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NIAGARA MOHAWK POWER CORPORATION

D/B/A NATIONAL GRID

CASE NO. 10-E-0050

COMPLIANCE FILING REGARDING THE IMPLEMENTATION PLAN OF A VOLUNTARY TIME-OF-USE SUPPLY PRICING OPTION FOR SC-2 NON-DEMAND CUSTOMERS AND REQUEST FOR WAIVER OF THE IMPLEMENTATION DATE

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I. PURPOSE OF FILING

Niagara Mohawk Power Corporation d/b/a National Grid ("Niagara Mohawk" or "Company") respectfully submits this filing in compliance with the New York State Public Service Commission's ("Commission") Order issued June 21, 2011 in Case 10-E-0050 ("Hourly Pricing Order"). In the Hourly Pricing Order, the Commission directed the Company to file the requisite tariff leaves to effectuate a Voluntary Time of Use ("TOU") Program for SC-2 Non-Demand customers.[1] This filing contains the Company's proposal for implementing the Voluntary TOU Program and recovery of the implementation costs. In addition, the Company respectfully requests a waiver of the Hourly Pricing Order's requirement that the Voluntary TOU Program become effective on 90 days notice.

II. BACKGROUND

Pursuant to the *Stipulation and Agreement Regarding Rate Design, Customer and Markets Issues* ("RDCM Stipulation")[2] entered between the Company, Department of Public Service Staff, and the New York Power Authority in Case 10-E-0050, which was adopted by the Commission in its January 24, 2011 Order,[3] the Company agreed to implement a Voluntary TOU Program. In ordering paragraph four of the Hourly Pricing Order, the Commission directed the Company

> [t]o file, within 90 days of the issuance of this Order to become effective on 90 days notice, the requisite tariff amendments to effectuate a voluntary Time of Use option for SC-2 Non-Demand customers.[4]

[1] The Hourly Pricing Order also required Niagara Mohawk to file tariff leaves to implement a voluntary TOU program for SC-3 customers with demand below 250 kW and SC-2 Demand customers. The Company's filing regarding these customers is being submitted today under separate cover.
[2] The RDCM Stipulation was entered into the record as Exhibit 393 in Case 10-E-0050.
[3] Case 10-E-0050, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation for Electric Service, *Order Establishing Rates for Electric Service* (issued and effective January 24, 2011).
[4] Hourly Pricing Order at 8.

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In accordance with the Hourly Pricing Order, the Company is submitting proposed revisions to the SC-2 Non-Demand tariff leaves (Attachment 2) to implement a voluntary, time variant electricity supply pricing option for its SC-2 Non-Demand (small commercial and industrial) customers. As indicated in the tariff leaves, all SC-2 Non-Demand customers who opt to participate in the Voluntary TOU Program will be required to have a SC-2 Non-Demand TOU programmed meter to permit the Company or an ESCo to bill the customer for commodity based on the rate periods discussed below. SC-2 Non-Demand TOU customers will also be subject to an incremental monthly charge of $3.36 per month to cover the expenses related to implementation of the Voluntary TOU Program. The charge and cost recovery proposal is discussed below.

III. IMPLEMENTATION

A. Time of Use Periods

Niagara Mohawk proposes to use the following TOU rate periods to bill those SC-2 Non-Demand customers who choose to participate in the Company's Voluntary TOU Program for Electricity Supply Cost:

- The On Peak period starts at 12:00 p.m. (noon) through the hour ending 8:00 p.m., Monday through Friday, except holidays. Holidays are defined in Rule 1.89 of the Company's Electric Tariff, PSC 220 (New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day). These eight On Peak hours coincide with the same eight hours where Locational Based Marginal Capacity Price ("LBMCP") is included in the Electricity Supply Cost, per Rule 46.2 of the Electric Tariff.

- Shoulder Peak hours start 7:00 a.m. through 12:00 p.m. (noon) and 8:00 p.m. to 10:00 p.m., Monday through Friday, except holidays.

