capital Asset Pricing Model (CAPM. To select a comparable group that provides reasonable risk proxies, analysts rely on companies' bond ratings and safety ranks. Bond ratings and safety ranks are viewed by investors as measures of investment risk. For the U.S., the Value Line Investment Survey provides bond ratings and safety ranks for large number of public companies in various industries. Value Line bond ratings and safety ranks are used to exclude companies that have a speculative bond rating. In the absence of similar information for Dominica, companies will have to be identified for which information is available.

Models for Estimating Cost of Equity Capital

There are two widely accepted models for estimating the cost of equity capital. The first, the Discounted Cash Flow (DCF) model assumes that the current market price of a company's stock is equal to the discounted value of all expected future dividends. There are various formulations of the DCF model based on different projections of future dividend growth. The version of the DCF typically applied is the constant growth or the Gordon model. The second, the Capital Asset Pricing Model (CAPM) assumes that the cost of equity investment is equal to the risk-free rate of interest plus the risk premium on the market portfolio adjusted by the company-specific risk factor, beta.

An average of the costs of equity derived from the DCF and CAPM models could then be used as the appropriate value for Cost of Equity.

A third and simpler method, which is favoured by the Commission, is to take an average of the actual returns on equity experienced by the company over the previous ten (10) years. This average could be tested for reasonableness against the average return on equity of investor owned utilities operating in the Caribbean.

Consultation issue #3
The Commission would be interested in hearing views as to the basis on which the return to investors in DOMLEC should be fixed derived.

1) **Should DOMLEC be guaranteed a Rate of Return on investment or should the tariff regime merely provide the company with the opportunity to make the desired rate of return by?**
2) **If the rate of return is exceeded, should the company be allowed to keep excessive profits?**
3) **Is the methodology proposed for deriving the Weighted Average Cost of Capital (WACC) appropriate for DOMLEC? If it is not what would be considered appropriate?**
4) **Is the average methodology (the third option) a reasonable basis for assessing the cost of equity?**

Government Imposed Obligations

1. In this Section:

   "Government Imposed Obligation" means any obligation imposed by the Government or its agencies on DOMLEC, after the date of implementation of the Tariff, in the areas of -

   - environmental standards, laws and regulations
   - licence fees
   - taxes other than general income, corporate or general consumption tax, taxes on fuel

2. A Government Imposed Obligation shall be deemed to be material only if the annual incremental costs or savings to the Licensee that result therefrom amount to at least EC$500,000 adjusted annually for Dominican inflation from the date of tariff and will apply until the next tariff review when the impact of the obligation will be fully taken into account.

3. DOMLEC may file, with the Commission, a proposal to apply a surcharge as a result of the effects of a Government Imposed Obligation which is deemed to be material. This proposal will be

subject to notice and protest, including prudence review. The Licensee shall provide with such proposals, a detailed explanation of the need for the surcharge. Such details shall include a demonstration that the Government Imposed Obligation is material and is known, measurable, reasonable, prudently incurred, mitigated and the cost for which a surcharge is being requested and arises solely from the Government Imposed Obligation. DOMLEC shall not apply any surcharge in respect of Government Imposed Obligation without the approval of the Commission.

4. DOMLEC shall on its own volition or when directed to do so by Commission file a proposal for a refund to its customers the amounts equal to the value of any savings resulting from a Government Imposed Obligation which is deemed to be material. The procedure to be followed shall be analogous to that used in applying for the imposition of surcharge resulting from a Government Imposed Obligation.

5. The Licensee shall submit, with its filing for the annual adjustment or at the end of any surcharge period, whichever is appropriate, a report reconciling the surcharge and the actual costs relating to Government Imposed Obligation. In the event that amounts obtained through the said surcharges exceed the said actual costs incurred, the Licensee shall refund to its customers such excess amounts, adjusted for interest. The Licensee shall file a report of refunds with the Commission giving details of the distribution of the refunds to its customers within 30 days of filing the reconciliation report.

6. In the event that the amounts obtained through the surcharge are less than the actual costs incurred by the Licensee as a result of the Government Imposed Obligation, DOMLEC shall be allowed to recover such amounts from its customers. It shall file a report with the Commission giving details of the shortfall and the recovery mechanism, for approval.

Regulatory Fees

The Act provides as follows:

S. 17. (2) The funds of the Commission shall be generated by

(a) Licence fees

(b) Other fees determined by the Commission

(c) Subvention provided by Parliament

S. 17. (3) Licence fees, other fees and levies shall require the prior approval of Cabinet.

The tariff allows for the recovery of any regulatory other fees intended to fund or contribute to funding the operations of the Commission.

Sales, Customers & Present Rate Revenues

In previous sections the forecast methodology focused on expenditures, in this section a sales forecast is considered.

Econometric models are usually used in determining a forecast for electric sales and customer growth for residential, commercial, industrial and other classes of services. These econometric models need to establish a relationship between electric consumption, electricity prices, conservation, and economic/demographic conditions in the utility's service area. Some of the economic and demographic conditions in DOMLEC's service area could include personal income, population, and employment.

For Residential Sales forecasts, the residential sales per household can be determined in the econometric model as a function of real average electricity price, real personal income, heating degree days, seasonal variables, delayed billing variables, and adjustments based on correlation. A monthly model can be developed using data from a historical period of ten years prior. Once the residential sales per household are determined, then it can be multiplied by the number of households to derive the Residential Sales forecast.

Similarly for the Commercial Sales forecast, the commercial square-foot can be determined in the economic model as a function of real average electric price, employment, heating degree days, seasonal variables, delayed billing variables, and a time trend. A similar period as in the Residential Sales forecast is estimating the monthly model, then the commercial sales per commercial square-foot is multiplied by commercial square feet to derive the Commercial forecast.

For the Industrial Sales forecast, the industrial sales per manufacturing square-foot is similarly determined as a function of real average electric price, employment, wage and salary in manufacturing sector, heating

degree days, seasonal variables, delayed billing variables, a time trend, and adjustments for serial correlation. Again, the same period is used for all customer classes in estimating the monthly model for industrial sales, and then the industrial sales per manufacturing square feet are multiplied by manufacturing square-foot to derive the Industrial Sales forecast.

For the Agricultural Sales forecast, the assumption will be that these sales are constant unless Dominica plans to expand activities in this sector.

New Customers Additions have to be determined for each customer class in order to arrive at the Total Number of Customers. Residential Customer Additions can be determined by the number of building permits for the service area and by subtracting residential demolitions. Another variable that can be considered is a moving average serial correlation correction, particularly if there are a substantial number of emigrants. The Commercial Customer Additions are determined by residential construction and new commercial floor space. Other Customer Additions, i.e. industrial and agricultural, are based on recent historical trends. In general to determine the reasonableness of any Customer forecast methodology, it has to be compared with historical trends, including average population growth.

The Commission, under a separate proceeding, "Integrated Resource Plan – Demand Forecast Document Ref 2009/003/CD-01", will have make a determination on the Demand forecast which will inform the assumptions to be used in the development of the sales forecast for the first tariff review. Likewise, Demand Forecasts will be available for subsequent tariff reviews. It is important to note that growth rates are not necessarily uniform for all customer classes, especially if the forecast methodology outlined earlier is adopted.

Tariff Design

1) If the fuel surcharge is eliminated and fuel costs embedded in base rates, the existing Fuel Surcharge provisions and rates will no longer be applied. There would however be a commensurate increase in base rates from current levels.
2) Once the Commission has approved the Revenue Requirement Application, there will be changes to the rate schedules, i.e. any

increase or reduction in approved revenues has to be applied on an equal percentage basis to all customer groups.

3) The Rate Design will remain the same as currently in place. The utility needs to take time to study the most appropriate Rate Design to meet its future business objectives and ensure its financial stability. The Commission is mindful of the implications that might arises out the future decisions on the development of energy policy associated with, e.g the geothermal development and that some transmission facilities may have to be constructed sooner rather than later. The proceeding on Integrated Resource Planning (IRP) will provide guidance on how DOMLEC can structure its Tariff and Rate Design proposals.
4) As a follow up to the IRP proceeding and anticipated government policy, DOMLEC may be required to develop Interconnection procedures and corresponding Tariff schedules and rates.
5) DOMLEC currently does not have a Tariff document in place showing all the Terms & Conditions for Service and rates. This Tariff document has to be created and posted on the company's website once Commission approval has been granted. The IRC will need to establish a similar link from its website.
7) In order to provide some immediate relief during peak periods, for customers connected to the grid DOMLEC can develop: an *Interruptible Program* for customers with a consumption level of 20kWh and greater and *Net Metering* provisions for customers using below 20kWh. Tariff schedules and discount rates have to be developed accordingly, with due consideration given to how these changes will impact other customers and DOMLEC's ability to implement these changes in the short-term.

8) DOMLEC will eventually need to submit a detailed Rate Design Application, including proposals for Tariff development. DOMLEC's existing rate structure was developed in the 1970s and it is not reflective of costs. As the Commission intends to consider a transition to cost-based rates, then DOMLEC has to address in its Rate Design Application:

a. Fully Allocated Cost of Service Study indicating the functionalization, classification, allocation of costs, and meter replacement costs.
b. Revenue Allocation.
c. Billing Determinants.
d. Rate Rebalancing.
e. Restructuring of Customer Groups.
f. Restructuring of Rates. Currently only residential customers have inclining block rates, all other customers are charged a flat rate.
g. Phasing out of rates.
h. Elimination of rates.
i. Demand Charges
j. Fees and connection/reconnection charges.
k. Billing Impact.
l. New & Revised Terms & Conditions for Service.
    i. System Extension Policy
    ii. Distribution Extension Policy
    iii. Prepaid Meters
    iv. Security Deposits
    v. Minimum Connection Charges
    vi. Minimum Reconnection Charges
    vii. Miscellaneous Charges.

The Commission will require that this Cost of Service and Cost Allocation Study be completed before the second application for a tariff review.

Quality of Service Standards

The Commission conducted a consultation on Quality of Service Standards for DOMLEC during the period April to June 2009. The outcome of that consultation was the Decision of the Commission to introduce a set of Guaranteed Standards and Overall Standards into the regulatory regime for DOMLEC.

The Guaranteed Standards which attract compensatory payments to be paid by the utility company in circumstances where these are breached

provide a mechanism for service quality measures to be introduced into the relationship between the company and the individual customer. The system of compensatory payments introduces immediate redress by the company.

