

1 Deborah E. Fisher (F0359)
2 Law Office of Deborah E. Fisher
3 Sablan Building, Suite 2-C
4 Beach Road, Chalan Kanoa
5 P. O. Box 501916
6 Saipan, MP 96950
7 Tel: (670) 234-9005, Fax: (670) 235-9007
8 Deborah.fisher@dfisherlaw.com

9 James S. Sirok (F0124)
10 General Counsel
11 Commonwealth Utilities Corporation
12 Third Floor, Joeten Dandan Bldg.
13 P. O. Box 501220
14 Saipan, MP 96950
15 Tel: (670) 664-4282, Fax: (670) 235-5131
16 James.sirok@cucgov.org

17 *Attorneys for Commonwealth Utilities Corporation*

18 IN THE PUBLIC UTILITIES COMMISSION

19 OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

20 **PETITION OF THE COMMONWEALTH
21 UTILITIES CORPORATION:**

22 **FOR RATE RELIEF IN ITS POWER,
23 WATER AND WASTEWATER
24 BUSINESS**

DOCKET NO. 13-01

**SECOND AMENDED PETITION
FOR LARGE COMMERCIAL
CUSTOMER INCENTIVE RATE**

Filing date: April 28, 2014

25 **PETITION**

26 The Commonwealth Utilities Corporation (“CUC”), a publicly-owned corporation within
27 the Commonwealth of the Northern Mariana Islands, through its attorneys, hereby files this
28 limited Second Amended Petition with the Commonwealth Public Utilities Commission
29 (“CPUC” or “Commission”) for the sole purpose of approving and ordering changes to its
30 electric commercial customer tariff. This request to adopt a Large Commercial Customer

1 Incentive Rate (“IR”) is brought as a pragmatic solution to the original Standby Charge requested
2 in this Docket No. 13-01 which was withdrawn on April 15, 2014. All other requests set forward
3 in the Petition, Amended Petition, as amended by other filings in this Docket remain in effect.

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

8 **BACKGROUND**

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

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

19 Shortly after March 13, 2014, and after local hotel groups filed letters opposing CUC’s
20 proposed Standby Charge, CUC began a series of meetings with members of SFMA and later
21 HANMI, both in groups and individually. See Declaration of Economists.Com filed April 24,
22 2014 (“Declaration”). The purpose of these meetings was to discuss the opposition to the
23 Standby Charge and explore options that would lead to customers that self-generate all or most
24 of their electric requirements to purchase all of their electricity from CUC. See Declaration.

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

1 to provide the most efficient delivery of its services at the most reasonable cost to consumers.” 4
2 CMC §8141(a).

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

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

13 **REQUEST FOR IR**

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

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

27 _____
28 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.

1 Standby Charge which was withdrawn. Declaration, p. 5.

2 **CONCLUSION AND REQUEST FOR RELIEF**

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

6

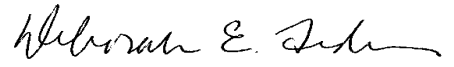
7

Respectfully submitted,

8

9

10



11

Deborah E. Fisher
Attorney for Commonwealth Utilities
Corporation

12

13

Dated: April 28, 2014

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28