- Off Peak hours are all other hours (10:00 p.m. to 7:00 a.m., Monday through Friday, plus all weekends and holidays.

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The rate periods defined above do not change by month or season, unlike SC-1C Optional Large TOU rate periods. The SC-2 Non-Demand TOU customers will be billed per Rule 46.1.2, similar to the Company's SC-1C customers, where a 30-day weighted billing rate for each rate period is used.

These rate periods will offer customers a simple approach to TOU service, without the more complex hours and seasonal variations associated with the current SC-1C TOU program. Designing the On Peak period for an eight hour period is broad enough to cover the majority of the higher priced hours during both the summer and winter months, without the necessity of changing the definition. These eight hour periods are also the same eight hours where LBMCP is added to Rule 46 Electricity Supply Cost, and thus are more likely to have the higher priced hours over the Off Peak hours that do not include capacity costs. The Shoulder Peak hours adds a pricing refinement and a transition to the On Peak rate period. Based upon the SC-2 Non-Demand load shape used in billing, the Shoulder Peak period has sufficient energy during the morning hours. This refinement allows a customer that has a lower morning usage to benefit from the TOU pricing. In a traditional two-rate period TOU program (On Peak and Off Peak), only customers that have high Off Peak would benefit.

B. Implementation Timeline

The Hourly Pricing Order requires that the Voluntary TOU Program become effective on 90 days notice. The Company respectfully requests a waiver of that requirement, and respectfully requests an effective date of June 1, 2012 for the Program. The additional time is required in order for the Company to complete the substantial system and program changes that are necessary to effectively and efficiently implement the Voluntary TOU Program. These changes include support from Customer Service System (CSS), Tariff Modeling and Billing,

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CSS Service Orders, MWork, and Meter Data Services. In addition, numerous Information Systems ("IS") resources are needed to design, test, and implement all of the necessary program and system changes. Despite the Company's best efforts, the Company is unable to complete the necessary work in order to implement the program before June 2012.

Additionally, the Company is currently in the process of replacing the existing PP4 Meter Reading System with the new Itron Field Collection System ("FCS"). This new system is scheduled to be completed in March 2012. Once in place, Meter Data Services will need to create and test new meter program IDs for the new Voluntary TOU Program.[5] Implementing the Program in June will allow the Company to perform testing on just the new system. Otherwise, the Company would need to conduct testing on both systems – the old and the new – which would lead to duplication and unnecessary work. This could also delay the implementation of the new system, as the same resources working on implementing the new system are also responsible for the testing. For all these reasons, the Company respectfully requests a waiver of the implementation date until June 1, 2012.

IV. COST RECOVERY PROPOSAL

Section F(4) of the RDCM Stipulation provides that the costs of the Voluntary TOU Program will be recovered in the same manner as the Company's Mandatory Hourly Pricing ("MHP") costs. The Company's cost recovery proposal is consistent with the recovery mechanism for MHP costs approved by the Commission in the Hourly Pricing Order. Cost recovery is based on cost causation principles. The Company proposes to recover participant costs associated with the Voluntary TOU Program through an incremental customer charge. Any costs used to develop the incremental customer charge that are deemed to be a re-allocation of

[5] The creation of new meter program IDs alone requires extensive hours of program design and testing for CSS Tariff Modeling, CSS Service Orders, and MWork.

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existing costs already embedded in rates, will be credited back to SC-2 Non-Demand customers through the Revenue Decoupling Mechanism ("RDM") as discussed below.