The Overall Standards however, introduce measures that are intended to encourage the utility to focus on the quality of service to groups of customers on a system wide basis. The proposed Overall Standards will not come fully into effect until January 2011 when full monitoring will commence. The Commission intends to introduce at the next tariff review a methodology for assessing performance against the overall standards and to factor this into the tariff adjustment. The basis for this is that the company may have to make investments to comply with or meet the performance standards, investments which will be recovered through the tariff. The Commission believes that penalties, commensurate with the contributions made by customers, must therefore be attached to unsatisfactory performance. The criteria for determining the level of these penalties will be developed through consultation with the company and introduced at the next tariff review.

Performance Targets

The Electricity Supply (Amendment) Act 2003 introduced performance targets into the operational framework for DOMLEC. These targets which applied to the financial year 2004 were intended to encourage the company to improve and maintain efficiencies in critical areas and which, if achieved, would have direct impact on prices.

The Commission is of the view that the regime of performance targets should be continued and to this end it proposes the following targets for the tariff period.

PERFORMANCE TARGETS		
Parameter	**Financial Year**	
	2009	2011
Line losses (% of the electricity supply)	Not greater than 12.5	Not greater than 11.75
Plant efficiency (kWh/gallon of diesel or blended fuel)	Not less than 17.25	Not less than 17.25

In this section:
"electricity supply" means the total energy (kWh) supplied by the company and shall be defined as the sum of electricity generated by the company at its own generating stations plus electricity purchased by the company from other generators;
"line losses" means the difference between the electricity supplied (kWh) and the final consumption of electricity (including unbilled electricity) of all customer categories minus the electricity consumption by the company in its generating stations (station use).
"plant efficiency rate" means the number of kWh of electricity generated per imperial gallon of fuel in the company's generating stations.

The Commission is of the view that the opportunity to improve the overall plant efficiency will be influenced by the opportunities taken too invest in new more efficient plant. The Commission is aware that the impact of the new plant that was installed at Fond Cole in 2009 should reflect improvements in the plant efficiency performance. The Commission is therefore signaling that this performance target will be the subject of critical review at the second tariff review.

Procurement of Fuel
The company shall take all reasonable measures to secure the lowest prices, through competitive procurement, for fuel for use in its generating plant and shall be required to routinely provide the Commission with evidence that fuel procurement is conducted on a competitive basis.

Duration of Tariff

The Commission intends that the tariff arising from the first tariff review will remain in effect for three (3) years.

At the beginning of years 2 and 3, the tariff will be adjusted by the point to point inflation rate recorded in the Dominican economy over the previous twelve months. The net adjustment may take into account the financial impact of the company's compliance with the performance standards. At the second tariff review (to come into effect at the beginning of year 4), the adjustment for inflation between year 2 and 3 will be taken into account in the computation of any new tariff that may be determined at that review.

An incentive/performance based methodology will be considered for implementation at the second tariff review.

Tariff reviews will be conducted at three yearly intervals.

Consultation Issue #4
The Commission would be interested to hear consumers' views on the proposal to adjust rates annually by the inflation rate experienced in the Dominican economy over the previous 12 months.

Principles for calculating fuel costs

The Commission will adopt the same principles to calculate the fuel charge as those set out in the Electricity Supply Act 1996 as amended by the Electricity Supply (Amendment) Act 2003 with the exception that the Discount Factor as provided in the Electricity Supply (Amendment) Act 2003 will not be applied.

The provisions in the Electricity Supply (Amendment) Act 2003 for adjusting the rate for excess fuel costs will also have application in the fuel rate calculation.

The Commission will in the course of the consultation give further consideration, depending on the strategy employed for the recovery of fuel costs, to the exact formulation of the calculation depending on the outcome of such issues as (1) fuel surcharge or fuel charge, (2) level of base fuel rate (3) rates based on forecasted costs and if so over what period (4) monthly or annual adjustments for achievement of performance targets.

Consultation Issue #5
The Commission would be interested to hear consumers' views on the proposals to calculate the fuel charge.

Tariff Review Procedure

1. **Rates for Electric Power**

The rates for electric power shall consist of the following components:

- A Non-Fuel Base Rate ("Non-Fuel Base Rate") which is adjusted annually by the Inflation rate in Dominica as fixed by the official statistical bureau of the Government of Dominica.

- A Fuel Rate which is adjusted monthly to reflect a full pass through, subject to performance measures, of the actual costs of fuel.

- Other extraordinary costs related to Government imposed obligations and which were imposed subsequent to that tariff review and approved by the Commission.

- Regulatory fees imposed by the Commission and approved by the Cabinet.

(B) **Initial Rates**

The initial tariff and rates which will serve as the starting point for the first tariff review are those which were in effect at January 1, 2009.

(C) General procedures for the review of tariffs

The procedure for review of tariffs shall be carried out in accordance with Sections 23 and 24 of the Act.
Section 23
(1) An electricity service provider shall not –

(c) Offer service unless it has, prior to offering such services, filed its proposed tariffs with the Commission and such tariff rates and charges have come into effect pursuant to section 24; and

(d) Make changes on tariffs, or other terms of the service after proposed tariffs have been filed with the Commission, except as authorized under this section.

(2) An electricity service provider shall submit tariff proposals in conformity with this section in writing to the Commission with respect to the tariffs it intends to apply for the use of its systems, facilities and services.

(3) Proposed tariffs filed under subsection (2) shall contain all relevant information concerning rates and charges for services, including deposits, non-recurring charges and monthly charges as well as terms and conditions applicable to the provision of services, including disputes or claims over billing or provision of services.

(4) A Licencee shall make tariffs available to the public by publishing such tariff in the Gazette and two local newspapers.

(5) All proposed tariffs filed with the Commission shall be kept complete, accurate and up to date.

(6) After a proposed tariff has been filed with the Commission and has come into force and effect, no changes may be made in the rates, charges or other terms of service relating to all the services provided under the tariff, except upon the filing and review of tariffs as provided in this Act.

(7) Proposed Tariffs shall:

(c) Be accompanied by all accounting and costing information as the Commission may require; and

(d) *Comply with all the other requirements and conditions as shall be applicable to the licensee concerned.*

Section 24:

(1) All tariffs proposed by a licensee shall conform with the principles and provisions governing tariff formulation established by the Commission pursuant to the legislation for the time being and shall be submitted to the Commission for review as to their conformity with such principles and provisions.

(2) The Commission shall within 60 days of the submission of the tariff proposed under subsection (1), make a determination to:

(a) approve the tariff without amendment

(b) conditionally approve the tariff subject to amendments specifically proposed by the Commission being accepted by the licensee; or

(c) reject the tariff proposal outright, stating clearly in writing the reasons for such rejection, which reasons may include a determination that the tariff is not ripe for review.

(3) In the event that the Commission makes a determination under subsection (2) (b) the licensee may submit a revised tariff within 30 days of the determination; and the Commission shall make a new determination in accordance with one of the three options specified in subsection (2) within 30 days of such submission.

(4) In the event of an outright rejection of the proposed tariff under subsection 2 (c), the Licencee may file a new tariff at any time; or may file a petition to the Commission for reconsideration of such rejection.

(5) A petition shall be filed within 30 days of the rejection an d shall state the Licencee's basis for reconsideration, which may include fundamental change in circumstances from the conditions that prevailed when the tariff was originally rejected by the Commission.

(6) In the event that the Licencee files a petition for reconsideration under subsection (4), the Commission shall act upon such petition within 30 days and make a determination in accordance with one of the three options set forth in subsection (2).

(7) If the Commission fails to act on a tariff submission pursuant to this section within the timeframes for determination specified in subsections (2), (3) and (6), the tariff shall be deemed approved until such time as the Commission makes a determination.

The procedure for initiating and conducting a Tariff review and the information requirements for such filing are set out in Part B.

(C) **First Tariff Review**

DOMLEC may submit its application for the first tariff review after the effective date of this tariff regime at any convenient time.

(D) **Subsequent Tariff Reviews**

Subsequent tariff reviews will be conducted on application by DOMLEC, in conformity with the established procedures, at three yearly intervals.

PART B

Standard Filing Requirements for Rate Review Application

Part B - Standard Filing Requirements For Rate Review Application

1.0 Notice of Intent to File

1.1 At least 30 days prior to the filing of application pursuant to section 23 of the Electricity Supply Act No. 10 of 2006 (the Act), DOMLEC shall give notice, in writing, to the Independent Regulatory Commission (IRC, the Commission), of its intent to file an application for a tariff review and of the proposed rates to be contained therein. This will be recognized as the Pre-filing Notice (PFN).

1.2 The following information shall be provided with the PFN.

(a) PFN Exhibit 1

-Statement of notice of intent to file for an adjustment in rates.

-Dates of proposed test year.

(b) PFN Exhibit 2

"Typical Bill Comparison"

(d) A proposed notice for newspaper publication fully disclosing the substance of the application for adjustment in rates.

The proposed notice for newspaper publication shall include the following information and / or similar language:

(i) A copy of the application is available is available for inspection at the office of Independent Regulatory Commission (IRC) at 42-2 Kennedy Avenue, Roseau, Commonwealth of Dominica or on the IRC's website: www.ircdominica.org.

(ii) The percentage increase in operating revenue requested by the utility on class of service or rate schedules basis.

2.0 General Instructions

2.1 **Purpose**

The standard filing requirements are designed to assist the Commission to perform a thorough and expeditious review of

applications for rate changes. Schedules contained in the filing requirements are designed to provide support for the utility's position or to provide supplemental information to facilitate the Commission's review of the rate review application.

2.2 **Applicability**

The schedules contained in this standard filing requirements are applicable to DOMLEC

2.3 **Minimum requirements**

In this section, unless otherwise stated "day(s)" means "working day(s)"

The standard filing requirements contain the minimum information which DOMLEC is required to submit with its application for a tariff review. The schedules contained in the filing requirements will provide the basic information normally required to support the rate request. If DOMLEC believes that additional information is necessary to support its case or is proposing a position which requires a departure from the basic schedules (e.g., a special revenue adjustment proposal), should supplement the standard filing requirements with data and information to support its position. In addition, the Commission may require supplemental information to these requirements during the course of the review of a specific case.

