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IN THE PUBLIC UTILITIES COMMISSION  
OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

PETITION OF THE COMMONWEALTH ) DOCKET NO. 13-01  
UTILITIES CORPORATION: )  
FOR RATE RELIEF IN ITS POWER, ) SECOND SUPPLEMENTAL FILING  
WATER AND WASTEWATER BUSINESS ) Filed: January 8, 2014  
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)

Second Supplemental Filing

The Commonwealth Utilities Corporation (“CUC”) brought its petition on July 5, 2013 for rate relief, as amended November 8, 2013. On December 6, 2013, CUC and Georgetown Consulting Group (“Georgetown”), consultant for the Commonwealth Public Utilities Commission (“CPUC” or “Commission”), entered into a Stipulation, which outlined the issues and made recommendations which were agreed to after extensive discovery and technical analysis. Public hearings were held on December 9, 11, and 12. On December 24, 2013, the Hearing Examiner submitted his “Hearing Examiner’s Report” (“Report”), which summarized the regulatory activities in the docket.

1 On January 7, 2014, the Hearing Examiner requested CUC to file a response to comments  
2 and a query which the Commission received from Mr. Patrick Leon Guerrero questioning how  
3 the PMIC surcharge was calculated. Attachment “1” is CUC’s written response to Mr. Leon  
4 Guerrero’s concerns. It explains the basis for the \$0.021 kWh charge.

5 Respectfully submitted,

6  
7 /s/  
8 James S. Sirok  
9 Attorney for Commonwealth Utilities Corporation

10 Dated: January 8, 2014  
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# ATTACHMENT "1"



January 7, 2014

Joseph C. Guerrero, Chair  
Commonwealth Public Utilities Commission  
Capitol Hill  
Caller Box 10007  
Saipan, MP 96950

RE: Response to comment from Patrick Leon Guerrero

Dear Chairman Guerrero:

Patrick Leon Guerrero submitted a comment to the Commonwealth Public Utilities Commission ("CPUC") concerning the calculation of the PMIC Surcharge in CPUC Docket 13-01. Mr. Guerrero's letter stated that based on an assumption that the Commonwealth Utilities Corporation's ("CUC") average load was 31 MW, the PMIC infrastructure Surcharge is too high.

First, CUC would like to thank Mr. Guerrero for submitting his thoughtful comment. CUC welcomes comments from all of its customers.

Concerning the specifics of Mr. Guerrero's comment, CUC believes that Mr. Guerrero is not aware of the dramatic decline in electricity usage that occurred over the last four years caused by higher diesel fuel prices, the weak economy, changes in metering technology. In addition, Mr. Guerrero may also not be aware of the effect of Governor Inos's October 10, 2013 Executive Directive to reduce government usage by 20%. To summarize Mr. Guerrero's comment, he said that based on an assumed load of 31 Average MW and 12% loss factor, CUC's monthly kWh sales would be about 22,230,000 per month or about 267 Million kWh per year. Based on Mr. Guerrero's assumed load, the proposed PMIC Infrastructure Surcharge of \$.021 per kWh would result in an over collection of about \$70,000 per month.

By way of background, in FY 2010, CUC's customers used about 273 million kWh. By FY 2013, CUC customer's usage declined to about 209 million kWh, or a decline of 30%. During the settlement discussions between CUC and the CPUC's regulatory consultants, Georgetown Consulting Group, the topic of CUC's projected kWh usage for the test year in Docket 13-01 received extensive review and discussion. At the conclusion of these discussions, GCG and CUC agreed that the projected usage for the test year would be about 198 million kWh, or a reduction of about 10%. The reduction in projected

usage was based on several factors related to residential and government usage. For residential usage, we incorporated the continued decline in residential average use per customer, the planned installation of about 2,400 prepaid meters, which results in a significant decline in usage after installation, and the increase in rooftop solar panels. For government usage, we reduced usage to incorporate the effects of Governor Inos's October 10, 2013 Executive Directive to reduce government usage by 20%. We did not adjust commercial usage for the test year.

I hope this answered Mr. Guerrero's question. Please feel free to contact me if you have any questions.

Very Truly Yours,

Robert Young  
Managing Director