A. Participant Costs

Attachment 1 to this filing provides, in part, an analysis and estimate of participant costs and sets forth the assumptions used to develop that estimate. Consistent with the methodology utilized to estimate the metering costs and incremental customer charge established in the Hourly Pricing Order for MHP customers, the Company proposes to establish an incremental monthly customer charge of $3.36 to recover metering-related participant costs. This charge will recover the $344 per unit[6] up-front cost for the Company to install a new SC-2 Non-Demand TOU programmed meter, including materials, labor, transportation, and sales tax for each participating customer over a 20-year life consistent with the MHP incremental customer charge as provided in the RDCM Stipulation and approved by the Commission in the Hourly Pricing Order. The monthly incremental customer charge also includes the Company's cost of capital and the cost of updating CSS for the new billing meter. Similar to the base customer charge, the incremental monthly customer charge is consistent with the principles of cost causation. Any costs used to develop this rate that are deemed to be a re-allocation of existing costs already embedded in rates (Attachment 1, Schedule 1, Column D), will be credited back to SC-2 Non-Demand customers through the RDM. Attachment 1, Schedule 1, Column B summarizes the metering-related costs associated with the participant customers. Schedules 2, 3A, and 3B show the assumptions used to derive the estimated costs. Schedules 4 and 5 show the assumptions and intermediate calculations that the Company used to establish the annual revenue requirement for the

[6] Attachment 1, Schedule 1, Column B, Line 1

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incremental customer charge and credit for both total and non-incremental participant costs (Columns B and D, Lines 11 and 13 of Schedule 1, respectively).

The estimates used for participant costs result in an incremental customer charge of $3.36, which the Company is proposing to begin charging SC-2 Non-Demand customers opting for voluntary TOU in the first billing cycle after the completion of the installation of their TOU meter.

In addition, the Company proposes to adjust the RDM annual revenue target associated with the SC-2 Non-Demand reconciliation group to reflect the additional revenue requirement associated with the portion of the incremental customer charge that represents incremental costs not currently recovered in base rates. As shown on Schedule 1 of Attachment 1, the Company has identified that $1.91 (Column D, Line 13) of the proposed $3.36 incremental customer charge is not an incremental cost to the Company.[7] The Company, therefore, proposes to increase the RDM annual revenue target for the SC-2 Non-Demand reconciliation group only by the incremental costs of $1.45 ($3.36 less $1.91) times the number of actual SC-2 Non-Demand TOU customers measured monthly.

B. Non-Participant Costs (Other Implementation Costs)

In addition to the approximately $360 in total up-front costs to install one SC2 Non-Demand programmed TOU meter (Attachment 1, Schedule 1, Column B, Line 7), the Company estimates approximately $308,000 in one-time program implementation, non-participant costs (Attachment 1, Schedule 1, Column C, Line 7). These include costs:

- to develop, install, and test a new meter program consistent with the rate periods required for the SC-2 Non-Demand Voluntary TOU Program (Column C, Line 3);

[7] Because the Company will not employ outside contractors or purchase or lease additional vehicles to offer time-of-use supply pricing option to SC-2 Non-Demand customers, but largely redeploy labor and transportation equipment from other activities, these costs are considered non-incremental.

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- to update and test the new Field Collection System to implement the new TOU meter configurations to accommodate the meter reads (Column C, Line 4);
- to develop the Service Order/MWork interfaces required to implement the new TOU meter configurations for field implementation (Column C, Line 5); and
- to program and test the new SC2-ND TOU rate structure into the billing systems, (Column C, Line 6);

The Company is not seeking recovery of these costs in this filing.

V. <u>CONCLUSION</u>

For the reasons stated above, the Company respectfully requests that the Commission approve the Company's proposal and tariff amendments as set forth herein, and grant the Company's request for a waiver to implement the Voluntary TOU Program effective June 1, 2012.