2.4 **Waiver of information requirements and determination of filing date**

(a) All information required by these standard filing requirements must be included with the application to the commission, unless:

(i) the utility has applied and requested a waiver from the commission

(ii) the utility has applied for a waiver and the commission's approval is pending

(iii) the commission has granted a waiver on its own motion.

The Commission may reject any filing that is not in compliance with these requirements or request DOMLEC to re-file the items found in non-compliance. An application filed during the pendency of waiver requests which are subsequently denied in whole or in part will be considered as failing to comply with the standard filing requirements and be treated as being out of conformity with section 23(7) of the ESA 2006 and rejected as provided for in section 24(2) (c) of the Act.

(b) (i) If, in the opinion of the staff of the Commission an application fails to substantially comply with the standard filing requirements, the staff shall inform the applicant within twenty days of the original filing date by letter from the Executive Director of any defects or deficiencies. Upon the filing of such supplemental information rendering the application in technical compliance with the standard filing requirements, unless waived, the application will be deemed as having been filed as of the date upon which supplemental information rendering the application in technical compliance with the standard filing requirements was received for the purposes of calculating the time period provided in section 24(2) of the Act.

(ii) If, in the opinion of the staff of the Commission the application as originally filed is in technical compliance with the standard filing requirements, the staff shall so notify DOMLEC within seven days (7) of the date of the original filing by letter from the Executive Director.

(iii) DOMLEC shall file its response within seven days of the date of the letter. Provided that the DOMLEC has complied with paragraph (2.4) (a) if the Commission issues no notice to DOMLEC pursuant to (b) (i). Within fifteen days from the date of the original receipt of the application by the Commission, the application shall be considered in compliance with the standard filing requirements and as having been filed as of the date of the original receipt of the

application for purposes of calculating the time period provided in section 24(2) of the Act.

If DOMLEC fails to comply with paragraph (2.4) (a) the application will not be considered as having been filed, unless otherwise ordered by the Commission, for purposes of calculating the time periods provided in section section 24 (2) of the Act.

(c) A request for waiver of any of the provisions of the standard filing requirements must set out the specific reasons in support of the request. The Commission shall grant the request for a waiver upon good cause shown by DOMLEC. In determining whether good cause has been shown, the Commission shall give due regard, among other things, to:

(i) Whether other information, which the utility would provide if the waiver is granted, is sufficient to enable the Commission's staff to effectively and efficiently review the rate application.

(ii) Whether the information, which is the subject of the waiver request, is normally maintained by the utility or reasonably available to it from the information which it maintains.

(iii) The expense to the utility in providing the information, which is the subject of the waiver request.

(d) Except for good cause shown, all waiver requests must be filed thirty days or more before the submission of the application to the Commission. In normal circumstances these would be submitted with the PFN. If, by complying with this requirement, the waiver requests are received before the filing of the PFN, the proceeding reference number of the rate case series will be assigned to the waiver request. This same reference shall then be used for the PFN and the application for a tariff review.

2.5 **Definition and intent of terms**

(a) "Test year"– The test period, unless otherwise ordered by the Commission, shall be the twelve month period beginning six months prior to the date the application is filed and ending six months subsequent to the application filing date. In no event shall the test period end more than nine months subsequent to the date the application is filed.

(i) Normal operational conditions, if necessary;

(ii) Such changes in revenues and cost as are known and measureable with reasonable accuracy at the time of filing and which will become effective within twelve months of the time of filing. Cost, as used in this paragraph, shall include depreciation in relation to plant in service during the last month of the test period at the rates of depreciation specified in the schedule to the utility's license. Extraordinary or Exceptional items as defined by Generally Accepted Accounting Principles shall be apportioned over a reasonable number of years not exceeding five years and

(iii) Such changes in accounting principles as may be recommended by the independent auditors of the licensee.

(b) "Calendar year data" - some schedules throughout these filing requirements contain provisions for financial data for both a test year and the most recent calendar years. As used in these filing requirements, "most recent calendar years" are the latest calendar years for which actual historic information is available at the date of filing.

(c) "Projected test year data" - to comply with the statutory requirements regarding the test year, DOMLEC may use estimated valuation data and up to twelve months of estimated operating income data in its application. However, if estimated valuation data and/or more than nine months of estimated operating income data are provided in the application, the utility must provide within one month of the date of filing, actual valuation data and operating income statements which include no less than three months

of actual data. DOMLEC must also explain any material differences between the estimated and actual data. The utility must file a comparison of the twelve-month actual income statement versus the partially forecasted income statement and any variances within three months after the end of the test year. Any material differences between estimated and actual data must also be explained.

d) "Average data" - some schedules throughout these filing requirements require that "average" data be provided the term average refers to a thirteen-month average. The test year thirteen-month average calculation shall be based on the same timeframe as the test year. Where actual month end balances are not available, DOMLEC shall use estimated data for those months of the test year. The test year thirteen-month average calculation shall be updated to reflect no less than four actual month end balances.

(e) "Data" - most schedules contain an area specified as "Data". Indicate in the area provided the number of actual and estimated months of information reflected on the schedule or whether the valuation data represents actual or estimated information.

(f) "Days"- Unless otherwise stated days are working days.

(g) "Executive summary" - the term as used herein refers to a summary statement of the essential components of DOMLEC's management process that will succinctly explain the manner in which the organization operates at the top corporate level and/or in a specific functional area. It should be to the point but sufficiently developed to assist the Commission in performing a thorough and expeditious review of the DOMLEC's management policies, practices and organization. The executive summary may be supported by an explanatory booklet, publication or other material which addresses the management process.

2.6 **Schedule format**

Schedules shown are for illustrative purposes only and can be modified to fit DOMLEC's operations as long as the data intent is

complied with. It is not required to submit data on reproduced copies of the schedules, but should submit the data in substantially the same format as contained in the schedules. All schedules submitted to the Commission should be in hard copy and also submitted in electronic form (PDF, MS WORD and MS EXCEL). Additional schedules should be submitted as required to support the company's application; such schedules should be identified by the next assigned schedule in the appropriate section.

The Schedules attached to this rate review application are as follows:

(i) Schedule A: Revenue Requirement
(ii) Schedule B: Rate Base
(iii)Schedule C: Income Statement
(iv)Schedule D: Rate of Return
(v)Schedule E:Rate and Tariff

2.7 **Working papers**

All working papers supporting the standard filing requirements schedules and any other associated studies shall be delivered to the Commission. The utility shall provide a comprehensive explanation of the bases for all schedules contained in the application. The working papers that are to be delivered to the Commission shall include (i) any and all pertinent data used by the utility to prepare its application and (ii) other such information that may be requested by the Commission to be filed as working papers as specified in other sections of the filing requirements. Pertinent data shall be interpreted as including, but not limited to, all supporting working papers prepared by the utility for the application, and a narrative or other support of assumptions made of working paper schedule amounts. Working papers and documents containing additional explanatory material shall be submitted on letter size paper (unless absolutely impractical) and shall be marked, organized, and indexed according to the standard filing schedules to which they relate. Working papers must contain the date prepared and should be cross-indexed and cross-referenced wherever possible. Data contained on working papers should be footnoted so as to identify the source document.

2.8 **Management policies, practices and organization of utility companies.**

(a) Information to be filed under paragraphs (3.0) (7) and (8) is required for the purposes of the Commission's consideration of the DOMLEC's management policies, practices and organization in fixing rates. These filing requirements are designed for DOMLEC to provide the Commission with sufficient knowledge to enable it to make a reasonable assessment of the utility's management processes or systems.

(b) If DOMLEC is a subsidiary of a holding company or is affiliated with other companies, then DOMLEC is required to explain the level of participation of the parent company/affiliate company in its management process.

(c) Any proprietary or confidential information will be handled in accordance with the Independent Regulatory Commission's Rules of Practice and Procedure, Document Ref:2008/004/D, Part 9_Rule 9.1 and Rule 9.2.

(d) If the activities and the functional areas specified in paragraph (3.0)(7) do not correspond directly with DOMLEC's organization structure, they should also include those functional areas and activities not specifically set forth. DOMLEC may explain its management process in a manner that is most suitable to its particular organization, provided that there are specific references to indicate where the information on specific activities can be found in its filing. If DOMLEC believes that information required to be filed has been previously submitted to the Commission, in whole or in part, then a photocopy of such information shall be provided with this filing. If DOMLEC believes that a particular activity is not applicable to its operation, this should be explained

(e) DOMLEC shall satisfy all standard filing requirements relating to management policies, practices and organization in its first rate filing after their adoption. Thereafter, only changes, enhancements and modifications to the applicant utility's management process are required in subsequent rate filings.

3.0 **Supplemental Filing Requirements**

The following information, if applicable, should be included as part of the application:

A. (i) Most recent annual capital budget providing the following (Identified as Schedule B):

(a) Date project started;

(b) Estimated completion date;

(c) Total estimated cost of construction by year;

(e) Accumulated costs incurred as of the end of the most recent calendar year exclusive and inclusive of Allowance fgor Funds Used During Construction (AFUDC); and

(f) Current estimate of total cost to completion.

(ii) Aggregate cost for all other construction in progress.

B. Capital Investment Program for next five (5) years

2. CWIP included in the DOMLEC's rate base (incorporate by reference that data which is already provided on a Schedule B).

(a) List the project number and cost.

(b) Completion date or in service date (whichever was first)

(c) Allowance for Funds Used During Construction (AFUDC) calculations for CWIP in

(a) and the date the utility stopped accruing AFUDC.

(d) If not yet completed, list the most recent completion date and budget estimates. Briefly explain the causes for any

differences between the prior estimates and the actual data or the most recent estimate.

2. Most recent five-year financial forecast identified as Schedule C, providing for each forecast year:

(a) Income statement;

(b) Balance sheet; and

(c) Statement of changes in financial position (source and application of funds statement).

(3) The financial forecast should be supported by the underlying assumptions made in projecting the results of operations, such as:

(a) Load forecasts

(b) Employee growth;

(c) Known labour cost changes; and

(d) Capital structure requirements/assumptions.

