

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD  
BEFORE THE IOWA UTILITIES BOARD

FILED WITH  
Executive Secretary  
May 18, 2015  
IOWA UTILITIES BOARD

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ARTI, LLC,	)	
	)	
<b>Complainant,</b>	)	
	)	
vs.	)	<b>DOCKET NO. FCU-2014-0016</b>
	)	
<b>MIDAMERICAN ENERGY</b>	)	
<b>COMPANY,</b>	)	
	)	
<b>Respondent.</b>	)	
	)	

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**Direct Testimony of**  
**SAMUEL M. ARONS**

**On behalf of**  
**ARTI, LLC**  
**May 18, 2015**

**PUBLIC VERSION**

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

2 A. My name is Samuel M. Arons and my business address is Arti, LLC, c/o Corporation  
3 Service Company, 2711 Centerville Road, Suite 300, Wilmington, Delaware.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by the parent of Arti, LLC (“Arti”), as an Energy Manager specializing in  
6 energy and infrastructure for Arti’s operations.

7 **Q. On whose behalf are you presenting your written direct testimony?**

8 A. I am testifying on behalf of Arti, the complainant in this Docket No. FCU-2014-0016.

9 **Q. Please describe your education and business experience.**

10 A. I obtained a Bachelor’s degree in Physics from Williams College and a Master’s degree  
11 in Energy and Resources from the University of California at Berkeley. I have been  
12 employed by the parent of Arti for over seven years, focusing on energy-related projects  
13 including electrical infrastructure agreements and energy supply agreements.

14 **Q. Have you previously testified before the Iowa Utilities Board (“Board”) or before  
15 any other public utility regulatory body?**

16 A. No.

17 **Q. On whose behalf are you testifying in this proceeding?**

18 A. I am testifying on behalf of Arti.

19 **Q. What is the purpose of your written direct testimony?**

20 A. The purpose of my written direct testimony is to provide evidence in support of the  
21 informal complaint against Midamerican that Arti submitted to the Board on October 20,  
22 2014, as amended by Arti on March 18, 2015, following the docketing of the initial  
23 complaint as a formal complaint proceeding.

1 **Q. Are you sponsoring any exhibits in your written direct testimony?**

2 **A.** Yes. I am sponsoring the following exhibits:

- 3 ● CONFIDENTIAL Exhibit SMA-1: Map of Council Bluffs, IA showing locations  
4 of Arti and Pinnacle
- 5 ● CONFIDENTIAL Exhibit SMA-2: Aerial photo of the Pony Creek and  
6 Southland substations on the Arti site
- 7 ● Exhibit SMA-3: MidAmerican customer complaint procedures, Iowa Electric  
8 Tariff No. 2, Original Sheet Nos. 38, 39 and 47
- 9 ● CONFIDENTIAL Exhibit SMA-4: Arti's electronic mail message forwarding  
10 Arti's customer complaint inquiry in the form of a letter dated September 26,  
11 2014
- 12 ● CONFIDENTIAL Exhibit SMA-5: MidAmerican's letter dated October 7, 2014,  
13 responding to Arti's letter dated September 26, 2014
- 14 ● CONFIDENTIAL Exhibit SMA-6: Arti's electronic message to MidAmerican  
15 dated April 24, 2014, asking why Pinnacle and Arti would have different Phase-  
16 In and Equalization Factors
- 17 ● CONFIDENTIAL Exhibit SMA-7: MidAmerican's response dated August 26,  
18 2014, to Arti's inquiry dated April 24, 2014, regarding differing Phase-In and  
19 Equalization Factors for Arti and Pinnacle
- 20 ● Exhibit SMA-8: Regarding Premises and Customers: Original Sheet No. 5
- 21 ● CONFIDENTIAL Exhibit SMA-9: Map of Arti's single "Premises"

1 **Q. Please identify any other witnesses presenting written direct testimony in support of**  
2 **Arti's complaint.**

3 A. Maurice Brubaker will also present written direct testimony on behalf of Arti. Mr.  
4 Brubaker is a consultant in the field of public utility regulation and President of Brubaker  
5 & Associates, Inc., a group of energy, economic, and regulatory consultants  
6 headquartered in Chesterfield, Missouri. His testimony supplements and, to some extent,  
7 forms a basis for my direct testimony in support of Arti's complaint, as amended, with  
8 particular emphasis on the identification and interpretation of applicable tariff provisions  
9 and Board regulations as well as engineering issues.

