

List of Exhibits for Larry G. Arvidson Rebuttal Testimony, Cases 08-E-0887 & 08-G-0888

1. Comparison of ROR statements, Staff COS v CH COS....Rebuttal Exhibit_(LGA-1) Schedule A
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Comparison of ROR statements from the Company vs NYSDPS GRP Rate Year #1 embedded cost of service studies
Case 08-G-0888

	System	RHT & RNH	CIHT & CINH	WP	Interdepart	SC11 T	SC11 D	
line	Rate Base							
1	CHG&E COS study*	\$ 182,836,177	\$ 124,474,589	\$ 52,318,805	\$ 1,810,588	\$ 1,215,278	\$ 2,537,042	
2	Staff GRP COS**	\$ 182,836,177	\$ 107,303,403	\$ 67,035,188	\$ 3,879,728	\$ 1,312,202	\$ 2,537,042	
	Net Operating Income							
3	CHG&E COS study*	\$ 5,775,690	\$ 3,774,519	\$ 2,214,845	\$ (27,370)	\$ (291,529)	\$ 116,802	
4	Staff GRP COS**	\$ 5,775,690	\$ 5,627,115	\$ 635,411	\$ (259,106)	\$ (301,940)	\$ 116,802	
	Rate of Return							
5	CHG&E COS study*	3.16%	3.03%	4.23%	-1.51%	4.60%	-2.41%	
6	Staff GRP COS**	3.16%	5.24%	0.95%	-6.68%	4.60%	-5.54%	
	Index							
7	CHG&E COS study*	1.00	0.96	1.34	(0.48)	1.46	(0.76)	
8	Staff GRP COS**	1.00	1.66	0.30	(2.11)	1.46	(1.75)	
	CHG&E COS study*	data from 11/20/08 Revised Exhibit__(LGA-1), Schedule B						
	Staff GRP COS**	data from Exhibit__(GRP-6) Page 1 of 1						

Staff Response to Interrogatory/Document Request

Request No.: CH-153
Date of Request: December 4, 2008
Reply Date: December 10, 2008
Responding Witness: Gas Rates Panel
Subject: Cost of Service

- Q. Regarding the Gas Rates Panel testimony at page 14, line 23 through page 15, line 2, where the Panel refers to its proposal to classify 100% of gas mains as demand-related, the Panel states: “The purpose of this change is to more closely identify the minimum customer costs for each service class.”
- a) Please confirm that the Panel’s intention was to reduce the level of costs that are treated as customer-related.
 - b) If that was not the Panel’s intention, please state what the Panel’s intention was.
- A.
- a) It was not the intention of the GRP to reduce the level of costs that are treated as customer-related. It is the GRP’s position that investment in gas distribution mains is related to the length of installed main, which is not indicative of the number of customers served by those mains; thus the GRP allocated mains as demand. It is the GRP’s position that the result of this allocation better reflects minimum cost to serve a customer.
 - b) See above response.

Staff Response to Interrogatory/Document Request

Request No.: CH-154
Date of Request: December 4, 2008
Reply Date: December 15, 2008
Responding Witness: Gas Rates Panel
Subject: Cost of Service

- Q. Regarding the Gas Rates Panel testimony at page 15, line 2-6, the Panel states: “the result of the revised study will more closely indicate costs associated with a basic level of service, which is more representative of the costs saved when a customer leaves the system”:
- a) Does the Panel agree that the effect of the change in the classification of mains it proposes is to shift cost responsibility from SC1 to SC2?
 - b) If not, why not?
 - c) If so, how can the change be justified on the ground that it "...more closely indicate costs associated with a basic level of service, which is more representative of the costs saved when a customer leaves the system," because both SC1 and SC2 customers can leave the system.
 - d) Does the Panel agree that shifting cost responsibility to SC2 tends to increase the motivation of SC2 customers to leave the system? If not, why not?
 - e) Specifically, what costs are "saved" by the Company when a customer leaves the system that are different when distribution mains are classified 100% demand than when classified as the Company did?
- A.
- a) The Panel agrees that the effect of the change shifted cost responsibility from SC1 to SC2.
 - b) See above response.
 - c) See the GFP response to Central Hudson IRs CH-150 and 153.
 - d) The GRP agrees that shifting cost responsibility to a class can increase the motivation of customers in that class to leave the system.
 - e) Costs that are "saved" by the Company when a customer leaves the system should be the same under either methodology.

Staff Response to Interrogatory/Document Request

Request No.: CH-149
Date of Request: December 4, 2008
Reply Date: December 10, 2008
Responding Witness: Gas Rates Panel
Subject: Cost of Service

- Q. With reference to the Gas Rates Panel testimony at page 14, lines 16-24, continuing on to page 15:
- a) Is it Staff's position that Central Hudson's investment in gas distribution mains is unrelated to the number of customers served by those mains?
 - b) If it is Staff's position that there is a relationship:
 - i) What is that relationship? and
 - ii) Provide the basis and justification for the relationship posited including all related workpapers.

- A.
- a) It is the GRP's position that investment in gas distribution mains is related to the length of installed main, which is not indicative of the number of customers served by those mains.
 - b) See above response.

Staff Response to Interrogatory/Document Request

Request No.: CH-152
Date of Request: December 4, 2008
Reply Date: December 16, 2008
Responding Witness: Gas Rates Panel
Subject: Cost of Service

- Q. To the extent not already provided in response to prior Central Hudson requests, please provide:
- a) all of the cost of service & other xls files (fully operational) used to develop staff exhibit GRP-10; and
 - b) hardcopies of all workpapers used to develop staff exhibit GRP-6: including but not limited to, all 54 pages from the “functionalization” sheet and all 25 pages from the “allocation” sheet of the Central Hudson embedded cost of service study that staff modified and referred to on lines 2-5 on page 16 of the Gas Rates Panel testimony.
- a) The worksheets, titled CH-152 RY1gasCOS mains 100% demand.xls is attached.

Staff Response to Interrogatory/Document Request

Request No.: CH-150
Date of Request: December 4, 2008
Reply Date: December 15, 2008
Responding Witness: Gas Rates Panel
Subject: Cost of Service

- Q. With reference to the Gas Rates Panel testimony at page 17 lines 20-24, continuing on page 18 lines 1-6, did Staff perform any marginal cost of service analysis of:
- a) Central Hudson's gas department?
 - b) Central Hudson's electric department?
 - c) If so, please provide the analysis and all related workpapers.
- A. Neither the Company nor Staff performed a marginal cost of service analysis.