(e) Mix of Generation

(f) Mix of Fuel

(4) The projection of revenue requirements shall be accompanied by the following balance sheet items for each forecast year (identified as Schedule C and D):

(a) Gross plant in service;

(b) Accumulated depreciation;

(c) Construction work in progress;

(d) Long-term debt;

(e) Common equity;

(5) In addition, the following elements of a statement of changes in financial position (sources and uses) should be provided (Identified in Schedule D)

(a) Change in cash balances;

(b) Retained earnings;

(c) Depreciation accruals;

(d) External funding;

(i) Long term debt;
(ii) Common equity;

(e) Deferred income taxes; and

(f) Deferred investment tax credit.

(6) A proposed notice for newspaper publication fully disclosing the substance of the application for adjustment in rates

The proposed notice for newspaper publication shall include the following information and/or similar language:

(a) A copy of the application is available for inspection at the office of Independent Regulatory Commission (IRC) at 42-2 Kennedy Avenue, Roseau, Commonwealth of Dominica.

(b) The percentage increase in operating revenue requested by the utility on a class of service or rate schedules basis.

(7) An executive summary of DOMLEC's corporate process utilized by the board of directors and corporate officers. This would include a discussion of all pertinent elements of DOMLEC's management process addressing such areas as

policy and goal setting, strategic and long-range planning, organization structure, decision-making, controlling process, internal and external communications

(8) An executive summary of DOMLEC's management policies, practices and organization employed to meet the corporate goals determined by the board of directors and corporate officers. This would also include a discussion of all pertinent elements of the applicant utility's management process as they relate to each of the following functional areas.

(a) Plant operations and construction:

(i) Plant/facilities planning process;

(ii) Operations and maintenance policies and procedures;

(iii) Plant productivity and performance evaluation;

(iv) Customer and usage growth forecasting;

(v) Demand and capacity load forecasting;

(vi) Construction project management and control;

(vii) Research and development; and

(viii) Environmental management.

(b) Finance and accounting:

(i) Cash management;
(ii) Accounting systems and financial reporting;

(iii) Budgeting and forecasting;
(iv) Financial planning process and objectives;

(v) Materials and inventory management and control; and

(iv) Internal Auditing

(c) Rates and tariffs:

(i) The system or program for managing rate related operations and rate reform projects:

(a) Specify objectives of the rate program;

(b) Describe the process and procedures for achieving the Stated objectives; and

(c) Describe the organizational structure and available resources.

(ii) Rate program analytical process:

Describe the performance of the following activities and describe how they contribute to the adequacy of the rate program and specific projects:

(a) Planning;

(b) Operating impact evaluation;

(c) Cost analysis;

(d) Benefit analysis;

(e) Data collection;

(f) Risk assessment; and

(g) Revenue and earnings stability.

(iii) Implementation management:

(a) Describe the implementation management process for rate reform projects.

(b) Describe the significant projects in progress and the corresponding implementation timeframes.

(c) Describe how the projects are intended to meet the stated program objectives.

(iv) Customer involvement:

Describe the process and significant vehicles in the process for introducing customer interests in rate operations.

(v) Commission and staff reporting:

Describe the process for reporting operations and rate reform programs to the Commission.

(d) Communication and public affairs:

(i) Customer service and information;

(ii) Credit and collections;

(iii) Customer conservation programs;

(iv) Marketing; and

(v) External relations.

(e) Administrative and corporate support services:

(i) Transportation;

(ii) Legal;

(iii) Data processing;

(iv) Management information systems;

(v) Insurance;

(vi) Land management; and

(vii) Records management.

(f) Human resources:

(i) Salary and benefits administration;
(ii) Recruiting and selection;
(iii) Training and career development;
(iv) Performance evaluation and appraisal; and
(v) Work force productivity.

(9) The required data for paragraphs (7) and (8) shall be adequately supported by:

(a) Organization charts, diagrams, flow-charts, etc;

(b) Performance indicators and quantitative comparisons;

(c) Standards of performance;

(i) Criteria established by the company.

(ii) Generally accepted industry standards.

(10) Supplemental Information

DOMLEC must deliver four hard copies of the following information, at the time of the filing of the application, unless previously provided, in hard copy and electronic form

(1) The utility's current annual statistical report.

(2) Prospectuses of current stock offering of DOMLEC. In the event there are no current offerings, then provide the most recent offerings.

(3) Annual reports to shareholders of DOMLEC, for the most recent five years and the most recent statistical supplement.

(4) Working papers supporting the schedules and/or as requested in the schedule instructions.

(5) Worksheet showing monthly test year data and totals. Taxes other than income taxes should be itemized and totaled.

SCHEDULES

Schedule A	Revenue Requirements
Schedule B	Rate Base
Schedule C	Income Statement
Schedule D	Rate of Return
Schedule E	Rate and Tariff

Schedule A - Revenue Requirements

Company _____

REF No. _____

Test year _____

A-1 Overall financial summary
A-2 Calculation of mirrored CWIP revenue

Schedule A
Revenue Requirements
Instructions

(A) General

Schedule A-1 contains provisions for financial data for the utility's proposed test year and date certain.

(B) Overall Financial Summary

Provide a financial summary schedule showing the proposed rate base, operating income, earned rate of return, calculation of income requirements and revenue requirements for the test year on Schedule A-1.

Schedule A

Overall Financial Summary

REF No. _____
Data: __Months Actual & ___Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line No.	Description	Reference	Supporting Schedule Test Year
1.	Fuel Cost		C-1
2.	Operating Expenses	C-1	$
3.	Depreciation	C-1	$
4.	Total Operating Expenses (1+2+3)	C-1	$
5.	Rate Base	B-1	$
6.	Rate of Return	D-1	$
7.	Cost of Capital (6 x 5) (tax rate)		
8.	Revenue Requirement (4 +7)		

Schedule B - Rate Base

Company _____

REF No. _____

Test year _____

B-1	Rate base summary
B-2	Plant in service summary
B-2.1	Plant in service by accounts and subaccounts
B-2.2	Adjustments to plant in service
B-2.3	Gross additions, retirements and transfers
B-2.4	Lease property
B-2.5	Property excluded from rate base
B-3	Reserve for accumulated depreciation
B-3.1	Adjustments to the reserve for accumulated depreciation
B-3.2	Depreciation accrual rates
B-3.3	Depreciation reserve, accruals, retirements, and transfers
B-3.4	Depreciation reserve and expense for lease property
B-4	Construction work in progress
B-4.1	Construction work in progress - per cent complete (time)
B-4.2	Construction work in progress - per cent complete (dollars)
B-5	Allowance for working capital
B-6	Other rate base items summary
B-6.1	Adjustments to other rate base items
B-6.2	Contributions in aid of construction by accounts and subaccounts
B-7	CWIP allowances

Note: There must be filed at least one page for each of the above listed schedules. Note such schedules "not applicable" or "waived".

Schedule B

Rate Base
Instructions

(A) General

Property Classification

The schedules included in the section titled Rate Base are designed to be applicable DOMLEC.

(B) Plant in Service Schedules

(l) Rate base summary (Schedule B-l)

Summary rate base information shall be presented in Schedule B-l. The information requested on Schedule B-l is supported by the schedules which follow, i.e., plant in service information is supported by Schedule B-2; reserve for accumulated depreciation is supported by Schedule B-3; construction work in progress is supported by Schedule B-4; working capital is supported by Schedule B-5; other rate base items are supported by Schedule B-6. Other rate base items (i.e. certain deferred credits, accumulated deferred income taxes, etc.) shall be fully supported by schedules and/or work papers. Schedules shall contain at a minimum a description of items, dollars involved by account and reason for additions or deletions to the rate base. Note: If contributions in aid of construction are already netted against gross plant, indicate this by footnote and indicate -0- for this amount on Schedule B-1, line 6, and on Schedule B-6. Generation Data are supported by B-7

(2) Plant in service summary by major property groupings (Schedule B-2)

Provide in Schedule B-2, a breakdown of the dollars of plant in service by each major property grouping.

(3) Plant in service by accounts and subaccounts (Schedule B-2.l)

DOMLEC shall list the information as requested on Schedule B-2.1. Total company plant in service for any account shall be traceable directly to the general ledger and/or continuing property records. One form shall be completed for each major property grouping listed on Schedule B-2. Subaccounts and/or functions shall be provided if necessary for the determination of allocation factors and/or depreciation expense.

(4) Adjustments to plant in service (Schedule B-2.2)

Each adjustment made to plant in service on Schedule B-2.l shall be fully explained in Schedule B-2.2. A B-2.2 schedule shall be completed for each plant adjustment and shall identify each account and subaccount to which adjustments were made. All information shall be provided on this schedule or referenced to a specific working paper.

(5) Gross additions, retirements and transfers (Schedule B-2.3)

Provide for each plant property account, the total company plant balances, gross additions, retirements and transfers in the format indicated on Schedule B-2.3 which occurred .If, in a particular account, transfers are a normal course of events, only a general description (under the column "Explanation of Transfers") of the nature of the transfers is required.

(6) Leased property (Schedule B-2.4)

Provide a list of all leased properties that are treated as a capital lease for book purposes and improvements to leased properties. Include those leases treated as a capital lease for book purposes but as an operating lease for ratemaking purposes and reflect such leases on Schedule B-2.2 as an adjustment to plant in service. The list should include all information indicated in Schedule B-2.4 and shall be in the format specified.

(7) Property excluded from rate base (Schedule B-2.5)

For the rate area under consideration, identify all company owned property, other than property held for future use, included in the total company plant in service but excluded from the total plant in service rate base for reasons other than rate area allocation. Identify those excluded properties that produce income or for which expenses other than depreciation expense, property taxes are included in the income statement. Show for each case the income and/or expense account number along with the test year income and/or expense realized.

(C) Depreciation

(l) Reserve for accumulated depreciation (Schedule B-3)

DOMLEC shall provide the information as requested on the Schedule B-3 showing a breakdown by account for each major property grouping.

(2) Adjustments to the reserve for accumulated depreciation (Schedule B-3.l)

Each adjustment made to depreciation reserve on Schedule B-3 shall be fully explained on Schedule B-3.1. A B-3.1 schedule shall be completed for each depreciation reserve adjustment and shall identify each account and subaccount to which adjustments were made. All information shall be provided on this schedule or referenced to a specific working paper.

(3) Depreciation accrual rates and reserve balances by accounts (Schedule B-3.2)

Provide all information as requested on Schedule B-3.2. Plant investment shall be provided by individual account and/or subaccount as required to compute depreciation expense. Current book accrual rates and related data shall be provided in the format as specified in columns (F) through (J).

