BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

--------------------------------------------------------------------------x

Joint Petition of IBERDROLA, S.A.,
Energy East Corporation, RGS Energy Group, Inc.,
Green Acquisition Capital, Inc.,
New York State Electric & Gas Corporation and
Rochester Gas and Electric Corporation for
Approval of the Acquisition of
Energy East Corporation by IBERDROLA, S.A.

Case 07-M-0906

--------------------------------------------------------------------------x

# REBUTTAL TESTIMONY OF THE RATE DESIGN AND RETAIL ACCESS PANEL

**James Lahtinen**
**Mark Marini**
**Christine Stratakos**

January 31, 2008

## RATE DESIGN AND RETAIL ACCESS PANEL

Q. Please state the names of the members on this Rate Design and Retail Access Panel (the "Panel").

A. We are James Lahtinen, Mark Marini, and Christine Stratakos.

Q. James Lahtinen, please state your current position and business address.

A. I am Vice President, Rates and Regulatory Economics of New York State Electric & Gas Corporation ("NYSEG") and Rochester Gas and Electric Corporation ("RG&E"). My business address is 89 East Avenue, Rochester, New York 14649.

Q. Please summarize your educational background and work experience.

A. I graduated from the State University of Plattsburgh with a B.A. degree in Economics. I also earned an M.A. in Economics from the State University of New York at Albany. In my present position at NYSEG and RG&E, I am responsible for all aspects of rate regulation. Before joining RG&E, I was employed by Duquesne Light Company ("Duquesne") and one of its affiliates for 11 years. At Duquesne, I held the positions of Manager, Transmission Services (1991-1996), General Manager - Rates and Regulatory Analysis (1996-1999), and Vice President - Rates (2001-2002). From 1999-2001, I also held the position of Vice President - Rates and Regulatory Affairs at AquaSource, Inc., an affiliate of Duquesne. I was an economic consultant for Bower Rohr & Associates from 1989-1991. From 1984-1989, I served as Director - Economic and Regulatory Analysis at Central Vermont Public Service Co. Before entering the private sector, I was employed by the New York State Department of Public Service from 1979-1984 and held the position of Principal Economist. From 1977-1979, I was an Economist at the New York State Consumer Protection Board.

Q. Have you previously testified in other proceedings before the New York State Public Service Commission ("PSC" or the "Commission") or any other state or federal regulatory agency or court?

A. I have testified on several occasions before the Commission, including Cases 02-E-0198, 02-G-0199, 05-E-1222 and 07-E-0479. In addition, I have testified before regulatory commissions in Pennsylvania, New Jersey, Vermont, Connecticut, Indiana, the District of Columbia, and the Federal Energy Regulatory Commission.

Q. Mark Marini, please state your current position and business address.

A. I am Manager of Regulatory and Tariffs in the Rates and Regulatory Economics Department for RG&E. My business address is 89 East Avenue, Rochester, New York 14649.

Q. Please summarize your educational background and work experience.

A. I graduated from Rochester Institute of Technology with a B.S. degree in Applied Mathematics. In my present position at RG&E, I am responsible for regulatory and tariff related issues for NYSEG and RG&E. I was hired by RG&E in June 1985. My responsibilities have involved rates and regulatory areas, including electric and gas pricing, development and preparation of cost of service studies, both embedded and marginal, load research, revenue allocation, rate design, tariff design, analysis and administration, and participation in regulatory proceedings. During my tenure, I have increasingly gained supervisory and management responsibilities.

Q. Have you previously testified in other proceedings before the Commission or any other state or federal regulatory agency or court?

A. I have testified on several occasions before the Commission. Most recently, I testified in Cases 03-E-0765 and 03-G-0766 on behalf of RG&E and Case 05-E-1222 on behalf of NYSEG.

Q. Christine Stratakos, please state your current position and business address.

A. I am Manager of Pricing & Analysis in the Rates and Regulatory Economics Department at NYSEG. My business address is Corporate Drive, Kirkwood Industrial Park, Binghamton, New York 13909.

Q. Please summarize your educational background and work experience.

A. I graduated from Cornell University, with a B.S. degree in Natural Resources. I also earned an M.B.A. from Syracuse University. I have been employed by NYSEG for 31 years, the last 27 of which have been in the rate and regulatory area, with increasing supervisory and management responsibilities. My responsibilities have involved rate and regulatory areas, including electric and gas pricing, development and preparation of cost of service studies, both embedded and marginal, revenue allocation, rate design, tariff design, analysis and administration, and participation in regulatory proceedings. In my current position, I am primarily responsible for cost of service and rate-related issues for both NYSEG and RG&E.