10

11

**Contextual Facts**

12 **Q. Please provide some background information on Arti.**

13 A. Arti owns and operates a [REDACTED] (the "Arti Facility") located in [REDACTED], Iowa,  
14 that came on line in [REDACTED]. It is an affiliate of Pinnacle, LLC ("Pinnacle"), which  
15 owns and operates a sister [REDACTED] (the "Pinnacle Facility") in [REDACTED], Iowa,  
16 that came on line in [REDACTED]. The two facilities are located in the same former  
17 MidAmerican [REDACTED], as shown on the map in CONFIDENTIAL Exhibit  
18 SMA-1. The Arti Facility and the Pinnacle Facility were (and presently remain) virtually  
19 identical in terms of design, both having been designed by the parent of Arti and Pinnacle  
20 to perform similar functions. Additionally, both have high load factors of [REDACTED]  
21 [REDACTED] and demand of the same magnitude ([REDACTED] for Pinnacle and [REDACTED] for Arti).  
22 Both facilities receive electric service from MidAmerican.

23 **Q. Please discuss Arti's billing history for electric service provided by MidAmerican.**

1 A. MidAmerican billed the Arti Facility under Rate [REDACTED] for usage in both of the months of  
2 [REDACTED] and [REDACTED]. MidAmerican then began billing Arti under Rate [REDACTED] in [REDACTED]  
3 [REDACTED], which continued until [REDACTED]. MidAmerican ceased billing Arti under Rate  
4 [REDACTED] and began providing electric service to the Arti Facility under a newly created rate –  
5 Rate [REDACTED] – on [REDACTED].

6 **Q. Can you tell us more about the new Rate [REDACTED]?**

7 A. Yes. Rate [REDACTED] is a new MidAmerican rate applicable to  
8 MidAmerican's [REDACTED]. Rate [REDACTED] was approved by the Iowa Utilities  
9 Board in MidAmerican's recent rate case, Docket No. RPU-2013-0004 (the "Rate Case"),  
10 became effective July 31, 2014, and is included in MidAmerican's current Iowa electric  
11 tariff. (A copy of Rate [REDACTED] is attached to Arti witness Brubaker's direct testimony as  
12 CONFIDENTIAL Exhibit MEB-1). The load at the Arti Facility surpassed the qualifying  
13 threshold for Rate [REDACTED] in [REDACTED].

14 **Q. Does the Rate [REDACTED] tariff allow MidAmerican to apply two specific adjustment**  
15 **factors, identified as the phase-in adjustment factor and the equalization adjustment**  
16 **factor, to Rate [REDACTED] customers?**

17 A. Yes. Arti's rates for service under Rate [REDACTED] will be determined by its base demand and  
18 energy charges and other factors, including billed phase-in and equalization adjustment  
19 factors. Per the Rate [REDACTED] tariff, MidAmerican applies these two adjustment factors to  
20 both Arti and Pinnacle billings under Rate [REDACTED].

21 **Q. What is the phase-in adjustment factor?**

22 A. The phase-in adjustment factor is established and described by Clause PI – Phase-In  
23 Adjustment in MidAmerican's Iowa electric tariff. (A copy of Clause PI is attached to

1 Arti witness Brubaker's testimony as Exhibit MEB-2). According to Clause PI, the  
2 phase-in factor is applied to the rate for electric service for the purpose of phasing in  
3 MidAmerican's revenue increase approved in Docket No. RPU-2013-0004. Phase-in  
4 adjustment factors are billed on a dollar-per-kWh basis and are a function of a customer's  
5 former price schedule.

6 **Q. What is the equalization adjustment factor?**

7 A. The equalization factor is established and described by Clause E – Equalization  
8 Adjustment in MidAmerican's Iowa electric tariff. (A copy of Clause E is attached to  
9 Arti witness Brubaker's testimony as Exhibit MEB-3). According to Clause E,  
10 equalization factors are applied to the rate for electric service for the purpose of moving  
11 all rates to the cost-of-service over a ten-year period. Equalization factors are billed on a  
12 dollar-per-kWh basis and are also a function of a customer's former price schedule.