If the utility proposes to revise its accrual rates for book purposes, the utility shall expand Schedule B-3.2 to include columns (K) through (O) and shall provide on a proposed basis, the same type of data as specified in columns (F) through (J).

(4) Depreciation reserve accruals, retirements, and transfers (Schedule B-3.3)

Provide in the level of detail maintained by the utility, the total company balances, depreciation/amortization expense accruals, salvage, cost of removal, and transfers in the format indicated on Schedule B-3.3 which occurred. If transfers are a normal course of events in a particular account, only a general description (under the column "explanation of transfers") of the nature of the transfer is required.

(5) Depreciation reserve and expense for lease property (Schedule B-3.4)

For each leased property and improvements to leased properties that are shown on Schedule B-2.4, provide the information requested on Schedule B-3.4.

(D) Construction Work in Progress

(l) Construction work in progress (Schedule B-4)

Provide a list of all construction projects in progress which have been included in the proposed rate base. DOMLEC shall also identify those projects which when completed will replace existing plant in service.

(2) Construction work in progress - per cent complete (time) (Schedule B-4.l)

Provide a list of construction projects in progress which are included in Schedule B-4. The list shall include all information specified in Schedule B-4.l and shall be in the format indicated.

(3) Construction work in progress - per cent complete (dollars) (Schedule B-4.2)

For the same construction projects listed on Schedule B-4.1, provide the information specified on Schedule B-4.2 in the format indicated.

(E) Working Capital

(l) Allowance for working capital (Schedule B-5)

Provide a summary schedule showing the calculation of working capital included in the proposed rate base. Show each individual component and describe the methodology used to calculate each component.

(2) Miscellaneous working capital items (Schedule B-5.1)

Provide the test year average (thirteen months), and the balances of items specified on Schedule B-5.1, if applicable, and reflected in the computation shown on Schedule B-5. Allocate the average balances using appropriate allocation factors.

The information to be provided on this schedule for each item may be in a summary form, provided that the detail and calculation be included in working papers. These working papers shall be keyed to the appropriate item on the schedule and made available to the commission staff as specified in the "General Instructions."

(F) Other Rate Base Items

(1) Other rate base items summary (Schedule B-6)

In column (1) of Schedule B-6, provide the total company balances for customers' advances for construction, contributions in aid of construction (CIAC) (if not already netted against gross plant in Schedule B -2.1), unamortized investment tax credit, all accumulated deferred income taxes, CUSTOMER DEPOSITS, and any other rate base items. All accumulated deferred income taxes balances shall be provided in the detail and format as specified on Schedule B-6. Total company data contained in column (1) shall be traceable directly to the general ledgers and/or subsidiary ledgers. Any adjustments to the balances, including deferred income tax balances not used as rate base deductions, shall be made in column (4) and supported on Schedule B-6.1.

(2) Adjustments to other rate base items (Schedule B-6.1)

Each adjustment made to other rate base items on Schedule B-6 shall be fully explained in Schedule B-6.1. A B-6.1 schedule shall be completed for each adjustment made on Schedule B-6 and shall identify each account and subaccount to which adjustments were

made. All information shall be provided on this schedule or referenced to a specific working paper.

(3) Contributions in aid of construction by accounts and subaccounts (Schedule B-6.2)

Provide the information required on Schedule B-6.2 for the CIAC balances shown on Schedule B-6.

(G) CWIP allowances (Schedule B-7)

Provide the data requested on Schedule B-8 for each CWIP project which was included and which was placed in service at the time of this filing. If a project was begun and will not be completed by the expected effective date of rates in the current filing, include it on the schedule.

Rate Base Summary
As of _____

Data: __Actual ___Estimated
1
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).

Schedule____B-

Page __ of __

Company Line No.	Rate Base Component	Supporting Schedule Reference	Proposed Amount
1	Plant in service/Fixed Capital	B-2	$
2	Reserve for accumulated depreciation	B-3	()
3	Net plant in service (1 + 2)		$
4	Construction work in progress ___% complete	B-4	
5	Working capital allowance	B-5	
6	Contributions in aid of construction	B-6	()
7	Other rate base items	B-6	()
8	Rate base (3) thru (7)		$_____

Plant in Service Summary by Major Property Groupings*
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-2
Page __ of __

Line No.	Major Property Groupings	Total Company	Allocation %	Allocated Total	Adjustments	
1	Generation	$	$	$	$	
2	Transmission					
3	Distribution					
4	Completed construction not classified					
5	Other (specify)					
7	TOTAL	$		$	$	$

Plant in Service by Accounts and Subaccounts
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-2.1
Page __ of __

Line No.	Acct. No.	Account Title	Total Company	Allocation %	Allocated Total	Adjustments	
			$		$	$	$
	TOTAL		$		$	$	$

Adjustments to Plant in Service
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-2.2
Page __ of __

Line No.	Acct. No.	Account Title	Total Company Adjustment	Allocation %

Adjustment Title

(Plant accounts and subaccounts affected by adjustment)

Total Plant Adjustment

Description and Purpose of Adjustment

Gross Additions, Retirements, and Transfers
From _____ To _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-2.3
Page __ of __

Line No.	Acct. No.	Account Title	Beginning Balance	Additions	Retirements	Transfers/Reclassifications: Amount	Transfers/Reclassifications: Explanation of Transfers	Transfers/Reclassifications: Other Accts. Involved	Ending Balance
			$	$	$	$			$

(
Lease Property
(Total Company)
As of_____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-2.4
Page __ of __

Identification or Reference Number	Description of Type and Use of Property	Name of Leasee	Frequency of Payment	Amount of Lease Payment	Dollar* Value of Property Involved	Explain Method of Capitalization	Included In Rate Base (Yes/No)

*If not available, an estimate shall be furnished.

Property Excluded from Rate Base
(For Reasons Other Than Rate Area Allocation)
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-2.5
Page __ of __

Line No.	Account No.	Description of Excluded Property	In-Service Date	Original Cost	Accum. Depre.	Net Original Cost	Test Year Revenue & Expense Amount	Acct. No.	Descrip.	Reasons for Exclusion

Reserve for Accumulated Depreciation*
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-3
Page __ of __

Line No.	Acct. No.	Major Property Groupings & Account Titles	Total Company Plant Investment	Reserve Balances: Total Company	Allocation %	Allocated Total	Adjustments	
		Generation	$	$		$	$	$
		Total Genration						
		Transmission						
		Total Transmission						
		Distribution						
		Total Distribution						
		Other (Specify)						
		Total Other						
		TOTAL	$	$		$	$	$

Adjustments to the Reserve for
Accumulated Depreciation
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-3.1
Page __ of __

_____

Line No.	Account No.	Account Title	Total Company Adjustment	Allocation %

Adjustment Title

(Reserve accounts and subaccounts affected by adjustment)

Total Reserve Adjustment

Description and Purpose of Adjustment

Depreciation Accrual Rates and
Reserve Balances by Accounts
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:
Responsible:

Schedule B-3.2
Page __ of __
Witness

_____

Line No. (A)	Acct. No. (B)	Account Title (C)	Plant Investment (D)	Reserve Balance (E)	Current Accrual Rate* (F)	Calculated Depr. Expense (G=DxF)	% Net Salvage* (H)	Average Service Life* (I)	Curve Form* (J)
			$	$		$			

Columns (F), and (H) through (J) small represent depreciation values as prescribed by the commission for booking purposes. If such values have not been prescribed by this commission, the utility shall so indicate on schedule by footnote.

Depreciation Reserve Accruals, Retirements, and Transfers
From _____To _____

Data: ___Actual ___Estimated
Type of Filing: ___Original ___Updated ___Revised
Work Paper Reference No(s).:

Schedule B-3.3
Page ___ of ___

Line Accts. No.	Ending Description	Beginning Balance	Accruals	Salvage	Retirements	Cost of Removal	Transfers/Reclassifications Amount	Explanation of Transfers	Other Involved	Balance
		$	$	$	$	$	$			$

Depreciation Reserve and Expense for Leased Property
(Total Company)
As of _____

Data: ___Actual ___Estimated
Type of Filing: ___Original ___Updated ___Revised
Work Paper Reference No(s).:
Responsible:

Schedule B-3.4
Page ___ of ___
Witness

Identification or Reference Number	Account No.	Account Title	Dollar* Value of Plant Investment	Accumulated Depreciation/ Amortization Reserve	Accrual Rate/ Amortization Period	Depreciation Expense/ Amortization Expense	Explain Method of Depreciation/ Amortization	Included in Rate Base (Yes/No)

*If not available, an estimate shall be furnished

Construction Work in Progress
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-4
Page __ of __

Line No.	Estimated Physical Project Percent Completion	Description of Project	Accumulated Costs: Construc. Dollars	AFUDC Capitalized	Total Cost	Allocation %	Total Cost at Date	Certain
(A)	(B)	(C)	(D)	(E)	(F=D+E)	(G)	(H)	(I)
			$	$	$		$	
Generation								Projects
		Total Generation Project						
Transmission Projects								
		Total Transmission Projects						
Distribution								Projects
		Total Distribution Projects						
Other Projects								
		Total Other Projects						
TOTAL CWIP PROJECTS								

Construction Work in Progress - Percent Complete (Time)
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-4.1
Page __ of __

_____

Line No.	Project No.	Date Construction Work Began	Estimated Project Completion Date	Elapsed Days: Beginning to Date certain	Elapsed Days: Beginning to Estimated Completion	% Completion
(A)	(B)	(C)	(D)	(E)	(F)	(G)=(E)÷(F)

Construction Work in Progress - Percent Complete (Dollars)
As of _____

Data: ___Actual ___Estimated
Type of Filing: ___Original ___Updated ___Revised
Work Paper Reference No(s).:

Schedule B-4.2
Page ___ of ___
:

		Most Recent Budget Estimate				Project Expenditures As of Date Certain*		Date Certain Completion %	
Line No. (A)	Project No. (B)	Constr. Dollars (C)	AFUDC (D)	Total (E) = (C) + (D)	Constr. Dollars Trended** (F)	Constr. Dollars (G)	Constr. Dollars Trended** (H)	Constr. Dollars (I) = (G) ÷ (C)	Constr. Dollars Trended (J) = (H) ÷ (F)

* All figures except (D) and (E) shall exclude AFUDC.
** Trended to reflect purchasing power as of date certain.

