

MUNICIPAL LIGHT & POWER

**Dockets U-16-094 / U-17-008
Test Year 2015 Rate Case**

OPENING STATEMENT

November 17, 2017

Overview

- This case concerns ML&P's test year 2015 rate filing (Dec. 30, 2016) and proposed depreciation rates for Plant 2A (U-16-094).
- Primary driver for need for base rate relief is inclusion of Plant 2A.
 - Went into service in November 2016.
 - Fuel cost reductions from Plant 2A have already been and continue to be reflected in COPA.

Rate Increase Request

- Permanent Rate Increase Request (without stipulations):
 - Without Rate Stabilization Plan (RSP):
 - 42.92% increase to demand and energy (D&E) charges.
 - Net of offsetting COPA impacts: **21.82%** increase to retail rates revenue. (Exh. 17 to TA332-121)
 - With RSP:
 - 29.49% increase to D&E charges.
 - Net of offsetting COPA impacts: **12.77%** increase to retail rates revenue. (Exh. 17)
- Current Interim Rate Increase: 37.30% interim increase to D&E charges (**17.72%** net of COPA) has been in effect since 2/15/17.
- Without RSP, permanent rate request would **increase** rates beyond the current interim by ~15% (~23% net of COPA).
- With RSP, permanent rate request would **reduce** current interim rates by ~21% (~28% net of COPA).

ML&P Witnesses

- Dane Watson: Depreciation
- Robert Mudge: Rate Stabilization
- Anna Henderson: Revenue Requirement, Rate Request, Rate History
- William Wilks: Cash Working Capital, Lead-Lag Study, IGCs
- Bryant Robbins: Hypothetical Property Tax Assessment

- John Reed, Concentric Energy Advisors: Plant 2A and Prudence
- Eugene Ori, Acting Generation Manager: Plant 2A and Prudence
- Gary Saleba: Plant 2A, Prudence, Cost of Service, Rate Design
- Mark Johnston: Generation, Prudence, Rate Stabilization, EMP, Customer Relations, Policy

- Bente Villadsen: Cost of Capital

Disputed Issues

1. Proforma Labor Costs
2. Plant 2A Colocation
3. Cash Working Capital
4. Cost of Capital
5. Continue with Rate Base Rate of Return
6. Rate Stabilization Plan
7. Plant 2A Prudence / Used and Useful
8. Classification and Allocation of Production Costs
9. FEA Proposal to Eliminate Rate 770 Peaking Demand Charge
10. Primary and Secondary COPAs
11. Rate 28 and 29 Demand Ratchets
12. ENSTAR's Proposal for Rulemaking Dockets