13 **Q. What phase-in and equalization factors has MidAmerican applied to Arti since the**  
14 **date that MidAmerican ceased billing Arti under Rate [REDACTED] and began billing Arti**  
15 **under Rate [REDACTED] (July 31, 2014)?**

16 A. MidAmerican is charging Arti Rate [REDACTED], but is applying a generic Rate [REDACTED] Clause PI  
17 phase-in factor and a generic Rate [REDACTED] Clause E equalization factor, which are calculated  
18 based on the total load characteristics of the [REDACTED] rate class.

19 **Q. Are these the same factors MidAmerican has applied to Pinnacle since the date that**  
20 **MidAmerican ceased billing Pinnacle under Rate [REDACTED] and began billing Pinnacle**  
21 **under Rate [REDACTED] (July 31, 2014)?**

22 A. No. MidAmerican is charging Pinnacle Rate [REDACTED] and is applying a custom phase-in  
23 factor and a custom equalization factor that are specific to Pinnacle. Arti's understanding

1 is that the Pinnacle Facility's usage and revenues were modeled in the 2012 test year for  
2 the Rate Case. Arti provided MidAmerican with an estimate of the expected magnitude  
3 and timing of the Arti load when the two parties executed, on [REDACTED]  
4 [REDACTED]. The estimate  
5 in such amendment stated that Arti did not expect its demand to be greater than [REDACTED]  
6 [REDACTED]. Despite being in possession of that Arti-specific load information in  
7 [REDACTED], MidAmerican chose not to model the expected Arti usage and revenue as a  
8 known and measurable change in the Rate Case and also chose not to apply to Arti  
9 custom factors specific to Arti but instead to apply generic Rate [REDACTED] phase-in and  
10 equalization factors that are not specific to Arti.

11 **Q. How is electric service provided to Arti's facility by MidAmerican now and how will**  
12 **it be provided in the imminent future?**

13 A. MidAmerican presently provides electric service to Arti's facility through a single  
14 substation identified as the Pony Creek Substation. However, MidAmerican will also  
15 provide electric service to the same facility through a second substation identified as the  
16 Southland Substation when that substation is completed in [REDACTED]. The two  
17 substations are both located on the Arti site [REDACTED]  
18 [REDACTED]. They will be connected to each other [REDACTED]  
19 [REDACTED] that will also be completed when the Southland Substation comes  
20 online in [REDACTED], and this interconnection will allow power to flow between them so  
21 that they can function as a single unit supplying power to the Arti Facility. The two  
22 substations are shown in the aerial photo in CONFIDENTIAL Exhibit SMA-2.

1 There are two reasons why there are two substations on the Arti site serving the Arti load.  
2 First, having multiple substations can improve reliability: with two substations, if one  
3 goes down then the other one can continue to function; whereas with a single substation,  
4 if it goes down there can be a situation where there is no substation serving Arti load.  
5 Second, the two substations have different architectures because they were designed at  
6 different stages of development of the Arti site. When Arti was ready to increase its  
7 power needs beyond the capability of the first substation, a new design was needed and  
8 Pony Creek could not be further expanded. This necessitated the design of a new  
9 substation, which is why Southland is a second, separate substation on the same site.  
10 However, as noted above, the two substations will be connected to each other [REDACTED]  
11 [REDACTED], and hence can function together as a  
12 single unit to power Arti's operation on Arti's site.

13 **Q. Does MidAmerican intend to bill Arti for electric service provided to Arti's facility**  
14 **through the Southland Substation separately from electric service provided to the**  
15 **same facility through the Pony Creek Substation?**

16 A. Yes.

17 **Billing Dispute**

18 **Q. Has a billing dispute arisen between MidAmerican and Arti?**

19 A. Yes. Arti has disputed, and continues to dispute, the reasonableness and fairness of all  
20 electric service bills dated on or after [REDACTED], sent by MidAmerican to Arti.  
21 In accordance with the Board's rules (specifically, 199 IAC 20.4(15) "d"(6)) and  
22 MidAmerican's Iowa electric tariff (specifically, Electric Tariff No. 2, Original Sheet

1 Nos. 38 and 47, effective July 31, 2014, a copy of which is included in the attached  
2 Exhibit SMA-3), Arti has withheld the disputed amount of the disputed bills.