Allowance for Working Capital
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-5
Page __ of __

_____

Line No.	Working Capital Component	Description of Methodology Used to Determine Requirements	Working Paper Reference No.	Total Company	Allocation %
				$	$
TOTAL					

Miscellaneous Working Capital Items
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-5.1
Page __ of __

Line No.	Description	13 Month Average for Test Year Total Company	Allocation %
		(1)	(2)
(1)	Customers' Deposits		
(2)	Interest on Customers' Deposits [(1) x Rate of Interest]		
(3)	Fuel Stock		
(4)	Plant Materials & Operating Supplies - Total		
(5)	M & S Held for Construction, Additions and Extensions		
(6)	Uncollectible Balance (By Account)		
(7)	Other (Specify & List)		

Other Rate Base Items Summary
As of

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-6
Page __ of __

Line No.	Account No.	Description	Total Company (1)	Allocation % (2)	Allocated Total (3)	Adjustments (4)
		Customers' Advances for Construction				
		CUSTOMERS' DEPOSITS				
		Contributions in Aid of Construction				
		Deferred Income Taxes:				
		Accelerated Amortization				
		Liberalized Depreciation				
		Other (Specify and list separately)				
		TOTAL Deferred Income Taxes				
		Other (Specify and list separately)				
		TOTAL Other Rate Base Items				

(Company)
REF No. _____

Adjustments to Other Rate Base Items
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-6.1
Page __ of __

Line No.	Acct. No.	Account Title	Total Company Adjustment	Allocation %

Adjustment Title

(Accounts and subaccounts affected by other rate base items adjustment)

Total Adjustment

Description and Purpose of Adjustment

Contributions in Aid of Construction by Accounts and Subaccounts
As of _____

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-6.2
Page __ of __

Line No.	Acct. No.	Account Title	Total Company	Allocation %	Allocated Total	Adjustments	
			$		$	$	$
	TOTAL		$		$	$	$

CWIP Allowances

Data: __Actual ___Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule B-7
Page __ of __

Line No.	Allowance Project Included No.	Description of Project	Prior Case Reference(s)	Effective Date Of Rates Including CWIP	In Date Project	Service of In Rates
(A)	(B)	(C)	(D)	(E)	(F)	(G)
						$
Total CWIP allowances						

Schedule C - Operating Income

Company _____

REF No. _____

Test year _____

C-1	Pro forma Income statement
C-2	Adjusted test year operating income
C-2.1	Operating revenues and expenses by accounts
C-3	Summary of adjustments to test year operating income
C-3.1	Detailed adjustments
C-4	Customer service and information, sales, and general advertising expense
C-5	Operation and maintenance payroll costs
C-5.1	Total company payroll analysis by employee classification/payroll distribution
C-6.1	Comparative balance sheet for the most recent five calendar years
C-6.2	Comparative income statement for the most recent five calendar years
C-7.1	Revenue statistics - total company
C-7.2	Analysis of reserve for uncollectible accounts

Section C
Operating Income
Instructions

(A) General

Account classifications

The schedules included in section C "Operating Income" do not prescribe specific account classifications in order that the schedules may be applicable the utility's discretion. DOMLEC shall use account classifications as provided GAAS.

(B) Operating Income Schedules

(1) Proforma Income Statement (Schedule C-1)

Provide the proforma income statement for the rate review as requested, both at the current rates and at the proposed rates. The operating income statement shall be in the format specified in Schedule C-1. Revenues reported on this schedule, both at current and proposed rates, shall be supported by and equal to revenue calculated at Schedule E .

(2) Adjusted test year operating income (Schedule C-2)

Provide an operating income statement in the format specified on the appropriate Schedule C-2.

(3) Operating revenues and expenses by account (Schedule C-2.1)

Provide a detailed operating income statement account in generally the same format as specified on Schedule C-2.1. The column labeled "total utility" shall represent the total of the monthly operating revenues and expenses and shall be traceable directly to the general ledger and/or the corporate budget(s) relating to any portion of the test year.

(C) Adjustments to Operating Income

(1) Summary of j adjustments to operating income (Schedule C-3)

Summarize each adjustment to operating revenues and/or expenses at current rates in Schedule C-3. For each adjustment show the impact upon the related element of operating income. Each adjustment shall be referenced by title of adjustment to the appropriate supporting schedules.

The classifications and adjustment titles are provided only as examples since adjustments will vary from company to company.

(2) Titles of adjustments (Schedules C-3.1, .2, .3, etc.)

Provide for each adjustment included on Schedule C-3 a separate schedule showing:

(a) Purpose and description of the adjustment.

(b) Summary calculations of the adjustment as it affects the elements of operating income as detailed on Schedule C-3.

(D) (1) Customer service and informational, sales, and miscellaneous advertising expense or marketing expense (Schedule C-4)

If included in test year operating expenses, provide the amounts charged to each of the accounts listed on the Schedule C-4 applicable to the utility. Amounts listed under each account shall be broken down between labor and other than labor.

(2) Operation and maintenance payroll costs (Schedule C-5)

Provide a schedule showing the distribution of the test year operation and maintenance (O&M) payroll costs for the total utility as specified in Schedule C-5. Itemize and total the "other benefits" and "other payroll taxes". O&M labor, other benefits and payroll taxes must agree with the O&M amounts as included in Schedules C-2 and C-2.1.

(3) Total company payroll analysis by employee classifications/payroll distribution (Schedule C-5.1)

Provide the payroll analysis as specified on Schedule C-9.1 for the most recent five calendar years and the test year. One form shall be completed for the total company data and one form for each of the utility's employee classification or payroll distributions.

(E) Historical Data

(1) Comparative balance sheets for the most recent five calendar years (Schedule C 6.1)

Provide for the total company summary balance sheets for the most recent five calendar years, and as of the date certain. Include any applicable notes and an explanation of any significant accounting changes.

This schedule shall show the total company assets, liabilities, and net worth, whether the application covers the entire company service area or only a portion of its service area. Balance sheets shall be constructed in accordance with the regulatory annual report form filed with the commission.

If balance sheet actual figures are not available at the time the original application is filed, the actual date certain balance sheet shall be provided with the two month update filing.

(2) Comparative income statements for the most recent five calendar years (Schedule C 6.2)

Provide a total company comparative income statement for the most recent five calendar years and the test year. Include any applicable notes and an explanation of any significant accounting changes.

This schedule shall show the total company completes income statements.

If the applicant has "other income" exceeding 5% of utility operating income, provide separately a schedule in the form of an income statement showing the derivation of the "other income" amount. Revenues or income on this schedule shall be categorized consistent with the applicant's normal accounting practices except that no category shall be larger than 1% of the applicant's gross operating income.

(3) Sales and revenue statistics (Schedules C 7.1 and C 7.2)

DOMLEC shall provide for the total the sales and revenue statistics.

(4) Analysis of reserve for uncollectible accounts (Schedule C-8)

Provide a total company analysis of uncollectibles for the three most recent calendar years and the test year in the format specified on Schedule C-8

Income Statement

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line No.	Description	Adjusted Revenue & Expenses	Proposed Increase
	Operating Revenues	$	$
	Operating Expenses		
	Operation & Maintenance		
	Depreciation		
	Taxes - Other		
	Operating Expenses Before Income Taxes		
	Income Taxes		
	Total Operating Expenses		
	Net Operating Income	$	$
	Rate Base	$	
	Rate of Return	%	

[1] Pro forma Income Statement is a projected Income Statement. Pro forma in this context means projected. An income statement is the same as a profit and loss statement, a financial statement that shows sales, cost of sales, gross margin, operating expenses, and profits.

Adjusted Test Year Operating Income

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line No.	Description	Unadjusted Revenue & Expenses	Adjustments
	Operating Revenues		
		$	$
	Fuel Revenues		
	Other Operating Revenues		
	Total Operating Revenues		
	Operating Expenses		
	Fuel		
	Other Operation and Maintenance		
	Total Operation and Maintenance		
	Depreciation		
	Income Taxes		
	Total Operating Expenses		
	Net Operating Income	$	$

Operating Revenue and Expenses by Accounts
For the Twelve Months Ended _____

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line No.	Acct. No.	Account Title	Unadjusted Total Utility (1)
			$

Summary Adjustments to Operating Income
For the Twelve Months Ended _____

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule Reference	Title of Adjustment
	Operating Revenue Adjustments
C-3.1	Base Rate Revenue
C-3.2	
	Total Base Revenue Adjustment
C-3.3	Fuel Cost Revenue
	Other Operating Revenue Adjustments:
C-3.4	Forfeited Discount
C-3.5	
C-3.6	
	Total Other Revenue Adjustments
	Total Revenue Adjustments
	Operating Expense Adjustments
C-3.7	Fuel
	Other Operation and Maintenance:
C-3.8	
C-3.9	
C-3.10	
C-3.11	
	Total Other Operation and Maintenance
C-3.12	Depreciation
C-3.13	Taxes
	Total Expense Adjustments

Title of Adjustment
For the Twelve Months Ended _____

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Purpose and Description

Total Adjustment

Note: Individual adjustment schedules shall not show effect of Taxes

Customer Service and Informational, Sales, and
General Advertising Expense*
For the Twelve Months Ended _____

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line No.	Account Total No.	Description of Expenses
		Customer Service and Informational Expenses
	907	Supervision
	908	Customer Assistance
	909	Informational & Instructional Advertising
	910	Misc. Customer Service & Informational
		Sales Expense
	911	Supervision
	912	Demonstration & Selling
	913	Advertising
	916	Misc. Sales Expense
	930.1	General Advertising Expense

Operation and Maintenance Payroll Costs
For the Twelve Months Ended _____

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule C-5
Page __ of __

Line No.	Description	Total Company Unadjusted	Allocation %	Operation and Maintenance Expense Adjustments	Total Adjusted
1	Payroll Costs:				
2	Labor	$		$	$
3	Employee Benefits				
4	Pension				
5	Other Benefits (Specify & List)	_____		_____	_____
6	Total Benefits				
7	Payroll Taxes				
13	Total Payroll Costs	$_____		$_____	$_____

Total Company Payroll Analysis
by Employee Classifications/Payroll Distribution
For the Twelve Months Ended _____