Q. Have you previously testified in other proceedings before the Commission or any other state or federal regulatory agency or court?

A. I have presented testimony before the Federal Energy Regulatory Commission and I have testified on several occasions before the Commission, including Cases 01-E-0359, 05-E-1222 and 07-E-0479.

Q. What is the overall purpose of the Panel's testimony?

A. The purpose of this testimony is to respond to the retail access portions of the direct testimony of the Department of Public Service Staff ("Staff") Policy Panel, which is comprised of the testimony of Thomas D'Ambrosia, Patrick Barry, Maynard Bowman, Michael Salony, and Stephen Berger. In particular, we address issues related to the Staff Policy Panel's recommendations regarding bill issuance and payment processing charges and an ESCO Referral Program for NYSEG and RG&E. In addition, we address matters related to NYSEG's lost revenues from Standby customers raised in Staff witness Dickens' testimony.

Q. Does this Panel testimony address Staff interrogatory responses that are related to the Staff’s direct testimony?

A. Yes. We have reviewed several such responses by Staff and have specifically addressed some of the responses in our rebuttal testimony. However, additional analysis will be required as there was insufficient time to complete our review of these responses in the time provided to submit this Panel testimony, and we reserve the right to modify this Panel testimony at hearing to address any changes to Staff's exhibits.

Q. Is this Panel sponsoring any exhibits?

A. Yes. Exhibit __ (RDRA-1) contains a copy of an interrogatory response and workpapers referenced in this Panel's testimony. Exhibit __ (RDRA-2) contains a standby lost revenue calculation.

Q. Does the Panel have any preliminary comments concerning either the issues related to the Staff Policy Panel's recommendations mentioned above or the issues related to NYSEG's lost revenues from Standby customers raised in Staff witness Dickens' testimony?

A. Yes. While the Panel wishes to acknowledge the importance of Staff's concerns, neither the issues Staff raises relating to bill issuance and payment processing ("BIPP") nor the establishment of a new ESCO Referral Program are related to the instant merger proceeding. The same goes for the issues Staff witness Dickens raises relating to NYSEG's lost revenues from Standby customers. It is inappropriate for Staff to attempt to use this proceeding to institute new programs and practices that have no relevance to the transaction between Energy East and Iberdrola. This Panel will nonetheless address each of these points in turn below.

# RATE DESIGN AND RETAIL ACCESS PANEL

## BILL ISSUANCE AND PAYMENT PROCESSING ("BIPP") AND OTHER UNBUNDLED CHARGES

Q. Do you agree with the Staff Policy Panel's statement on page 305 that "certain issues regarding the way that these utilities [NYSEG and RG&E] apply their billing charges do not conform to Commission Policy and Orders?"

A. No. Both NYSEG and RG&E have complied with all Commission Orders in the Unbundling Track proceeding (Case 00-M-0504), including those related to unbundled cost of service and rate design and those related to the unbundled bill format. While the companies are at different stages of unbundling of costs for competitive services for the electric and gas sides of the business, the Commission clearly recognized in its various orders that such would be the case. In its *Statement of Policy on Unbundling and Order Directing Tariff Filing*, issued August 25, 2004 in Case 00-M-0504 ("August 2004 Order") and its *Statement of Policy on Rate Design Issues*, issued February 14, 2005 in Case 00-M-0504 ("Rate Design Order"), the Commission required that unbundling and competitive service rate design be addressed in future utility rate cases. Additionally, in its *Order Directing Submission of Unbundled Bill Formats*, issued February 18, 2005 in Case 00-M-0504 ("Unbundled Bill Format Order"), the Commission required that utilities operating under rate plans that expire in the future to file unbundled bill formats with their next application for new rates or rate plan extensions, or to file unbundled bill formats when making billing system upgrades. Finally, while the Commission has established guidelines, it has also allowed for consideration of unbundling and rate design for competitive services in the context of individual utility cases.

Q. Please describe the status of unbundling for NYSEG.

A. In compliance with the August 2004 Order, NYSEG filed a fully unbundled electric cost of service study in Case 05-E-1222. In compliance with the Unbundled Bill Format Order, that filing also included sample bill formats. As a result of the Order Adopting Recommended Decision issued August 23, 2006 in Case 05-E-1222, NYSEG converted from backout rates to unbundled charges on its bills for electric customers. Additionally, NYSEG's electric BIPP charge was converted from a backout rate based on a per-bill methodology to an unbundled portion of the customer charge calculated on a per-meter, per-month basis.

