

1 **MLP-FEA-2-37:** With regard to the Prefiled Testimony of Larry Blank at
2 page 8, have you completed a survey that shows how many utilities classify generation on the
3 basis of the A&E method? If so, please provide the results.

4 **Response:** Yes, for the Western United States. Please see attached survey report,
5 which was attached to Direct Testimony of Larry Blank in Arkansas PSC Docket No. 13-028-U
6 on behalf of the Hospitals and Higher Education Group ("HHEG"). A summary of the survey
7 from that testimony is the following:

8 "HHEG commissioned a survey of 20 states west of the Mississippi River plus the
9 State of Mississippi on production allocation methods.¹ Of these 21 states, only
10 4.5 use some variant of an Energy & Peak methodology, and two of these, Utah
11 and Wyoming, do not use system load factor to determine the energy/demand
12 split. Instead, these two states define only 25% as energy-related and 75% as
13 demand-related costs. PacifiCorp in Idaho also uses a 25/75 split for energy-
14 related and demand-related, respectively. Arizona companies are divided on
15 methodology in that the Arizona Public Service Co. consistently uses the Average
16 and Excess methodology while Tucson Electric and UNS Electric use the Energy
17 & Peak method. Of the remaining 16 states, 10.5 states use either an Average and
18 Excess methodology or a coincident peak (hereinafter "CP") demand method such
19 as 12-CP (the 0.5 accounts for the APS territory in Arizona). The majority of
20 these jurisdictions use the Average and Excess method. California, Nevada, and
21 Oregon traditionally use a marginal cost approach. The remaining three states
22 (North Dakota, Minnesota, and Missouri) use some form of a stratification
23 method or a base-intermediate-peak methodology. I have attached our complete
24 survey report as Exhibit HHEG-LB-5."

25 **Person Supplying Information:** Larry Blank
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27 ¹ Nebraska has no investor-owned electric utilities and Montana Power divested itself of all
28 generation over 10 years ago.