Respectfully submitted,

/s/ Patric O'Brien

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ATTACHMENT 1

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Niagara Mohawk Power Corporation
d/b/a National Grid
Case No. 10-E-0050
Voluntary Time of Use for SC-2ND Customers
Attachment 1
Schedule 1 - Summary of Costs

	Up Front Costs	A= B+C Total	B Participant Costs	C Non-Participant Implementation Costs	D Non-Incremental costs imbedded in Participant Costs (from Col B)	E Non-Incremental costs in Non-Participant Implementation Costs (From Col C)	F=C+E Non-Participant Incremental Costs
1	Installation of TOU meters	$344	$344	$0	($190)	$0	$0
2	Cost of updating CSS system for new billing meter (meter change orders)	$16	$16	$0	($16)	($0)	$0
3	Cost of developing, installing & testing TOU meter program installed in meters	$7,445	$0	$7,445	$0	($7,445)	$0
4	Cost of implementing TOU meter configurations to accommodate the meter reads	$36,253	$0	$36,253	$0	($36,253)	$0
5	Cost of implementing TOU meter configurations for field implementation via MWork /CSS	$130,778	$0	$130,778	$0	($130,778)	$0
6	Cost of preparing our billing systems to accommodate the meter reads	$133,094	$0	$133,094	$0	($133,094)	$0
7	Subtotal	$307,930	$360	$307,570	($206)	($307,570)	$0

		B	D
8	Recovery period of one-time participant costs	20	20
9	Feed into Revenue Requirement Model:		
10a	1 time Capex (sum of row 1)	$344	($190)
10bb	1 time Opex (sum of rows 2-6)	$16	($16)
10c	Subtotal onetime participant costs	$360	($206)
11	Levelized Revenue Requirement	$40	($23)
12	Number of Customers	1	1
13	Revenue Requirement per customer per month (Line 11 / Line 12 / 12 mos)	**$3.36**	**($1.91)**

Calculation of values are illustrated on the following schedules

B1	Schedule 3A, Line 8, Column A
B2	Schedule 3A, Line 12, Column F
C3	Schedule 3B, Line 4, Column F
C4	Schedule 3B, Line 5, Column F
C5	Schedule 3B, Line 9, Column F
C56	Schedule 3B, Line 12, Column F
B11	Schedule 4 Column r
D11	Schedule 5 Column r

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		A	
	Factors used in developing the cost of service	**Assumption**	**Description**
1	Sales Tax	7.88%	Adder for material purchases
2	Fringes	107.25%	Adder for labor used on the project
3	Distribution CAD	23.34%	Adder for capital projects
4	A&G	21.28%	Adder for all expenditures (to arrive at fully loaded costs)
5	Transportation (Compact AWD Van)	$6.01	Hourly cost to cover the transportation of employee to customer location
6	Meter Shop Tester (PG18 & PG20 blended)	$32.40	Used to determine shop labor for preparing meters for deployment
7	M&T Field Tester & CMS (PG20 & PG22 blended)	$35.28	Used to determine field labor for installing & troubleshooting meters
8	Meter Shop Tester (PG20)	$35.24	Used to determine shop labor for testing TOU rate meter program
9	Customer Rep (PG10)	$23.11	Used to determine CMS labor for testing TOU rate meter program via AMR van
10	Customer Rep (PG13)	$26.08	Used to determine costs for process meter change orders in Billing System
11	CSS Billing & Service Orders Programming labor	$72,800	Labor rate for CSS programming & testing billing to handle SC2ND TOU
12	Lab & Metering Programming labor	$92,000	Labor rate for developing & testing SC2 ND TOU meter program
13	Meter Data Services labor	$75,000	Labor rate for implementing the new TOU meter configurations to read meters
14	MWork labor	$70,000	Labor rate for implementing the new TOU meter configurations to set meters
15	IS labor	$100,500	Labor rate for IS programming to the various systems to handle TOU
16	TOU Meter cost	$142.43	Bare cost of new TOU meter

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		A
Meter Costs		**Installed TOU SC2ND Meter**
	Unit Cost Calculations	
1	Materials	$142
2	Sales Tax	$11
3=1+2	Materials Subtotal	$154
4	Labor	$35
5	Fringes	$37
6	Transportation	$5
7	Other costs including Overheads	$114
8=3+4+5+6+7	Total	$344
9=3/8	Percent Materials	45%
10=11-9	Percent Non-Materials	55%
11=9+10	Total	100%