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule C-5.1
Page ___ of ___

Line No.	Description	Most Recent Five Calendar Years 20XX	20XX	20XX	20XX	20XX	Year	Test Year
1	Manhours							
2	Straight-Time Hours							
3	Overtime Hours							
4	Total Manhours							
5	Ratio of Overtime Hours to Straight-Time Hours							
6	Labor Dollars	$	$	$	$	$		$
7	Straight-Time Dollars							
8	Overtime Dollars							
9	Total Labor Dollars	$	$	$	$	$		$
10	Ratio of Overtime Dollars to Straight-Time Dollars							
11	O&M Labor Dollars	$	$	$	$	$		$
12	Ratio of O&M Labor Dollars to Total Labor Dollars							
13	Total Employee Benefits	$	$	$	$	$		$
14	Employee Benefits Expensed							
15	Ratio of Benefits Expensed to Total Benefits							
16	Total Payroll Taxes	$	$	$	$	$		$
17	Payroll Taxes Expensed							
18	Ratio of Payroll Taxes Expensed to Total Payroll Taxes							
19	Average Employee Levels							
20	Year End Employee Levels							

Comparative Balance Sheets (Total Company)
As of _____ and December 31, 20xx - 20xx

Schedule C-6.1
Page __ of __

Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line No.	Description	Most Recent Five Calendar Years 20XX	20XX	20XX	20XX	20XX	
	Assets and Other Debits	$	$	$	$	$	$
		$	$	$	$	$	$
	Liabilities and Other Credits	$	$	$	$	$	$
		$	$	$	$	$	$

Comparative Income Statements (Total Company)
20xx - 20xx and the Twelve Months Ending _____

Schedule C-6.2
Page __ of __

Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line No.	Description	Test Year	Most Recent Five Calendar Years 20XX	20XX	20XX	20XX	20XX
	Operating Revenues	$	$	$	$	$	$
	Total Operating Revenues						
	Operating Expenses						
	Total Operating Expenses						
	Net Operating Income						
	Other Income and Deductions						
	Total Other Income & Deductions						
	Net Income	$	$	$	$	$	$

Revenue Statistics - Total Company
20xx - 20xx and the Twelve Months Ending _____

Schedule C-7.1
Page __ of __

Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line		Most Recent Five Calendar Years					Test	Five Projected				
Calendar Years												
No.	Description	20XX	20XX	20XX	20XX	20XX	Year	20XX	20XX	20XX	20XX	20XX
	Revenue by customer class:											
	Residential	$	$	$	$	$	$	$	$	$	$	$
	Commercial											
	Industrial											
	Other											
	Total											
Number of customers by class[1]:												
	Residential											
	Commercial											
	Industrial											
	Other											
	Total											
Average Revenue per customer[2]:												
	Residential	$	$	$	$	$	$	$	$	$	$	$
	Industrial											
	Other											

(Company)
REF No. _____

[1] Provide number of customers for both a twelve-month average and at year end.

[2] The number of customers shall be the twelve-month average number of customers.

Sales Statistics - Total Company
20xx - 20xx and the Twelve Months Ending _____

Schedule C-7.2
Page __ of __

Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line		Most Recent Five Calendar Years					Test	Five Projected				
Calendar Years												
No.	Description	20XX	20XX	20XX	20XX	20XX	Year	20XX	20XX	20XX	20XX	20XX
	Sales by customer class:											
	Residential											
	Commercial											
	Industrial											
	Other											
	Total											
Number of customers by class ([1]):												
	Residential											
	Commercial											
	Industrial											
	Other											
	Total											
Average sales per customer ([2]):												
	Residential											
	Commercial											
	Industrial											
	Other											

[1] Provide a number of customers for both a twelve-month average and at year end.

[2] The number of customers shall be the twelve-month average number of customers.

Analysis of Reserve for Uncollectible Accounts
20xx - 20xx and the Twelve Months Ending _____

Schedule C 8
Page __ of __

Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line No.	Description	Most Recent Three Calendar Years ~~19~~20XX	~~19~~20XX	~~19~~20XX	Test Year
(1)	Reserve at Beginning of Year	$	$	$	$
(2)	Current Year's Provision				
(3)	Recoveries				
(4)	Amount Charged Against Reserve				
(5)	Reserve at End of Year	$	$	$	$
(6)	Net Write Off Ratio [(4) - (3)]/(5)	%	%	%	%
(7)	Uncollectible Expense/Provision Ratio (2)/(5)	%	%	%	%

If lines (6) and (7) differ, provide the reasons for the difference.

Schedule D - Rate of Return

Company _____

REF No. _____

Test year _____

D-1	Rate of return summary
D-2	Embedded cost of short-term debt
D-3	Embedded cost of long-term debt
D-4	Embedded cost of stock
D-5	Comparative financial data

Section D
Rate of Return
Instructions

General

Provide all data requested in schedule "D" applicable to DOMLEC submitting an application for adjustment of utility rates

(A) Rate of Return Summary (Schedule D-1)

Provide a proposed rate of return summary schedule as of the most recent available historic calendar quarter showing the calculation of the weighted average cost of capital as illustrated in Schedule D-1, lines 1-4. If the rate of return shown on Schedule D-1, line 4 is not the same as that shown on Schedule A-1, line 4, provide an explanation of difference.

(B) Debt and Common Stock (Schedules D-2, D-3, and D-4)

Provide supporting schedules as of the most recent available historic calendar quarter for the following:

(1) Embedded cost of short-term debt, if any, Schedule D-2.

(2) Embedded cost of long-term debt, if any, Schedule D-3.

(3) Embedded cost of common stock, if any, Schedule D-4. (Cost is computed by dividing dividends by net proceeds from the sale of each common stock issue.)

(C) Comparative Financial Data (Schedule D-5)

Provide a comparison of financial data for the test year and the five most recent fiscal years (recent fiscal year is the utility's normal annual closing, usually the calendar year) as illustrated in Schedule D-5.

(D) Definitions:

(1) "Percentage of construction financed internally" - (Net income less preferred common dividends plus depreciation plus deferred taxes and investment tax credits (net) less AFDC) ÷ (Gross construction expenditures less AFDC).

(2) "Return on average net plant in service" - (Operating income) ÷ (Average net plant in service).

(3) "Pre-tax interest coverage" - (Income available for fixed charges plus income tax expense) ÷ (Interest charges).

(4) "Indenture provision coverage" - company should provide this definition and also the minimum coverage required; if other restrictions are contained in indenture, (e.g. capitalization ratio test) list on separate page.

(5) "After-tax fixed charge coverage" - (Income available for fixed charges) ÷ (Interest charges).

(6) "Book value per share" - year-end common stock equity divided by number of common shares outstanding at year end.

(7) "Return on average total capital" - (Income available for fixed charges) ÷ (Average total capitalization including short-term debt).

(8) "Return on average common stock equity" - (Earnings on common shares) ÷ (Average common stock equity).

Rate of Return Summary

Date of Capital Structure:
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule D-1
Page 1 of 1

Line No.	Class of Capital	Reference	($) Amount	% of Total	(%) Cost	Weighted Cost (%)
1	Long-Term Debt	D-3				
2	Preferred Stock	D-4				
3	Common Equity					
4	Total Capital					
5	Accumulated Deferred Investment Tax Credit					
6	Accumulated Deferred Income Taxes (Accelerated Amortization)					
7	Accumulated Deferred Income Taxes (Other Property)					

COMMON EQUITY

DATE OF CAPITAL STRUCTURE:
TYPE OF FILING: __ORIGINAL __UPDATED __REVISED
WORK PAPER REFERENCE NO(S).:

SCHEDULE D-1.1
PAGE 1 OF 1

LINE NO.	CLASS OF CAPITAL	REFERENCE	COMMON STOCK ($) AMOUNT	PAID-IN CAPITAL ($) AMOUNT	RETAINED EARNINGS ($) AMOUNT	OTHER MISCELLANEOUS COMMON EQUITY ($) AMOUNT	INTERCOMPANY ELIMINATIONS ($) AMOUNT	TOTAL COMMON EQUITY ($) AMOUNT
1	DOMLEC							
2	TOTAL							

Embedded Cost of Short-Term Debt

Date of Short-Term Debt: Schedule D-2
Type of Filing: __Original __Updated __Revised Page 1 of 1
Work Paper Reference No(s).:

Line No.	Issue Requirement (A)	Amount Outstanding (B)	Interest Rate (C)	Interest (D)
	List			
	Totals			
	Cost of Short-Term Debt (D-B)			

Embedded Cost of Long-Term Debt

Date of Long-Term Debt:
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule D-3
Page 1 of 1

Line No.	Debt Issue Carrying Type, Coupon Value Rate (H=D + Cost*	Date Annual Issued Interest (Mo/Day/Yr)	Maturity Date (Mo/Day/Yr)	Principal Amount	Face Amount Outstand-ing	Unamort. (Discount) or Premium	Unamort. Debt Expense	Unamort. Gain or (Loss) Reacquired Debt	on E - F
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	
+ G)	(I)								
	Bonds: (List)								
	LOAN (List)								
	Notes: (List)								
	Totals								
	Embedded Cost of Long-Term debt (I ÷ H)								

* Annualized interest cost plus (or minus amortization of discount or premium plus amortization of issue costs minus (or plus) amortization of gain (or loss) on reacquired debt. Applicant may include additional computation based on "yield to maturity method." If adjustments are made for sinking fund provisions, show computation.

(Company)

Embedded Cost of Common Stock

Date of Common Stock: Schedule D-4
Type of Filing: __Original __Updated __Revised Page 1 of 1
Work Paper Reference No(s).:

Line No.	Dividend Rate, Type, Par Value (G)	Date Issued (A)	Dollar Amounts Outstanding at Par Value ($) (B)	($) Premium or (Discount) (C)	($) Issue Expense (D)	($) Gain (or Loss) on Reacquired Stock (E)	($) Net Proceeds (F=B+C-D+E)	($) Annual Dividends
	(List)							
	Total							
	Embedded Cost of Common Stock							
	G ÷ F							

If adjustments are made for sinking fund provisions show calculations.
D-1 Net proceeds should reflect amount outstanding.