Q. Did NYSEG also further unbundle gas delivery rates?

A. NYSEG proposed unbundling of the BIPP charge for gas customers. However, since the company continues to operate under its gas rate plan (Case 01-G-1668), the company did not propose a change in the rate; rather, NYSEG proposed to convert the $0.70 backout rate, in effect pursuant to the Commission's *Order Establishing Uniform Retail Access Billing and Payment Processing Practices,* issued May 18, 2001 in Cases 99-M-0631 and 98-M-1343, to the unbundled bill issuance portion of the monthly customer charge. Consistent with the above-

## RATE DESIGN AND RETAIL ACCESS PANEL

referenced Orders, the company proposed to develop a new unbundled BIPP charge in the company's next rate proceeding.

Q. Did the Commission express concerns about the unbundling of the BIPP charges on the gas customer bills?

A. Yes. In its *Order Denying Tariff Amendments*, issued December 22, 2006 in Case 06-G-1386, the Commission raised two concerns – the amount of the bill issuance cost to be removed from the bills of customers who purchase electric and gas commodity service from ESCOs and whether listing a charge for the bill issuance cost on a gas customer bill violates a provision of the Public Service Law.

Q. Have the issues raised by the Commission been resolved?

A. Yes. In a compliance letter dated August 30, 2007 and filed with the Commission in Case 06-G-1386, NYSEG notified the Commission that NYSEG and Staff agreed that the company was not double-recovering costs and reached agreement concerning the manner in which the BIPP charge would be shown on the customer's bill consistent with the requirements of the Public Service Law. In accordance with that compliance filing, NYSEG plans to convert the bill issuance and payment processing backout rate to an unbundled component of the gas customer charge, consistent with the electric bill format, effective April 1, 2008.

Q. What about RG&E?

A. Similar to NYSEG, RG&E initially established its bill issuance and payment processing backout credit of $0.62 per bill in Cases 03-E-0765, 02-E-0198, and

03-G-0766. In compliance with the Unbundled Bill Format Order, RG&E converted its existing billing back out credits to separate electric and gas BIPP charges at the time it implemented its new billing system. The customer charge of each service class was reduced by the amount of the current backout credit to maintain revenue neutrality. RG&E made its tariff filing on June 15, 2006. The filing was approved per Commission Order dated September 25, 2006 in Case 00-M-0504. With the conversion to a bill issuance charge, RG&E changed the application from a per bill to a per service monthly charge.

Q. Do you have any concerns with the Staff Policy Panel's suggestion on page 308 of its testimony that the BIPP charge should be converted back to a per-bill charge that is the same whether the customer is a single commodity service customer or a dual electric and gas commodity service customer?

A. Yes. It is unclear whether Staff is suggesting that the change be made outside the context of a rate case for each company. The proper forum for modifying established BIPP costs and charges is when revenue requirement and rates are reset, not this proceeding. To calculate a single rate on a per-bill basis, it will be necessary to have both up to date unbundled electric and gas costs in the numerator and an updated value of electric and gas customer months in the denominator. While this is possible, electric and gas rate cases do not always happen simultaneously. Also, for both companies, the BIPP charges are currently (or in the case of NYSEG gas, will be) an unbundled component of the customer charge. As the Staff Policy Panel recognized in its testimony on page 309, the companies reduced other rate components to reflect the unbundling of bill issuance charges, such that the overall customer charge remained at the level set by the Commission in the companies' most recent rate-setting process. In light of these circumstances, the Staff Policy Panel's recommendations to convert back to a per bill charge in the context of this proceeding should be rejected.

Q. Do you have a recommendation regarding the re-establishment of per-bill BIPP charges?

A. Yes. Because of the issues associated with revenue requirement and rate design, we recommend that this issue be addressed in each company's next major rate proceeding, during which new revenue requirements and rates will be set.

Q. Do you have any comments on the Staff Policy Panel's testimony on page 312 that the companies should be required to file revised tariffs that convert all existing back-out credits to unbundled charges in a revenue neutral manner?