		A	B	C=A*B	D = C * 107.25%	E=(C+D)* 21.28%	F=C+D+E
CSS Costs		**Labor Hours**	**Labor Rate**	**Labor Cost**	**Fringes**	**A&G**	**Total Cost**
12	Cost of meter change order in CSS	0.25	$26.08	$7	$7	$3	$16

The calculations shown on this page are based upon assumptions included in Schedule 2

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Niagara Mohawk Power Corporation
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Voluntary Time of Use for SC-2ND Customers
Attachment 1
Schedule 3B- Detail Cost Estimates for Non-Participant Implementation Costs

		A	**B**	**C=A*B**	**D = C * 107.25%**	**E=(C+D)*2 1.28%**	**F=C+D+E**
		Labor Hours	**Labor Rate**	**Labor Cost**	**Fringes**	**A&G**	**Total Cost**
Cost of developing, installing & testing TOU meter program installed in meters							
1	Meter Shop Labor	25	$35	$881	$945	$389	$2,214
2	Lab & Meter Labor	46	$44	$2,035	$2,182	$897	$5,114
3	CMS Labor	2	$23	$46	$50	$20	$116
4=(1+2+3)	Total	73		$2,962	$3,177	$1,306	$7,445
Cost of implementing TOU meter configurations to accommodate the meter reads							
5	Meter Data Service Labor	400	$36	$14,423	$15,469	$6,361	$36,253
Cost of implementing TOU meter configurations for field implementation via MWork /CSS							
6	MWork Labor	40	$34	$1,346	$1,444	$594	$3,384
7	Information Systems Labor	1,020	$48	$49,284	$52,857	$21,735	$123,876
8	CSS Service Orders Labor	40	$35	$1,400	$1,502	$617	$3,519
9=(6+7+8)	Total	1,100		$52,030	$55,802	$22,947	$130,778
Cost of preparing our billing systems to accommodate the meter reads							
10	Information Systems Labor	980	$48	$47,351	$50,784	$20,883	$119,018
11	CSS Billing Labor	160	$35	$5,600	$6,006	$2,470	$14,076
12=(10+11)	Total	1,140		$52,951	$56,790	$23,353	$133,094

The calculations shown on this page are based upon assumptions included in Schedule 2

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Financial Assumptions	
Return On Equity	9.30%
Debt Cost	3.93%
Equity Percent	48.00%
Debt Percent	52.00%
Federal Income Tax Rate	35.00%
State Income Tax Rate	7.10%
Property Tax Rate	0.00%
Fully Loaded O&M Rate	0.00%
Inflation Rate	1.60%
Weighted Cost of Capital	6.51%
CY11 Fringe O/H Factor	107.25%
Post CY11 Fringe O/H Factor	107.25%
Depreciation Book Life (Years)	20
Tax Depr Yrs (chose 1)	**20yr**

