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June 1, 2006

Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909-7721

Re: Case No. U-14790-TIER
Great Lakes Energy Cooperative
Laslie Testimony and Exhibits

Dear Ms. Kunkle:

Enclosed for paperless filing are the Prefiled Testimony and Exhibits of Jeffrey C. Laslie – Senior Financial Analyst – Power System Engineering, Inc. on behalf of Great Lakes Energy Cooperative and Proof of Service in the above-referenced matter.

If there are any questions or comments, do not hesitate to contact me.

Sincerely,

DYKEMA GOSSETT PLLC

Albert Ernst

Digitally signed by Albert Ernst
DN: cn=Albert Ernst, c=US,
o=Dykema Gossett PLLC
Date: 2006.06.01 14:03:07 -04'00'

Albert Ernst

AE:jmb

cc: Steve Boeckman
Bill Scott
Pat Anzell
Jeff Laslie

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PREFILED TESTIMONY AND EXHIBITS OF

**JEFFREY C. LASLIE
SENIOR FINANCIAL ANALYST
POWER SYSTEM ENGINEERING, INC.**

**ON BEHALF OF
GREAT LAKES ENERGY COOPERATIVE**

PART I – QUALIFICATIONS

1 **Q. Please state your name and business address**

2 A. My name is Jeffrey C. Laslie. My business address is 6919 E. 10th Street, Suite E-1A,
3 Indianapolis, Indiana 46219.

4 **Q. What is your profession?**

5 A. I am a Certified Public Accountant (“CPA”) employed as a Senior Financial Analyst by
6 Power System Engineering, Inc. (“PSE”), which is headquartered at 2000 Engel Street,
7 Suite 100, Madison, Wisconsin 53713. I am also manager of PSE’s Indianapolis Office.

8 **Q. What is your educational background?**

9 A. I received a Bachelor of Science degree from Ball State University in 1975 with a major
10 in accounting.

11 **Q. What additional course work or training have you received?**

12 A. I have attended courses and seminars sponsored by the Rural Utilities Service (“RUS”)
13 formerly the Rural Electrification Administration (“REA”). I have also attended courses
14 and seminars sponsored by the Electric Power Research Institute, the Indiana Utility

1 Regulatory Commission (“IURC”), Professional Development Services, Speakeasy, the
2 Indiana CPA Society, the National Rural Electric Cooperative Association and the
3 University of Nebraska.

4 **Q. Will you please describe your business background?**

5 A. Since September 1997, I have been employed by Power System Engineering Inc. (“PSE”)
6 as Senior Financial Analyst and manager of PSE's Indianapolis office. The projects that I
7 have been involved in have included rate designs and approvals, wholesale rate reviews,
8 bundled and unbundled cost of service studies, rate comparisons, competitive
9 assessments, territorial matters, activity based costing and revenue requirement analyses.

10 From July 1995 to September 1997 I was a self-employed consultant doing business as J.
11 Laslie & Associates. The services that I provided to my clients were essentially the same,
12 in scope, as my present responsibilities with PSE.

13 Prior to starting J. Laslie & Associates, I was employed at Wabash Valley Power
14 Association (“WVPA”) in Indianapolis, Indiana from October, 1980 to July, 1995. At
15 WVPA, I was the Manager of Rates and was involved in virtually all rate matters
16 affecting the company. Generally, this included developing and implementing rates,
17 analyzing the wholesale rate filings made by the power suppliers of WVPA before the
18 Federal Energy Regulatory Commission (“FERC”), and preparing various rate and
19 regulatory investigations as directed by the company’s management. In conjunction with
20 my responsibilities relating to the administration of WVPA’s rates, I was responsible for
21 supervising the preparation of the company’s fuel cost charge filings and wholesale
22 power cost tracker filings before the IURC. Similarly, I was also responsible for

1 preparation of the Power Supply Cost Recovery (“PSCR”) filings required in the State of
2 Michigan. Lastly, I was responsible for preparation of Wholesale Power Cost Tracker and
3 fuel adjustment filings submitted to the IURC by WVPA’s member systems located in
4 Indiana, and provided assistance to member systems in regard to rate filings, 30-day
5 filings, new customer negotiations and various other financial and regulatory matters.

