

- 1 Q. Provide details of the determination of the rate proposed for Interruptible A,  
2 Emergency Power and Exceptional Power (PRH, Schedule I).  
3  
4  
5 A. The demand charge portion of the Industrial Non-firm Rate is not a  
6 specifically calculated, cost-based charge. Rather it is a charge to reflect  
7 some value of the generation plant in place to provide the non-firm service.  
8 The calculation below reflects the demand related production costs adjusted  
9 to remove a portion of the cost that is representative of the cost of providing  
10 the reserve margin associated with providing firm supply. The actual rate  
11 being proposed is \$1.50 as it reflects a reasonable value in light of the  
12 calculation below. The energy charge portion is to recover the fuel related  
13 costs of providing the non-firm energy.

	<b>Production Demand Costs</b>		
	<b>Hydraulic</b>	<b>Thermal</b>	<b>Total</b>
<b>Depreciation Expense per COS Sch. 2.5A</b>			
<b>Production</b>	\$ 1,301,396	\$ 2,974,974	\$ 4,276,370
<b>Trans/Term Stations</b>	351,186	198,108	549,294
<b>Sub-Total</b>			\$ 4,825,664
<b>O&amp;M Expenses per COS Sch. 2.4A</b>			
<b>Production</b>	\$ 3,013,873	\$ 10,733,870	\$ 13,747,743
<b>Trans/Term Stations</b>	625,417	287,370	912,787
<b>Overheads</b>			11,401,822
<b>Sub-Total</b>			\$ 26,062,352
<b>Total</b>			\$ 30,888,016
<b>System Firm Peak (kW) per COS Sch. 4.2</b>			1,259,335
<b>Average annual cost per kW</b>			\$ 24.53
<b>Reserve Adj @ 18.5% per kW</b>			(4.54)
<b>Net Annual Cost per kW</b>			\$ 19.99
<b>Net Monthly Cost per kW</b>			\$ 1.67