a	b	c	d	e=(c+d)	f	g	h	i=(h-f)*FIT%	j	k=(e-g-j)	l=(k*ROE%)	m=(k*DEBT%)	n=(l*FIT%)	o=(l+n)*SIT%	p=(e*Prop%)	q=(e*O&M%)	r=(f+l+m+n+o+p+q)
CALENDAR YEAR	No YEAR	EOY ADDITIONS + REMOVAL COST	EOY RETIRE.	GROSS PLANT	BOOK DEPREC.	AVG ACCUM BOOK DEPR	TAX DEPREC.	DFIT	AVERAGE ACCUM DFIT	NET INVEST.	ROE	INTEREST	FIT	SIT	PROPERTY TAX	FULLY LOADED O&M	**TOTAL REVENUE REQUIREMENT COSTS**
2012	0	$344	$0	$344	$9	$4	$13	$2	$1	$339	$15	$7	$8	$2	$0	$16	$57
2013	1	$0	$0	$344	$17	$17	$25	$3	$3	$323	$14	$7	$8	$2	$0	$0	$48
2014	2	$0	$0	$344	$17	$34	$23	$2	$6	$303	$14	$6	$7	$2	$0	$0	$46
2015	3	$0	$0	$344	$17	$52	$21	$2	$8	$284	$13	$6	$7	$1	$0	$0	$44
2016	4	$0	$0	$344	$17	$69	$20	$1	$9	$266	$12	$5	$6	$1	$0	$0	$42
2017	5	$0	$0	$344	$17	$86	$18	$0	$10	$248	$11	$5	$6	$1	$0	$0	$41
2018	6	$0	$0	$344	$17	$103	$17	($0)	$10	$231	$10	$5	$6	$1	$0	$0	$39
2019	7	$0	$0	$344	$17	$120	$16	($1)	$9	$214	$10	$4	$5	$1	$0	$0	$37
2020	8	$0	$0	$344	$17	$137	$15	($1)	$9	$197	$9	$4	$5	$1	$0	$0	$36
2021	9	$0	$0	$344	$17	$155	$15	($1)	$8	$181	$8	$4	$4	$1	$0	$0	$34
2022	10	$0	$0	$344	$17	$172	$15	($1)	$7	$165	$7	$3	$4	$1	$0	$0	$33
2023	11	$0	$0	$344	$17	$189	$15	($1)	$7	$148	$7	$3	$4	$1	$0	$0	$31
2024	12	$0	$0	$344	$17	$206	$15	($1)	$6	$132	$6	$3	$3	$1	$0	$0	$30
2025	13	$0	$0	$344	$17	$223	$15	($1)	$5	$115	$5	$2	$3	$1	$0	$0	$28
2026	14	$0	$0	$344	$17	$241	$15	($1)	$4	$99	$4	$2	$2	$1	$0	$0	$27
2027	15	$0	$0	$344	$17	$258	$15	($1)	$4	$82	$4	$2	$2	$0	$0	$0	$25
2028	16	$0	$0	$344	$17	$275	$15	($1)	$3	$66	$3	$1	$2	$0	$0	$0	$23
2029	17	$0	$0	$344	$17	$292	$15	($1)	$2	$49	$2	$1	$1	$0	$0	$0	$22
2030	18	$0	$0	$344	$17	$309	$15	($1)	$1	$33	$1	$1	$1	$0	$0	$0	$20
2031	19	$0	$0	$344	$17	$327	$15	($1)	$1	$16	$1	$0	$0	$0	$0	$0	$19
2032	20	$0	($344)	$0	$9	$339	$8	($0)	$0	$4	$0	$0	$0	$0	$0	$0	$9
	TOTAL	$344	($344)		$344		$344	($0)			$156	$71	$84	$18	$0	$16	$690

Notes:

(Blue indicates a data input cell)
(Green indicates a required formula change by case)

NET PRESENT VALUE Revenue Requirement in 2011 $'s	$443
LEVELIZED Revenue Requirement in 2011 $'s	**$40**

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Financial Assumptions	
Return On Equity	9.30%
Debt Cost	3.93%
Equity Percent	48.00%
Debt Percent	52.00%
Federal Income Tax Rate	35.00%
State Income Tax Rate	7.10%
Property Tax Rate	0.00%
Fully Loaded O&M Rate	0.00%
Inflation Rate	1.60%
Weighted Cost of Capital	6.51%
CY11 Fringe O/H Factor	107.25%
Post CY11 Fringe O/H Factor	107.25%
Depreciation Book Life (Years)	20
Tax Depr Yrs (chose 1)	**20yr**