6 After graduation in May 1975 and prior to joining WVPA, I was employed by
7 McCullough and Associates, Public Accountants, of Indianapolis, Indiana. At
8 McCullough, my duties included the collection of data for and the preparation of, rate and
9 financial reports for municipal gas, water and electric utilities, municipal sewage works,
10 and private gas utilities. I also assisted in the preparation of official statements for the
11 issuance of municipal electric, water works, and sewage works revenue bonds and the
12 preparation of cost of service studies for municipal water and electric utilities. Once these
13 exhibits were prepared, I was then responsible for their presentation to the appropriate
14 municipal governing body.

15 **Q. Have you ever testified before a regulatory agency, and if so, in what type of**
16 **proceeding?**

17 A. I have testified before the Indiana Utility Regulatory Commission numerous times in
18 matters concerning revenue requirements, cost of service, and rate design for municipal
19 and cooperative distribution utilities and WVPA. I have also prepared pre-filed testimony
20 and/or testified before the Michigan Public Service Commission on matters relating to
21 revenue requirements, cost of service and rate design on behalf of electric cooperatives,
22 interveners and WVPA.

1 **Q. Please describe your professional affiliations.**

2 A. I am a licensed Certified Public Accountant in the State of Indiana and am a member of
3 the Indiana CPA Society and the AICPA.

1

PART II – APPEARANCE INFORMATION

2 **Q. Please explain your appearance in this case.**

3 A Power System Engineering, Inc. has been retained by Great Lakes Energy Cooperative
4 (“Great Lakes”) to provide technical assistance in preparing this instant rate case.

5 **Q. Are you sponsoring any exhibits?**

6 A. Yes, I am sponsoring the following exhibits:

- 7 ♦ Exhibit A-13 (JCL-1) -- Revenue Requirements Summary
- 8 ♦ Exhibit A-14 (JCL-2) -- Present Rate Schedules
- 9 ♦ Exhibit A-15 (JCL-3) -- Statement of Operations - Present Rates
- 10 ♦ Exhibit A-16 (JCL-4) -- Cost of Service Analysis
- 11 ♦ Exhibit A-17 (JCL-5) -- Proposed Rate Schedules
- 12 ♦ Exhibit A-18 (JCL-6) -- Statement of Operations - Proposed Rates
- 13 ♦ Exhibit A-19 (JCL-7) -- Comparison of Revenues under Present and Proposed Rates
- 14 ♦ Exhibit A-20 (JCL-8) -- Comparison of Present and Proposed Rate Schedules
- 15 ♦ Exhibit A-21 (JCL-9) -- Comparison of Bills under Present and Proposed Rates

16 **Q. Were these exhibits prepared by you or under your direct supervision?**

17 A Yes, they were.

PART III – DIRECT TESTIMONY

A. Revenue Requirements

Q. What Test Year has been used in preparing Great Lakes' filing?

A. In the preparation of this filing, Great Lakes has utilized a Test Year based on the 12 months ended December 31, 2005.

Q. Please describe Exhibit A-13 (JCL-1), entitled "Revenue Requirements Summary."

A. Exhibit A-13 (JCL-1) sets forth a summary of Great Lakes' operating results for the Test Year ended December 31, 2005 as presented in the testimony and exhibits of Steven L. Boeckman (collectively "TIER filing") and as further adjusted in Exhibit A-15 (JCL-3). The purpose of the additional adjustments is to establish a foundation for the cost of service study presented in Exhibit A-16 (JCL-4) and, while they result in higher revenue requirement than the TIER filing, Great Lakes is not proposing to amend its request as a result of these adjustments. The proposed rates discussed herein result in an increase approximately equal to the \$6,019,460 increase justified in the TIER filing.

The adjustments that comprise column (d) are all shown in detail in Exhibit A-15 (JCL-3) with one exception. As footnoted on Exhibit A-13 (JCL-1), subsequent to Great Lakes' application in this case, it made a \$1,297,906 adjustment increasing purchased power and revenues to record additional purchased power costs and the additional PSCR under collections that will result. I understand that these adjustments are the result of information that became known after the end of the year and were recommended by Great

1 Lakes' auditor. The adjustments affect revenue and power cost equally and, therefore,
2 have no effect on the cooperative's 2005 margins.

