

1 **B. Proposed Schedule 139 Rate**

2 **Q. Have you calculated the initial rates for electric Schedule 139 that recover**  
3 **allowed delivery revenue beginning in 2013?**

4 A. Yes. Please see the Tenth Exhibit to the Prefiled Supplemental Direct Testimony  
5 of Mr. Jon A. Piliaris, Exhibit No. \_\_\_\_ (JAP-18), at page 1, for this calculation.  
6 As shown on line 28, the initial Schedule 139 rate for electric customers will be  
7 \$0.001631 per kWh. The initial Schedule 139 rate for non-residential customers  
8 will be \$0.000338 per kWh.

9 **Q. Please describe the calculation of electric Schedule 139 rates.**

10 A. There are three primary steps in the calculation of electric Schedule 139 rates on  
11 page 1 of Exhibit No. \_\_\_\_ (JAP-18). First, the Test Year Delivery Revenue Per  
12 Unit ("RPU") is calculated by dividing Test Year Volumetric Delivery Revenue by  
13 Test Year Base Revenue ~~Revenue~~ Sales. Next, Rate Year Delivery RPU is calculated by first  
14 projecting the allowed revenue in the rate year and adjusting for the prior year's  
15 deferrals. Schedule 139 rates are then calculated, subject to the three percent rate  
16 cap, as Rate Year Delivery RPU minus Test Year RPU. These calculations are  
17 performed separately for each rate group.

18 **Q. How are the proposed electric Schedule 139 rates tested against the three**  
19 **percent rate cap?**

20 A. This calculation is provided on page 2 of Exhibit No. \_\_\_\_ (JAP-18). In simple  
21 terms, these calculations first determine an average rate per kWh for each rate  
22 group. This average rate includes the cost of energy supply and the then-current