A. We assume that the Staff Policy Panel is referring to RG&E in this part of their testimony, since NYSEG will no longer have any backout credits once the BIPP charge is unbundled on gas customer bills effective April 1, 2008. Because customers are familiar with the current backouts and rate design at RG&E, the company recommends that the Staff Policy Panel's proposed changes be considered in the context of the company's next major rate proceeding. In that way, a comprehensive outreach plan to address any rate level, rate design, and bill format changes can be developed. There is no need to cause, unnecessarily, customer confusion in this proceeding when these issues can be properly addressed the next time the company established a new revenue requirement.

**ESCO REFERRAL PROGRAMS**

Q. The Staff Policy Panel makes certain recommendations regarding an ESCO Referral Program for NYSEG and RG&E. Does RG&E currently have an ESCO Referral Program?

A. No, it does not. On September 1, 2006, RG&E submitted its proposed ESCO Referral Program Parameters, including incremental, ongoing and start-up cost estimates and requested waivers of certain provisions of the Commission's Uniform Business Practices ("UBPs"). RG&E also filed proposed tariffs to implement its program. This filing, subsequent to collaborative discussions, was made pursuant to the Commission's *Order Adopting ESCO Referral Program Guidelines and Approving an ESCO Referral Program Subject to Modifications,* issued December 22, 2005 in Case 05-M-0858. RG&E's program was scheduled to begin March 1, 2007, subject to Commission approval. The Commission has not acted on RG&E's ESCO Referral proposal. Upon Staff request, the tariffs have been postponed twice, each postponement covering six months. Staff recently requested a third postponement and RG&E agreed, submitting a filing with the Commission on January 28, 2008 to request a further postponement of the tariffs to September 1, 2008.

Q. Does NYSEG currently have an ESCO Referral Program?

A. No, it does not. On October 23, 2006, NYSEG submitted its proposed ESCO Referral Program Parameters, including incremental ongoing and start-up cost estimates and requested waivers of certain provisions of the UBPs. NYSEG also filed draft tariffs implementing its program. This filing, subsequent to collaborative discussions, was made pursuant to the Commission's *Order Adopting Recommended Decision With Modifications,* issued August 23, 2006 in Case 05-E-1222 and the *Order Adopting ESCO Referral Program Guidelines and Approving an ESCO Referral Program Subject to Modifications,* issued December 22, 2005 in Case 05-M-0858. The program was scheduled to begin March 1, 2007, subject to Commission approval. The Commission has not acted on NYSEG's ESCO Referral proposal.

Q. What is the Staff Policy Panel's recommendation regarding an ESCO Referral Program for NYSEG and RG&E?

A. The Staff Policy Panel recommends, as a condition of the Commission's approval of Iberdrola's acquisition of Energy East, that NYSEG and RG&E be required to hold a new collaborative and make a new filing describing the relevant costs, benefits, and best practices of an ESCO Referral Program in sufficient detail to allow the Commission to reach a decision on such a program, similar to what the Commission has ordered in recent proceedings for National Fuel Gas Distribution Corporation (NFG) in Case 07-G-0141 and Keyspan Corporation (Keyspan) in Cases 06-G-1185 and 06-G-1186.

Q. Does the Panel agree with the Staff Policy Panel's recommendation?

A. No. The Staff Policy Panel's recommendation should be rejected. The Staff Policy Panel has not provided any evidence or analysis on NYSEG's and RG&E's existing retail access programs and practices to support their recommendation for an ESCO Referral Program, nor why the companies should engage in a new round of discussions and a filing for an ESCO Referral Program. The Staff Policy Panel's only support for its ESCO Referral Program recommendation is to point to recent determinations made by the Commission for NFG and Keyspan. The Staff Policy Panel has not provided any basis as to how the requirements imposed on NFG and Keyspan for ESCO Referral Programs, as determined in their individual rate proceedings, pertain to NYSEG and RG&E.

Q. Is there any other reason why the Staff Policy Panel's ESCO Referral Program recommendation should be rejected?

A. Yes. The Commission has an ongoing proceeding to review retail access programs and practices on a generic basis. The outcome of that proceeding should provide the basis for any determinations made regarding future retail access programs.