3 **Q. Please describe Exhibit A-14 (JCL-2) entitled "Present Rate Schedules."**

4 A. Exhibit A-14 (JCL-2) are copies of Great Lakes' presently effective rate schedules on file
5 at the MPSC.

6 **Q. Please describe Exhibit A-15 (JCL-3) entitled "Statement of Operations – Present**
7 **Rates."**

8 A. Exhibit A-15 (JCL-3) provides a Statement of Operations for the Test Year based on the
9 revenue generated by Great Lakes' present rates and documentation supporting the
10 adjustments made in arriving at the pro forma Test Year Statement of Operations. Page 1
11 of Exhibit A-15 (JCL-3) is a summary of the Statement of Operations for the Test Year
12 ended December 31, 2005. The amounts shown in Col. (c) reflect an unadjusted Test
13 Year as shown on Great Lakes' books for the Test Year. Col. (d) summarizes the various
14 adjustments to revenue and expense accounts as proposed by Great Lakes in the TIER
15 filing and supplemented in Exhibit A-15 (JCL-3). Col. (e) shows the resultant Pro Forma
16 Test Year amounts including the adjustments.

17 Page 2 of Exhibit A-15 (JCL-3) provide an index of the various adjustment schedules by
18 expense item and the total of all of the proposed adjustments for each revenue and
19 expense item. The adjustments affecting revenues and purchased power expense refer to
20 supporting schedules within Exhibit A-15 (JCL-3). As referenced on Page 2, the
21 remaining adjustments are documented in Mr. Boeckman's testimony and exhibits.

1 Schedule A, pages 3 through 9 of Exhibit A-15 (JCL-3), shows the calculation of Sales of
2 Electricity under present rates including Year 2006 PSCR factors per Great Lakes' 2005
3 PSCR plan. Part I of Schedule A (page 3) shows sales units and revenues by rate
4 schedule per documentation Great Lakes provided. Parts II and IIa of Schedule A (page
5 4) summarize the calculated revenue by rate schedule and show Great Lakes' total pro
6 forma Sales of Electricity. Parts II and IIa are identical except that in Part IIa, sales
7 pursuant to contracts are reclassified to Schedule PSDS, Primary Service. The
8 reclassification is due to the expiration of all existing contracts as of the beginning of
9 2007. Part III (Page 5) of Schedule A reconciles revenues per Great Lakes' operating
10 statement (Form 7) to the calculated revenues as summarized in Part II and IIa. Part IV
11 (pages 6 through 8) shows the revenue calculations in detail. The revenue calculations do
12 not include a growth adjustment.

13 Part V (page 9) of Schedule A shows the estimated revenue impact caused by the
14 expiration of special contracts with three current customers. One of the special contracts
15 expired subsequent to the end of the test year and Great Lakes now serves the customer
16 under Schedule PSDS. The remaining two contracts will expire at the beginning of 2007
17 and, likewise, Great Lakes expects to serve the customer under Schedule PSDS. As
18 shown on page 9, the apparent revenue impact caused by the contract expirations is
19 \$975,995 annually.

20 Schedule B, page 10 of Exhibit A-15 (JCL-3), calculates the adjustment to Purchased
21 Power Expense including Year 2006 PSCR factors excluding prior period reconciliations.
22 I have applied the PSCR factor in a manner consistent with its original calculation, which
23 excludes sales associated with the contract sales. KWh sales subject to the PSCR (Line 8)

1 are multiplied times the average test year power cost (59.06 mill per kWh PSCR base plus
2 the proposed PSCR factor less the factor to reconcile prior period under collections) to
3 arrive at pro forma power costs before the contracts (Line 10). Footnote 3 shows the
4 calculation of estimated power cost for the contract customers which is added to line 10
5 to arrive at the Total Pro Forma Test Year Purchased Power Cost of \$86,409,932. Note
6 that during the Test Year, Great Lakes purchased power for the contract customers
7 pursuant to special contracts with Wolverine Power Supply Cooperative. Great Lakes
8 contracts with Wolverine expired or will expire at the same time as its contracts with the
9 retail customers. Accordingly, I have calculated the power cost for the contract customers
10 using Wolverine's standard rate Schedule C&I.