Comparative Financial Data

Schedule D-5

Type of Filing: __Original __Updated __Revised

Work Paper Reference No(s).:

Line No.	Description	Test Year	Most Recent 1	2	3	4	5	6	7	8	9	10
	PLANT DATA:											
	Gross plant in service by major property groupings* (average or normal classifications)*											
	Construction work in progress by major property groupings (average) or normal classifications											
	Total											
	Percentage of construction expenditures financed internally											
	CAPITAL STRUCTURE: (dollars based upon year-end accounts)											
	Long-term debt											
	Common equity											
	CONDENSED INCOME STATEMENT DATA:											
	Operating revenues											
	Operating expenses (excluding F.I.T.)											
	income tax (current)											
	income tax and investment tax credits (deferred) (net)											
	Operating income											
	AFUDC											
	Other income (net)											

* Also include net plant in service for each type of utility service.

Comparative Financial Data

Schedule D-5
Page 2 of 4

Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line No.	Description	Test Year	Most Recent 1	2	3	4	5	6	7	8	9	10
		Calendar Years										
	INCOME AVAILABLE FOR FIXED CHARGES:											
	Interest charges											
	Net income											
	Preferred dividends											
	Earnings available for common equity											
	AFDC - % of earnings available for common equity											
	COSTS OF CAPITAL:											
	Embedded cost of long-term debt %											
	Embedded cost of preferred stock											
	FIXED CHARGE COVERAGE:											
	Pre-tax interest coverage											
	Pre-tax interest coverage (excluding AFDC)											
	After tax interest coverage											
	Indenture provision coverage											
	After tax fixed charge coverage											

Comparative Financial Data

Date Certain: Schedule D-5
Type of Filing: __Original __Updated __Revised Page 3 of 4
Work Paper Reference No(s).:

							Most				Recent	
Calendar Years												
Line No.	Description	Test Year	1	2	3	4	5	6	7	8	9	10
	COMMON STOCK RELATED DATA:											
	Shares outstanding - Year-end											
	Shares outstanding - Weighted average (monthly)											
	Earnings per share - Weighted average											
	Dividends paid per share											
	Dividends declared per share											
	Dividend payout ratio (declared basis)											
	Market price - High, (low)											
	1st quarter											
	2nd quarter											
	3rd quarter											
	4th quarter											
	Book value per share (year-end)											
	RATE OF RETURN MEASURES:											
	Return on common equity (average)											

Comparative Financial Data

Schedule D-5
Page 4 of 4

Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Line No.	Description	Test Year	Most Recent 1	2	3	4	5	6	7	8	9	10
	Calendar Years											
	Return on total capital - average											
	Return on net plant in service (average) - Total company ***											
	OTHER FINANCIAL AND OPERATING DATA:											
	Mix of sales											
	Mix of fuel											
	Composite depreciation rates											

Schedule E - Rate and Tariffs

Company _____

REF No. _____

Test year _____

E-1	CLEAN copy of proposed tariff schedules
E-2	CLEAN copy of current tariff schedules
E-2.1	SCORED AND REDLINED COPY OF CURRENT TARIFF SCHEDULES SHOWING ALL PROPOSED CHANGES
E-3	Narrative rationales for tariff changes
E-3.1	Customer charge/minimum bill rationale
E-3.2	Cost of service study
E-4	Class and schedule revenue summary
E-4.1	Annualized test year revenues at proposed rates vs. most current rates
E-4.2	Actual test year revenue at actual rates
E-5	Typical bill comparison

Section E

Rate and Tariffs
Instructions

(A) General

Rates and Tariffs Definition of Terms:

(1) "Actual fuel costs" - unit cost for the test year of fuel costs.
(2) "Annualized " The per unit fuel cost is annualized by multiplying by the volume of sales appropriate to the specific schedule.
(3) "Annualized sales" - sales volumes adjusted from test year by normalization of sales because of unusual circumstances.
(4) "Average price" - computed by dividing revenue by unit sales. Average price will differ from actual rate in effect during the test year only if there has been a change in rates during the test year.
(7) "Level of demand" - demand changes associated with classifications of electric energy users.
(8) "Level of usage" - specific consumption per month of a commodity (e.g., 740 kwh).
(9) "Most current rate" - rate per unit in effect at the time the application was filed.
(10) "Proposed rate" - the noticed rate
(11) "Demand ratchet" - any provision which utilizes customer demands in prior billing periods for establishing minimum billing demand.

(B) Current and Proposed Rate Schedules

(1) CLEAN copy of proposed tariff schedules (Schedule E-1)

(2) Current tariff schedules
(A) CLEAN COPY OF CURRENT TARIFF SCHEDULES ((SCHEDULE E-2)
(B) SCORED AND REDLINED COPY OF CURRENT TARIFF SCHEDULES SHOWING ALL PROPOSED CHANGES (SCHEDULE E-2.1) DESIGNATE in the margin the type of proposed change by using the following designation:

(C) - To signify changed regulations;
(D) - To signify discontinued rate or regulation;
(I) - To signify increased rate;
(R) - To signify reduced rate;
(S) - To signify reissued matter;
(T) - To signify a change in text, but no change in rate or regulation.

Identify each page with Schedule E-2 AND E-2.1, page ___ of ___ in the upper right hand corner of the schedule.

(3) Rationale for tariff changes (Schedule E-3)

Provide the rationale, on Schedule E-3, underlying the proposed changes to the tariff. Changes common to multiple rate forms need only be discussed once (e.g., minimum bill charges have been increased above ten per cent on all rates because _____). Provide the rationale explaining rates which have not been changed or not changed as significantly as other rates in a general revenue change proposal. Provide a specific source of data supporting each rationale for change. The source of data need not be submitted with the application but must be available for future request. Reference the appropriate current or proposed rate schedules to which the rationale is applicable. Use the proper schedule and page number.

DOMLEC may elect to code the rationale statements by letter in the rate column. The rationale applicable to the various rates can be indicated by adding a column to Schedule E-4.1, headed "rationale code," and including on the schedule the code letters for each rationale applicable to each rate.

(4) Customer charge/minimum bill rationale (Schedule E-3.1)

DOMLEC must provide the methodologies utilized in the calculation of any proposed customer charge or minimum bill as well as the accounts and the amount per account used in such calculation.

(5) Cost of service study (Schedule E-3.2)

(C) Revenue Summary

(1) General instructions

(a) Provide separately the information required by Schedules E-4 and E-4.1 for services and/or equipment subject to commission tariffs or contracts, but not a part of the rate increase application. Separate line items are required for each revenue source greater than one per cent of total utility operating revenue. Revenue sources may be classified according to rate classifications, tariff schedules type of contract, type of equipment, and use of service or functional nature, classifications used must be specified.

(b) Schedules pursuant to paragraph (C)(1)(a) above are required to be filed with any application to increase rates.

(c) DOMLEC should maintain records sufficient to complete Schedules E-4.1 and E-4.2, when applicable, within thirty days, pursuant to data requests.

(D) THE PROPOSED REVENUE TOTAL ON SCHEDULE E-4 MUST MATCH THE PROPOSED REVENUE ON SCHEDULE C-2

(2) (a) Class and schedule revenue summary (Schedule E-4)

Provide the information required on Schedule E-4 by carrying forward the class and rate schedule totals from Schedule E-4.1 and performing the calculations required. For columns G and L, the rate schedule percentages should be expressed as a percentage of the class revenue and the class percentage should be expressed as a percentage of total revenue. In Column H:

(i) Specify the fuel cost in cents per kwh used in the revenue calculations.

Narrative Rationale for Tariff Changes

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule E-3
Page __ of __

Rate	Type	Explanation of Change	Rationale for Change	Data Reference

(Company)
REF No. _____
Proposed
Class and Schedule Revenue Summary

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule E-4
Page __ of __

			Proposed Annualized						
Line No.	Rate Code (A)	Class/ Description (B)	Customer Bills (C)	Sales KW/KWH (D)	Proposed Rate (E)	Proposed Revenue Less Fuel Cost Revenue (F)	% of Revenue To Total Exclusive of Fuel Costs (G)	Annualized Fuel Cost Revenue (H)	Proposed Revenue Total (I)

Current Class and Schedule Revenue Summary

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule E-4
Page __ of __

Line No.	Rate Code (A)	Class/ Description (B)	Customer Bills (C)	Sales KW/KWH (D)	Current Annualized: Most Current Rate (J)	Current Annualized: Current Annualized Revenue Less Fuel Cost Revenue (K)	Current Annualized: % of Revenue to Total (L)	Increase Less Fuel Costs (M = F - K)	% Increase in Revenue Less Fuel Cost Rev. (N = F - K / K)	Total Revenue % Increase (O)

Current Annualized Test Year Revenues at Proposed Rates vs.
Most Current Rates

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule E-4.1
Page __ of __

Line No.	Rate Code (A)	Class/De-scription (B)	Customer Bills (C)	Sales KW/KWH MCF/MLB (D)	Current Annualized: Most Current Rate (J)	Current Annualized: Current Annual-ized Revenue Less Gas of Fuel Cost Revenue (K)	Current Annualized: % of Revenue to Total (L)	Increase Less Gas or Fuel Costs (M=F-K)	% Increase in Revenue Less Gas or Fuel Cost Rev. (N=F-K)/(K)	Total Revenue % Increase (O)

Actual Test Year Revenue
at Actual Rates

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule E-4.2
Page __ of __

				Test Year Actual						
Line No.	Rate Code (A)	Schedule/ Description (B)	Customer Bills (C)	Actual Sales KW/KWH MCF/LB (D)	Test Year Revenue Less Fuel Cost Revenue (E)	Average Rate (F=E÷D)	% of Revenue to Total Exclusive of Fuel Costs (G)	Actual Gas or Fuel Cost Revenue (H)	Revenue Total (I=E+H)	% of Revenue to Total (J)

Typical Bill Comparison

Data: __ Months Actual & ___ Months Estimated
Type of Filing: __Original __Updated __Revised
Work Paper Reference No(s).:

Schedule E-5
Page __ of __

		Bill Data (Less Fuel Cost)									
Line No.	Rate Code	Level of Demand (A)	Level of Usage (B)	Current Bill (C)	Proposed Bill (D)	Dollar Increase (E=D-C)	% Increase (F=E÷ C)	Annualized Fuel Cost Additions to Bill (G)	Current Bill Inc. Fuel Costs (H=C+G)	Proposed Bill With Fuel Costs (I=D+G)	% Change (J=I-H)/(H)