Q. Please discuss the Commission's proceeding to review retail access programs and practices.

A. On April 24, 2007, the Commission issued an *Order on Review of Retail Access Policies and Notice Soliciting Comments* in Case 07-M-0458 – Proceeding on

## RATE DESIGN AND RETAIL ACCESS PANEL

Motion of the Commission to Review Policies and Practices Intended to Foster the Development of Retail Energy Markets (Retail Energy Markets). The Commission, on page 7 of the Order, invited parties to examine and submit comments on existing programs and practices of the utilities to promote retail market development. The Commission further stated, on page 7 of the Order, that "[t]he evaluation of such programs and practices should examine whether they are still necessary; if competitors are improperly subsidized; if risks and expenses are properly allocated among ratepayers, utilities and competitors; or if a program or practice should otherwise be reconfigured. On the other hand, parties may also point out that the continuation of a program or practice remains necessary, to ensure that all market participants are treated fairly or to prevent the re-building of barriers to entry." The Commission cited several statistics of how the competitive retail energy market is established in New York and is continuing to expand and stated, on page 6 of the Order, "[i]f barriers to entry and other obstacles to the growth of competitive markets have been successfully removed, it may be preferable to allow competitive markets to develop on their merits without ratepayer subsidization." Given that background, on the same page, the Commission stated: "[i]t may be appropriate, at this time, to review these programs and practices to determine their effectiveness in removing barriers, examine the costs of these initiatives and the extent to which those costs are borne by ratepayers, and determine the need to continue programs and practices that are subsidized by ratepayers or, alternatively, the potential harm of discontinuing these programs." The Commission further stated, on page 7 of the Order, that "[c]omments on the issues raised in this Order and Notice will be considered on a generic basis. In the interim, while we are considering those comments, however, parties are encouraged to submit in rate proceedings, analysis of a particular utility's existing retail access programs and practices and, where appropriate, propose modifications, with the understanding that we might defer to the generic process in reaching a decision on any particular policy or program. Consideration in rate cases, however, will allow us to respond rapidly where a proposed modification to a retail access program or practice would clearly prevent subsidization of competitors or benefit ratepayers."

Q. Has the Commission made any determinations in Case 07-M-0458?

A. To date, it has not.

Q. Why is it the opinion of this Panel that Case 07-M-0458 should provide the basis for determining whether an ESCO Referral Program should be offered?

A. As mentioned above, the Staff Policy Panel has not provided any justification on why the NYSEG and RG&E should pursue a collaborative and filing of an ESCO Referral Program, nor has the Staff Policy Panel provided any evaluation or analysis of retail access in the companies' territories to suggest an ESCO Referral Program is necessary. The Commission has not taken any action on NYSEG's and RG&E's current filings for ESCO Referral Programs, made well over a year ago. The Commission is currently reviewing all retail access programs, practices and policies on a generic basis. With no support from the Staff Policy Panel to justify the need for ESCO Referral Programs for NYSEG and RG&E and an ongoing Commission proceeding on retail access, it is our position that we should await the outcome of the Commission's determinations in the Case 07-M-0458 rather than to engage in activities for ESCO Referral Programs in the manner recommended by the Staff Policy Panel.

Q. Does NYSEG currently have an ongoing collaborative regarding an ESCO Introduction Program?

A. Yes. As part of a Joint Proposal that was approved by the Commission in its *Order Establishing Commodity Program*, issued August 29, 2007 in Case 07-E-0479 (Supply Service), it was agreed that NYSEG would develop, through a collaborative, and implement an ESCO Introduction Program to replace the ESCO Referral Program pending in Case 05-M-0858. Pursuant to the Supply Service Joint Proposal, if a joint proposal regarding the ESCO Introduction Program results, NYSEG will request Commission approval to withdraw its pending ESCO Referral Program proposal and will file for approval of the ESCO Introduction Program in its place.

Q. What is the status of the collaborative?

A. As the Staff Policy Panel correctly notes, discussions are ongoing.

## RATE DESIGN AND RETAIL ACCESS PANEL

Q. The Staff Policy Panel recommends that the results of NYSEG's ongoing ESCO Introduction Program be folded into an ESCO Referral filing. Does the Panel agree with that recommendation?

A. No, we do not. As discussed above, the ESCO Introduction Program is intended to replace an ESCO Referral Program as contemplated in Case 07-E-0479. This provision was agreed to by the parties to the NYSEG Supply Service proceeding and resulted in a Joint Proposal that was signed by various industry participants and was approved by the Commission just a few months ago. There was no provision contemplated in the NYSEG Supply Service Joint Proposal for an ESCO Referral Program to replace or supersede an ESCO Introduction Program, and no weight should be given to the Staff Policy Panel's recommendation.