11 The calculation of Great Lakes' proposed PSCR base of 67.27 mills per kWh sold is on
12 lines 18 through 23. This new base will permit Great Lakes to "roll in" its Test Year
13 PSCR factor and, thereby, permit the tariff sheets to reflect more closely Great Lakes'
14 average power cost. It also anticipates the former contract customers being subject to the
15 PSCR adjustment and does not include any amount for prior period reconciliations.

16 Page 1 of Exhibit A-15 (JCL-3) shows an "adjusted" statement of operations and revenue
17 requirements. This schedule adjusts the Pro Forma Statement of Operations as
18 determined on page 1 of Exhibit A-15 (JCL-3) to eliminate revenues and revenue
19 requirements associated with rate schedules that are not based on standard cost allocation
20 methods. These rate schedules include the St. James and Peaine Township Monthly
21 Charge, water heater credits and controlled heating sales. Page 12 of Exhibit A-15 (JCL-
22 3) shows the rate schedules that are eliminated and the determination of related expenses
23 as shown in column (d) on page 26. The remaining revenue requirements (column (e))

are the revenue requirements input for the cost of service analysis, Exhibit A-16 (JCL-4) and are allocated to the remaining rate classes. The revenue requirements also include margins resulting from the proposed \$6,019,460 rate increase.

B. Cost of Service Analysis

Q. Please describe Exhibit A-16 (JCL-4), entitled “Cost of Service Analysis.”

A. Exhibit A-16 (JCL-4) provides a Cost of Service Analysis for the Cooperative. The detailed calculations and assumptions that go into the analysis are provided on the following schedules included in the exhibit:

<u>Schedule</u>	<u>Description</u>
Summary	Cost of Service Summary
A	Classification of Plant in Service
B	Classification of Operating Expenses
C	Summary of Classification Factors
D	Allocation of Revenue Requirements to Rate Classes
E	Development of Consumer Component Weighting Factors
F	Analysis of Class Load Characteristics
G	Development of Allocation Factors

Q. Please explain the purpose of the Cost of Service Analysis.

A. The Cost of Service Analysis presented in Exhibit A-16 (JCL-4) identifies the cost of providing service to each rate class and, therefore, forms the basis for allocating revenue responsibility to the various classes. In addition, the cost of service analysis provides a breakdown of revenue responsibility by category (e.g., customer, capacity, energy

related) which is useful in designing the proposed rate structures. The appendix to Exhibit JCL-4 provides a general discussion of the methodology I used.

Q. Please summarize the result of the Cost of Service Analysis.

A. The results of the Cost of Service Analysis are summarized using the three tables found on pages 1-3 of Exhibit A-16 (JCL-4). The Revenue Requirements Summary, page 1 of Exhibit A-16 (JCL-4), provides a comparison of the revenue requirements allocated to each class with the revenue generated by Great Lakes' present rates. The ninth line of this page indicates the required increase (decrease) if the revenue for each class were to be exactly aligned with the cost of service. Line 10 expresses the increase (decrease) in terms of percent.

The Class Allocation Summary, page 2 of Exhibit JCL-4, provides a summary of the total revenue requirements allocated to each class broken down into the primary cost categories – power supply (direct, capacity and energy related) and distribution (direct, consumer, capacity and energy).

The Rate Design Factors Summary, page 3 of Exhibit A-16 (JCL-4), provides the same breakdown as page 2, but on a unitized basis. Direct and consumer related costs have been divided by the number of consumers in each class and expressed in terms of \$/cons./mo. Capacity and energy related costs, on the other hand, have been divided by the energy sold to each class and expressed in terms of ¢/kWh.

C. Rate Design

Q. Please explain the objectives you considered in developing the proposed rates.

A. In developing the proposed rates, we considered the following rate design objectives:

1. The proposed rates must fund the total revenue requirements of the Cooperative.
2. The proposed rates should reflect the cost of providing service to the extent practicable. No class or subclass should subsidize or be subsidized by another.
3. The proposed rates should be simple and concise to facilitate consumer understanding, acceptance, and administration.
4. Abrupt departures from historical rate practices and levels should be avoided.
5. The rates should promote the efficient use of capacity and energy.
6. The rate structure must be acceptable to the member-consumers of the Cooperative.
7. If applicable, the rates should unbundle or separate the costs of those services that the member-consumer can choose.
8. The rates should, as fairly as practical, recover the cost to serve individual member-consumers within a customer class.

