

Derivation of Rates  
Test Year Ending December 31, 2012

## Derivation of Rates

Line	Category
<b>Residential Rates</b>	
1	Generation costs are assigned to season based on total HCM costs by season and/or time of use period.
2	Transmission costs are assigned to season based on 12 CP transmission allocations by season and are assigned to time of use based on probability of peak.
3	Distribution costs are assigned to season and time of use period based on total sales and includes costs not included in the customer charge.
4	Cost of service adjustments are assigned to season and time of use period based on the allocation of generation costs to season and time of use period.
5	Sales growth adjustments are assigned to the summer season and assigned to time period based on probability of peak.
6	Winter stepped rates are set at levels that approximate the steps on current residential electric heat rates.
<b>Small General Service Energy Rates</b>	
7	Generation costs are assigned to season based on total HCM costs by season and/or time of use period.
8	Transmission costs are assigned to season based on 12 CP transmission allocations by season and are assigned to time of use based on probability of peak.
9	Distribution costs are assigned to season and time of use period based on total sales and includes costs not included in the customer charge.
10	Cost of service adjustments are assigned to season and time of use period based on the allocation of generation costs to season and time of use period.
11	Sales growth adjustments are assigned to the summer season and assigned to time period based on probability of peak.
12	Summer and winter stepped rates are set at levels that minimize the differences between actual annual increases and increases determined by cost of service for all customers.
13	Surcharges are set at levels that approximate the incremental price customers would pay under small general service demand rates at a level of 200 hours use.
<b>Small General Service Demand Rates</b>	
14	Generation costs are assigned to season based on total HCM costs by season and/or time of use period.
15	Transmission costs are assigned to season based on 12 CP transmission allocations by season.
16	Distribution costs are assigned to season based on total billing demand and includes costs not included in the customer charge or transformer credits.
17	Generation costs are assigned to the energy component of rates.
18	Transmission and distribution costs are assigned to the demand component of rates.
19	Cost of service adjustments are assigned to season and time of use period based on the allocation of generation costs to season and time of use period.
20	Sales growth adjustments are assigned to the season and time period based on total sales.
21	Summer and winter stepped rates are set at levels that approximate rates paid by customers taking service on time of use rates.
<b>Large General Service Rates</b>	
22	Generation costs are assigned to season based on total HCM costs by season and/or time of use period.
23	Transmission costs are assigned to season based on 12 CP transmission allocations by season.
24	Distribution costs are assigned to season based on total billing demand and includes costs not included in the customer charge, transformer credits, or kvar charges.
25	Generation costs are assigned to the energy component of rates.
26	Transmission and distribution costs are assigned to the demand component of rates.
27	Cost of service adjustments are assigned to season and time of use period based on the allocation of generation costs to season and time of use period.
28	Summer and winter stepped rates are set at levels that approximate rates paid by customers taking service on time of use rates.
<b>Substation Rates</b>	
29	Generation costs are assigned to season and TOU period based on total HCM costs by season and/or time of use period.

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30	Transmission costs are assigned to season based on 12 CP transmission allocations by season.
31	Distribution costs are assigned to season based on total billing demand and includes costs not included in the customer charge, transformer credits, or kvar charges.
32	Generation costs are assigned to the energy component of rates.
33	Transmission and distribuion costs are assigned to the demand component of rates.
34	Cost of service adjustments are assigned to season and time of use period based on the allocation of generation costs to season and time of use period.
<b>Municipal Water Pumping Rates</b>	
35	Generation costs are assigned to season based on total HCM costs by season.
36	Transmission costs are assigned to season based on 12 CP transmission allocations by season.
37	Distribution costs are assigned to season based on total sales and includes costs not included in the customer charge.
38	Cost of service adjustments are assigned to season and based on the allocation of generation costs to season and time of use period.
<b>Lighting Rates</b>	
39	All lighting rates are built by component and are stated on a flat dollars per month basis.
40	Lighting rates are made up of separate components for energy, maintenance, lights, poles, spans and decorative fixtures.
41	Cost of service adjustments are rolled into the energy component of lighting rates.
42	Sales growth adjustments are rolled into the equipment component of rates.