Q. Should an ESCO Introduction Program be considered for RG&E?

A. No, it should not. The ESCO Introduction Program was a provision of an overall framework in a Supply Service Joint Proposal for NYSEG. The same circumstances do not exist at RG&E. Therefore, there is no justification for an ESCO Introduction Program. As stated above, it is our position that the Commission should take no action in this proceeding given the existence and generic nature of Case 07-M-0458.

### STANDBY LOST REVENUES

## RATE DESIGN AND RETAIL ACCESS PANEL

Q. Is Staff witness Dickens correct when he testifies on page 10 that NYSEG incurred standby lost revenues?

A. Yes. His statement on page 10 of his testimony that "NYSEG incurred lost revenue because existing standby service customers have been charged standby rates that are lower than the rate they would have been charged under the otherwise-applicable tariff rate" is accurate.

Q. Did NYSEG report in annual compliance filings, for the years 2004 through 2006, total lost revenues of $8,101,862 as stated on page 10 of Staff witness Dickens' testimony?

A. Yes, that is the number that NYSEG reported to the Commission.

Q. Does Staff take exception to NYSEG's calculation of the amount of lost revenues associated with a specific standby customer?

A. Yes. Staff witness Dickens takes issue with the "otherwise applicable rate" NYSEG used in calculating the amount of lost revenues related to Cornell University. Specifically, Mr. Dickens argues that NYSEG inappropriately used the S.C. 7 Transmission non – Industrial High Load Factor ("IIHLF") rate as the otherwise applicable rate in calculating lost revenues for Cornell for the period April 2004 through December 2006. He further states that NYSEG should have continued to use the S.C. 7 Transmission IHLF rate as the otherwise applicable rate despite the fact that Cornell's load factor fell below the threshold 68% load factor that the IHLF tariff requires for classification as an IHLF customer. Based on that assumption, Mr. Dickens' calculated an ASGA adjustment amount, which Staff witness Benedict has included in his proposed adjustment to NYSEG's ASGA balance.

Q. Do you agree with Staff witness Dickens' position?

A. No. Staff witness Dickens takes the position that the lost revenue calculations associated with Cornell University should be based on a rate at a single point in time, and should not reflect any changes in rates associated with the customers declining load factor. NYSEG contends that, pursuant to NYSEG's Standby Joint Proposal approved in the Commission's *Order Establishing Electric Standby Rates*, issued July 30, 2003 in Case 02-E-0779, the otherwise applicable rate should be the rate that Cornell would have been paying under the otherwise applicable service classification, given the actual load factor by the customer.

Q. How often does NYSEG review its IHLF customer list for continued eligibility?

A. NYSEG reviews its accounts annually to verify continued qualification based on usage during the previous year. It should be noted that customers meeting the tariff qualifications for the IHLF rate can shift to that rate at any time during the year.

Q. Does NYSEG calculate the lost revenues for its other standby customers based on the otherwise applicable rate as that rate may change based on a customer's consumption?

A. Yes.

## RATE DESIGN AND RETAIL ACCESS PANEL

Q. Has Staff been aware of NYSEG's calculation methodology over the past several years?

A. Yes. NYSEG first provided the detailed workpapers supporting the lost revenue calculation for Cornell (and other customers) in an October 3, 2005 response to a data request from Mr. Dickens. In each of the following two years, NYSEG provided similar back-up data to Mr. Dickens for the 2005 and 2006 calendar years.

Q. Does NYSEG agree with the calculated level of adjustment supported by Staff witness Dickens' based on Staff's premise that the lost revenue calculation for Cornell should be based on the IHLF rate?

A. No. Based on Exhibit __ (RDRA-1), which is a Staff response to a Company data request, it appears that Mr. Dickens estimated the difference in the lost "Energy" revenues related to Cornell for each of the years based on the ratio of the IHLF to non-IHLF kWh rates for 2004. This results in an over-estimate of the amount of adjustment that would be made to the ASGA balance shown on Exhibit __ (JB-7) if one were to accept Staff's methodology.

Q. Has the Company prepared an exhibit that provides its calculation of the difference between the standby lost revenues for Cornell based on IIHLF and non-IIHLF rates?

A. Yes. Exhibit __ (RDRA-2) shows that had the lost revenue calculation for Cornell been based on the IHLF rates rather than the non-IHLF rates, the assessment of charges against the ASGA for the period from April 1, 2004 through December 31, 2006 would have been lower by $2,716,233.

Q. Does this complete your rebuttal testimony at this time?

A. Yes, it does.