It has been my experience that it is generally not possible to fully accomplish all of the above objectives. Consequently, the rate design process must balance the various objectives to achieve practicable rates.

Q. Please describe how the proposed rates were developed.

A. The first step in designing the proposed rates was to establish the proposed target increase for each class. While the Cost of Service Analysis played an important role in

1 establishing the targeted increase for each class, other rate design objectives such as 1)
2 the need to avoid abrupt changes, and 2) the desire to achieve member-consumer
3 acceptance also played a role. Thus, the “required increases” shown on page 1 of Exhibit
4 A-16 (JCL-4) were tempered by judgment in order to accomplish the overall rate design
5 objectives.

6 Two considerations played an important role in establishing the targeted class revenues.
7 On the one hand, adjusting revenue in one step to comply with the cost of providing
8 service would result in what many would consider as an unacceptably abrupt change,
9 especially in light of Great Lakes’ proposed overall revenue increase. On the other hand,
10 it is important that interclass subsidies be reduced and that rates more accurately reflect
11 the cost of providing service. For these reasons, I am recommending a strong move in the
12 direction of fully cost based rates. In consultation with Great Lakes’ management, I have
13 developed a proposal that provides for updating the cooperative’s rates where those
14 classes showing a “required decrease” on page 1 of Exhibit A-16 (JCL-4) remain at
15 present revenue levels (the General Service and Large Power classes). Classes showing
16 “required increases” increase in proportion thereto such that the Cooperative is able to
17 generate the required total company revenues.

18 **Q. Please compare the proposed class increases (decreases) with the increases**
19 **(decreases) indicated by the cost of service study.**

20 A. Exhibit A-19 (JCL-7) shows the proposed increases or decreases for each rate class.

21 **Q. Are you proposing any change in the PSQR clause?**

22 A. Yes. I recommend that the Pro Forma Test Year PSQR Factor excluding the prior period

1 reconciliation factor be rolled into the PSCR Base. While this will not affect the
2 Cooperative's revenue or the bills paid by member-consumers, it will permit the base
3 rates to reflect more accurately the current cost of purchased power. The proposed PSCR
4 Base of 67.27 mills per kWh is calculated on Schedule B (page 14) of Exhibit A-15 (JCL-
5 3). As discussed earlier, this calculation anticipates that Great Lakes' PSCR factor will
6 apply to the former contract customers via schedule PSDS. Heretofore, they were not
7 subject to the PSCR.

8 **Q. Please explain how Great Lakes' proposed rates incorporate this Commission's**
9 **restructuring or customer choice initiatives.**

10 A. Great Lakes' present rates include a Retail Access Service Tariff (RAST) setting out the
11 requirements and procedures for retail access or "choice" service. The charges for retail
12 access service are in the cooperative's "choice" rate schedules, which are currently
13 separate from the cooperative's standard rate schedules. Following the Commission's
14 orders in previous cases, Great Lakes' demand metered members with a demand greater
15 than 50 kilowatts are eligible for retail access service. Great Lakes is not proposing any
16 significant changes to the RAST in this proceeding. However, I am proposing that Great
17 Lakes combine its "choice" and standard rates into a single set of rate schedules. This
18 change will add some clarity to Great Lakes' tariffs as they apply to retail access service
19 and is similar to other cooperatives' rates the Commission has recently approved.

20 **Residential Service (A)**

21 **Q. Please describe the changes that you are proposing for the Residential Rate.**

22 A. The proposed revenue for the Residential class results in a \$3,494,375 or 4.99% increase.

1 Great Lakes is proposing to increase its Availability Charges so they reflect its customer
2 related costs of \$26.17 per month more closely (See page 3 of Exhibit A-16 (JCL-4). An
3 Availability Charge of \$12.00 per month and an Energy Charge of \$.09435 per kWh are
4 proposed. To review how the proposed rates compare to Great Lakes' present rates and
5 charges, please refer to Exhibit A-20 (JCL-8).