a	b	c	d	e=(c+d)	f	g	h	i=(h-f)*FIT%	j	k=(e-g-j)	l=(k*ROE%)	m=(k*DEBT%)	n=(l*FIT%)	o=(l+n)*SIT%	p=(e*Prop%)	q=(e*O&M%)	r=(f+l+m+n+o+p+q)
CALENDAR YEAR	No YEAR	EOY ADDITIONS + REMOVAL COST	EOY RETIRE.	GROSS PLANT	BOOK DEPREC.	AVG ACCUM BOOK DEPR	TAX DEPREC.	DFIT	AVERAGE ACCUM DFIT	NET INVEST.	ROE	INTEREST	FIT	SIT	PROPERTY TAX	FULLY LOADED O&M *	**TOTAL REVENUE REQUIREMENT COSTS**
2012	0	($190)	$0	($190)	($5)	($2)	($7)	($1)	($0)	($187)	($8)	($4)	($5)	($1)	$0	($16)	($39)
2013	1	$0	$0	($190)	($10)	($10)	($14)	($2)	($2)	($179)	($8)	($4)	($4)	($1)	$0	($0)	($26)
2014	2	$0	$0	($190)	($10)	($19)	($13)	($1)	($3)	($168)	($7)	($3)	($4)	($1)	$0	($0)	($25)
2015	3	$0	$0	($190)	($10)	($29)	($12)	($1)	($4)	($157)	($7)	($3)	($4)	($1)	$0	($0)	($24)
2016	4	$0	$0	($190)	($10)	($38)	($11)	($1)	($5)	($147)	($7)	($3)	($4)	($1)	$0	($0)	($23)
2017	5	$0	$0	($190)	($10)	($48)	($10)	($0)	($5)	($137)	($6)	($3)	($3)	($1)	$0	($0)	($22)
2018	6	$0	$0	($190)	($10)	($57)	($9)	$0	($5)	($128)	($6)	($3)	($3)	($1)	$0	($0)	($22)
2019	7	$0	$0	($190)	($10)	($67)	($9)	$0	($5)	($118)	($5)	($2)	($3)	($1)	$0	($0)	($21)
2020	8	$0	$0	($190)	($10)	($76)	($8)	$0	($5)	($109)	($5)	($2)	($3)	($1)	$0	($0)	($20)
2021	9	$0	$0	($190)	($10)	($86)	($8)	$0	($4)	($100)	($4)	($2)	($2)	($1)	$0	($0)	($19)
2022	10	$0	$0	($190)	($10)	($95)	($8)	$0	($4)	($91)	($4)	($2)	($2)	($0)	$0	($0)	($18)
2023	11	$0	$0	($190)	($10)	($105)	($8)	$0	($4)	($82)	($4)	($2)	($2)	($0)	$0	($0)	($17)
2024	12	$0	$0	($190)	($10)	($114)	($8)	$0	($3)	($73)	($3)	($1)	($2)	($0)	$0	($0)	($16)
2025	13	$0	$0	($190)	($10)	($124)	($8)	$0	($3)	($64)	($3)	($1)	($2)	($0)	$0	($0)	($16)
2026	14	$0	$0	($190)	($10)	($133)	($8)	$0	($2)	($55)	($2)	($1)	($1)	($0)	$0	($0)	($15)
2027	15	$0	$0	($190)	($10)	($143)	($8)	$0	($2)	($45)	($2)	($1)	($1)	($0)	$0	($0)	($14)
2028	16	$0	$0	($190)	($10)	($152)	($8)	$0	($2)	($36)	($2)	($1)	($1)	($0)	$0	($0)	($13)
2029	17	$0	$0	($190)	($10)	($162)	($8)	$0	($1)	($27)	($1)	($1)	($1)	($0)	$0	($0)	($12)
2030	18	$0	$0	($190)	($10)	($171)	($8)	$0	($1)	($18)	($1)	($0)	($0)	($0)	$0	($0)	($11)
2031	19	$0	$0	($190)	($10)	($181)	($8)	$0	($0)	($9)	($0)	($0)	($0)	($0)	$0	($0)	($10)
2032	20	$0	$190	$0	($5)	($188)	($4)	$0	($0)	($2)	($0)	($0)	($0)	($0)	$0	$0	($5)
TOTAL		($190)	$190		($190)		($190)	$0			($86)	($40)	($46)	($10)	$0	($16)	($389)

