ATTORNEYS FOR COMMONWEALTH UTILITIES CORPORATION

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

PETITION OF THE COMMONWEALTH UTILITIES CORPORATION:
FOR RATE RELIEF IN ITS POWER, WATER AND WASTEWATER BUSINESS

DOCKET NO. 13-01
SECOND AMENDED PETITION FOR LARGE COMMERCIAL CUSTOMER INCENTIVE RATE
Filing date: April 28, 2014

PETITION

The Commonwealth Utilities Corporation ("CUC"), a publicly-owned corporation within the Commonwealth of the Northern Mariana Islands, through its attorneys, hereby files this limited Second Amended Petition with the Commonwealth Public Utilities Commission ("CPUC" or "Commission") for the sole purpose of approving and ordering changes to its electric commercial customer tariff. This request to adopt a Large Commercial Customer
Incentive Rate ("IR") is brought as a pragmatic solution to the original Standby Charge requested in this Docket No. 13-01 which was withdrawn on April 15, 2014. All other requests set forward in the Petition, Amended Petition, as amended by other filings in this Docket remain in effect.

**Testimony and Exhibits:** The material and relevant facts are presented through the expert testimony and exhibits accompanying this petition which have already been filed with the Commission, consisting of the Declaration of Economists.com and the proposed Tariff, filed on April 24, 2014.

**BACKGROUND**

On July 5, 2013, the Commonwealth Utilities Corporation ("CUC") filed a *Petition* for rate relief. As part of that rate relief, CUC recommended that a Standby Charge be implemented based on the installed generating capacity of commercial customers with a kW demand of greater than 200 kWh per month that generate all or a significant portion of their own electrical requirements.

CUC testimony dated July 5, 2013, January 2, 2014, and March 7, 2014 asserted the Standby Charge was necessary, just and reasonable, and it was made part of the CUC-Georgetown stipulation dated December 6, 2013, as Attachment F. The CNMI Public Utilities Commission’s ("CPUC") consultant, Georgetown Consulting Group ("GCG") supported the adoption of the Standby Charge in testimony dated March 12, 2014.

Shortly after March 13, 2014, and after local hotel groups filed letters opposing CUC’s proposed Standby Charge, CUC began a series of meetings with members of SFMA and later HANMI, both in groups and individually. See Declaration of Economists.com filed April 24, 2014 ("Declaration"). The purpose of these meetings was to discuss the opposition to the Standby Charge and explore options that would lead to customers that self-generate all or most of their electric requirements to purchase all of their electricity from CUC. See Declaration.

On April 3, 2014, the CUC Board met for the first time in many years. There were many pressing issues examined by the Board in its capacity as the governing body of CUC. Pursuant to 4 CMC §8131(a), “[T]he corporation shall be governed by a board of directors.” In addition, “[T]he executive director and Board shall manage the corporation in a business-like manner so as
to provide the most efficient delivery of its services at the most reasonable cost to consumers.” 4
CMC §8141(a).

The Conference Minutes dated April 11, 2012 by Hearing Examiner Harry M. Boertzel
acknowledged the position of Georgetown Consulting Group, the Commission’s consultant, that
the adoption of an alternative tariff “which would induce large commercial customers to become
full service customers” should be heard at the May 22, 2014 public hearing. The Conference
Minutes further confirmed Georgetown’s position that CUC requires an additional $2.2 million
dollars in annual rate relief pursuant to the Commission’s February 5, 2014 Decision.¹

On April 14, 2014, the CUC Board met and made a formal decision that it would remove
the Standby Charge from consideration as part of the instant Petition. The Board decided the
focus of the utility should be on attracting the partial-requirement Large Commercial
customers to the grid full time through a new Incentive-Rate, the IR.

**REQUEST FOR IR**

Now, CUC sets forth this IR as a method to generate additional revenue that would come
close to offsetting what CUC has calculated as the $2.5 million reduction in Standby Charge
revenue. See Declaration. After numerous meetings exploring various rate options, CUC has
focused on development of a special incentive rate that would apply only to those customers who
generate 90% or more of their annual electrical requirements. The incentive rate needs to be low
enough so that it would be close to self-generating customers’ cost of generating power, yet still
provide CUC with enough additional revenues to replace a significant portion of the projected
revenue lost from the proposed Standby Charge.

Based on CUC’s assumptions and calculations involving nine large commercial
customers that CUC believes might agree to purchase power under the IR, CUC’s Base Rate and
Customer Charge revenue is forecast to increase by approximately $1.5 million annually.
Declaration, p. 4. CUC’s proposed Incentive Rate will not increase the rates of other customers,
but will instead help offset the loss of $2.5 million in projected revenue from CUC’s proposed

¹ CUC notes the discrepancy between the conference minutes and the amount it has calculated as the shortfall for the
Standby Charge, and will review its filings and calculations with the Commission’s consultant.

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Petition for Large Commercial Customer Incentive Rate, Page 3 of 4
Standby Charge which was withdrawn. Declaration, p. 5.

CONCLUSION AND REQUEST FOR RELIEF

Accordingly, CUC asks that the Commission implement the Large Commercial Customer Incentive Rate as set forth in the Tariff filed April 24, 2014, at the May 22, 2014 Public Hearing, to take effect **June 23, 2014**, or as otherwise determined by the Commission.

Respectfully submitted,

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Dated: April 28, 2014