6 **Seasonal Residential Service (S)**

7 **Q. Please describe the changes you are proposing for the Seasonal Residential Service**
8 **Rate.**

9 A. The proposed revenue for the Seasonal Residential class results in a \$2,521,227 or
10 14.31%. Great Lakes is proposing to maintain the current Availability Charge of \$36.00
11 per quarter and increase the Energy Charge to \$.1234 per kWh. To review how the
12 proposed rates compare to Great Lakes' present rates and charges, please refer to Exhibit
13 A-20 (JCL-8).

14 **General Service Rate(GS)**

15 **Q. Please describe the changes which you are proposing for the General Service Rate.**

16 A. The proposed revenue for the General Service Class results in a \$2,119 or 0.01 %
17 increase. Great Lakes is proposing an increase in the Availability Charges to reflect better
18 its customer related cost that are \$26.17 for single-phase service and \$58.53 for three-
19 phase service. Availability Charges of \$18.00 for single-phase service, \$38.00 for three-
20 phase service and an Energy Charge of \$.096 per kWh for both types of service are
21 proposed. To review how the proposed rates compare to Great Lakes' present rates and
22 charges, please refer to Exhibit A-20 (JCL-8).

Large Power Service (LP)

Q. Please describe the changes that you are proposing for the Large Power Service Rate.

A. The proposed revenue for the Large Power Service Class results in an \$11,310 or 0.20 % decrease. No change to the current Availability Charge of \$80.00 per month is proposed. The proposed Demand Charge is \$7.00 per kW and the Energy Charge is \$.065 per kWh. To review how the proposed rates compare to Great Lakes' present rates and charges, please refer to Exhibit A-20 (JCL-8). Exhibit A-20 (JCL-8) also shows the distribution and power supply portion of each commercial and industrial rate with customers that qualify for retail access service.

Commercial and Industrial Automated Power Monitoring (C-APM)

Q. Please describe the changes that you are proposing for the Commercial and Industrial Automated Power Monitoring (C-APM) Service Rate.

The proposed revenue for the Commercial and Industrial Automated Power Monitoring Class results in a \$412 or 0.02 % decrease. No change to the current Availability Charge of \$80.00 per month is proposed. The proposed Demand Charge is \$11.65 per kW and the total Energy Charge is \$.05 per kWh. To review how the proposed rates compare to Great Lakes' present rates and charges, please refer to Exhibit A-20 (JCL-8). Exhibit A-20 (JCL-8) also shows the distribution and power supply portion of each commercial and industrial rate with customers that qualify for retail access service.

Commercial and Industrial Automated Power Monitoring (D-APM)

Please describe the changes that you are proposing for the Commercial and Industrial Automated Power Monitoring (D-APM) Service Rate.

The proposed revenue for the Commercial and Industrial Automated Power Monitoring Class results in a \$5,153 or 0.37 % increase. Great Lakes is proposing to increase the Availability Charge to \$390.00 per month based on cost of service data. The proposed Distribution Demand Charge is \$2.50 per maximum kW, the proposed Power Supply Demand Charge is \$7.37 per kW coincident with the Wolverine system peak, and the total Energy Charge is \$.048 per kWh. To review how the proposed rates compare to Great Lakes' present rates and charges, please refer to Exhibit A-20 (JCL-8). Exhibit A-20 (JCL-8) also shows the distribution and power supply portion of each commercial and industrial rate with customers that qualify for retail access service.

Primary Service (PSDS)

Q. Please describe the changes that you are proposing for the Primary Service (PSDS) Rate.

A. The proposed revenue for the Primary Service Class results in a \$3,743 or 0.03 % increase. Great Lakes is proposing to increase the Availability Charge to \$390.00 per month based on cost of service data. The proposed Distribution Demand Charge is \$1.43 per maximum kW, the proposed Power Supply Demand Charge is \$7.16 per kW coincident with the Wolverine system peak, and the total Energy Charge is \$.039250 per kWh. To review how the proposed rates compare to Great Lakes' present rates and charges, please refer to Exhibit A-20 (JCL-8). Exhibit A-20 (JCL-8) also shows the distribution and power supply portion of each commercial and industrial rate with customers that qualify for retail access service.