Notes:
* Fully Loaded O&M adjusted in CY12 and after for anticipated revenue requirement reduction due to Pension & OPEBs
(Blue indicates a data input cell)
(Green indicates a required formula change by case)

NET PRESENT VALUE Revenue Requirement in 2011 $'s	($252)
LEVELIZED Revenue Requirement in 2011 $'s	**($23)**

Received: 09/16/2011

ATTACHMENT 2

Received: 09/16/2011

SERVICE CLASSIFICATION NO. 2
SMALL GENERAL SERVICE

APPLICABLE TO USE OF SERVICE FOR:

All purposes required by customer on the premises for which no other service classification is specifically provided and where such entire requirements are delivered at one point and singly metered at the delivery voltage (except as provided in Special Provision C). A customer once served under this service classification shall remain on this service classification until the monthly measured demand exceeds 100 kW for twelve consecutive months following the initial term of service, except as provided in Special Provision I, whereupon service may be taken under another appropriate service classification. Available throughout the Company's service area from existing circuits of adequate capacity and appropriate character.

APPLICATION FOR SERVICE

Written application on the Company's prescribed Form A or Form C may be required, however, failure to execute a Form A or Form C Contract does not exempt the customer from paying all rates and charges provided herein. All riders, whenever applicable, shall be attached to the required form. When accepted by the Company, such application shall constitute an agreement for service hereunder.

CHARACTER OF SERVICE:

Continuous. Single or three phase alternating current, approximately 60 Hz, at one standard secondary voltage ranging from 120 to 480 volts or at a higher standard voltage, if available and requested by customer. Company will indicate the voltage and type of service available and appropriate for the customer's requirements.

The rates and charges presented below are applicable to customers subject to either Market Rate Service or Standard Rate Service as described in Rule 48 of this Schedule.

STANDARD TARIFF CHARGES FOR UNMETERED DEMAND SERVICE:

Distribution Delivery Rates and Charges for all Load Zones:

Basic Service Charge	$21.02
Basic Service Charge: Special Provision O	$24.38
per kWh	$ 0.04992

Competitive Transition Charges, per kWh for all Load Zones: $0.01456

Company supplied Electricity Supply Service Charges, per kWh:
Company supplied Electricity Supply Service charges shall be set according to the market price of electricity determined in accordance with Rule 46.1, Electricity Supply Cost

MONTHLY MINIMUM CHARGE:	$21.02
MONTHLY MINIMUM CHARGE: Special Provision O	$24.38

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SERVICE CLASSIFICATION NO. 2 (CONTINUED)

O. **SC2 Non-Demand Optional Time of Use Rate**

Customers served under SC2 Non-Demand may elect to receive their Electricity Supply Service based on the following time of use rate periods:

RATE PERIODS:

On Peak: 12:00 p.m. to 8:00 p.m., weekdays, except holidays*

Shoulder Peak: 7:00 a.m. to 12:00 p.m. and 8:00 p.m. to 10:00 p.m., weekdays, except holidays

Off Peak: 10:00 p.m. to 7:00 a.m., weekdays
All hours, weekends and holidays

* Holidays are per Rule 1.89; defined as: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

All SC2 Non-Demand customers who voluntarily elect this Special Provision will be required to install the required metering necessary to obtain this service at their Premise. Service under this Special Provision will be subject to the availability of adequate metering equipment.

Customers taking Electricity Supply Service under this Special Provision will also be subject to an incremental customer charge of $3.36/mo.

Customers taking service under this Special Provision will be subject to the Standard Tariff Charges for Unmetered Demand Service in accordance with this Service Classification.

TERM:

One year from commencement of service under this Special Provision and continuously from month to month thereafter until canceled upon written notice to the Company.