1 **Outdoor Lighting Service (OD)**

2 **Q. Please describe the changes that you are proposing for the Outdoor Lighting Service**
3 **Rate.**

4 A. The proposed revenue for the Outdoor Lighting Class results in a \$53,796 or 6.53%
5 increase. The rate and percentage change for each type of lamp varies depending on the
6 estimated cost of the fixture and the wattage of the lamp. To review how the proposed
7 rates compare to Great Lakes' present rates and charges, please refer to Exhibit A-20
8 (JCL-8).

9 **Q. Are you recommending any other changes in the cooperative's rate schedules?**

10 A. Yes, although Great Lakes currently serves no customers under schedule F-INT-APM, it
11 is proposing to maintain the rate as alternative for commercial and industrial customers.
12 This rate has been updated to better reflect Great Lakes' current cost structure. In
13 addition, Great Lakes is proposing to exclude service under Schedules CH, PCH and
14 CWH to member-consumers that have generation facilities on-site. The reason is that the
15 generation output distorts sub-metered consumptions and is incompatible with the load
16 management provisions contained the Wolverine Power Supply Cooperative's wholesale
17 rates and premised on the power being purchased from Wolverine.

18 **Q. Please describe Exhibit A-18 (JCL-6), entitled "Statement of Operations – Proposed**
19 **Rates".**

20 A. Exhibit A-18 (JCL-6) provides a Statement of Operations for Great Lakes that includes
21 the revenue expected to be generated by the Phase 1 proposed rates under Pro Forma Test
22 Year conditions. Page 1 of Exhibit A-18 (JCL-6) provides a summary Statement of

1 Operations. This page is identical to page 1 of Exhibit A-15 (JCL-3) except that the
2 adjustment to Operating Revenue now reflects the level of the proposed rates rather than
3 the level of the present rates. Schedule A, pages 2 through 5, provides the detailed
4 calculations for the revenue generated by the proposed rates.

5 **Q. Please describe Exhibit A-19 (JCL-7), entitled "Comparison of Revenue under**
6 **Present and Proposed Rates".**

7 A. Exhibit A-19 (JCL-7) provides a comparison of total company revenues generated by the
8 present and proposed rates.

9 **Q. Please describe Exhibit A-20 (JCL-8) entitled "Comparison of Present and Proposed**
10 **Rates."**

11 A. As mentioned previously, Exhibit A-20 (JCL-8) provides a comparison of the present and
12 proposed rates for each of the various rate classes broken down into the charges that
13 appear on the rate schedules. Comparisons of monthly bills and/or average costs of
14 various rate schedules are available in Exhibit A-21 (JCL-9).

15 **Q. Does this conclude your direct testimony?**

16 A. Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
GREAT LAKES ENERGY COOPERATIVE)
for authority (i) to implement revised, increased)
and restructured rates for the sale of electricity)
and (ii) to reimplement TIER Ratemaking)
on a prospective basis.)
_____)

Case No. U-14790

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS.
COUNTY OF INGHAM)

Jeanne M. Beachnau, an employee of Dykema Gossett PLLC, being first duly sworn, deposes and says that on the 1st day of June, 2006, she served a copy of Prefiled Testimony and Exhibits of Jeffrey C. Laslie upon persons listed in the attached Service List at their respective addresses, by enclosing copies of the same in an envelope properly addressed, and by depositing said envelope in the United States Mail with postage thereon having been fully prepaid and electronic mail.

Jeanne
Beachnau

Digitally signed by Jeanne Beachnau
DN: cn=Jeanne Beachnau, c=US,
o=Dykema Gossett PLLC
Date: 2006.06.01 14:52:10 -04'00'

Jeanne M. Beachnau

Subscribed and sworn before
me this 1st day of June, 2006.

Carolyn Ann
Priest

Digitally signed by Carolyn Ann Priest
DN: cn=Carolyn Ann Priest, c=US,
o=Dykema Gossett,
email=cpriest@dykema.com
Date: 2006.06.01 14:52:26 -04'00'

Carolyn Ann Priest, Notary Public, Ingham County, Michigan
Acting in Ingham County, Michigan
My Commission Expires: 07/01/2012

SERVICE LIST

Emmanuel B. Odunlami
Assistant Attorney General
Michigan Public Service Commission
6545 Mercantile Way, Ste. 15
Lansing, MI 48911

Hon. Mark D. Eyster
Administrative Law Judge
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