3 **Q. Has Arti paid the undisputed portion of the disputed bills?**

4 A. Yes, and Arti intends to continue to pay the undisputed portion of all future  
5 MidAmerican bills rendered for electric service provided to the Arti Facility pursuant to  
6 Rate [REDACTED] during the pendency of this complaint before the Board. It is Arti's  
7 understanding that MidAmerican's Iowa electric tariff (specifically, Electric Tariff No. 2,  
8 Substitute Original Sheet No. 39, a copy of which is included in the attached Exhibit  
9 SMA-3) expressly provides that utility service for the Arti Facility will not be  
10 discontinued during the pendency of this complaint because Arti has paid the undisputed  
11 portion of the disputed bills and has engaged in good-faith negotiations to settle the  
12 dispute in a timely fashion.

13 **Q. Did Arti attempt to resolve its dispute with MidAmerican before bringing it to the**  
14 **Board?**

15 A. Yes. Arti made a determined effort to resolve its complaint with MidAmerican before  
16 bringing it informally to the Board for resolution by engaging in good-faith negotiations  
17 with MidAmerican to settle the dispute in a timely fashion. Specifically, in compliance  
18 with the customer complaint procedures set forth in MidAmerican's Iowa electric tariff  
19 (specifically, Electric Tariff No. 2, Substitute Original Sheet No. 39, effective July 31,  
20 2014, a copy of which is included in the attached Exhibit SMA-3), Arti provided  
21 MidAmerican with a customer complaint inquiry in the form of a letter dated September  
22 26, 2014 to MidAmerican by electronic mail disputing the accuracy of the disputed bills  
23 and proposing a resolution of the billing dispute. (A copy of Arti's electronic mail

1 message and customer complaint inquiry in the form of a letter is attached as  
2 CONFIDENTIAL Exhibit SMA-4.)

3 **Q. What was MidAmerican's response to Arti's customer complaint inquiry?**

4 A. In a letter to Arti dated October 7, 2014, MidAmerican rejected Arti's proposed  
5 resolution of the billing dispute set forth in Arti's letter dated September 26, 2014. (A  
6 copy of MidAmerican's letter is attached as CONFIDENTIAL Exhibit SMA-5.)

7 **Q. When did Arti bring the dispute to the Board in the form of a complaint?**

8 A. On October 20, 2014, Arti brought the dispute to the Board by submitting an informal  
9 complaint against MidAmerican. In an order issued on November 21, 2014, the Board  
10 docketed the informal complaint as a formal complaint proceeding identified as Docket  
11 No. FCU-2014-0016. The docketing order deferred the establishment of a procedural  
12 schedule in order to afford Arti and MidAmerican an opportunity to engage in settlement  
13 negotiations. Following several months of negotiations between the parties that  
14 ultimately proved fruitless, the Board set a procedural schedule in an order issued on  
15 April 13, 2015, that also granted a motion for leave to amend the complaint, accompanied  
16 by the proposed amendment, filed by Arti on March 18, 2015.

17

18

### **Major Issues**

19 **Q. What major issues are raised by the complaint and the subsequent amendment?**

20 A. One major issue is whether MidAmerican's application of the generic Rate ■ Clause PI  
21 phase-in factor and the generic Rate ■ Clause E equalization factor to Arti is unfair,  
22 unreasonable, or inconsistent with MidAmerican's Iowa electric tariffs. It is Arti's

1 position that the application of these generic factors based on Rate ■ is, in fact, unfair,  
2 unreasonable, and inconsistent with MidAmerican's Iowa electric tariffs.

3 **Q. Are there other major issues?**

4 A. Yes. The other major issue is whether MidAmerican's proposal to bill Arti for electric  
5 service provided to Arti's facility through the Southland Substation separately from  
6 electric service provided to the same facility through the Pony Creek Substation would be  
7 unfair, unreasonable, or unsupported by MidAmerican's Iowa electric tariff. It is Arti's  
8 position that MidAmerican's proposal is, in fact, unfair, unreasonable, and unsupported  
9 by MidAmerican's Iowa electric tariff.

10

11 **Application of Generic Rate ■ Adjustment Factors Issue**

12 **Q. Are the generic Rate ■ Clause PI phase-in factor and the generic Rate LS Clause E**  
13 **equalization factor calculated by MidAmerican on the basis of the total load**  
14 **characteristics of the ■ rate class?**

15 A. Based on my discussions with Arti witness Brubaker, my answer is "yes."

16 **Q. Has MidAmerican applied the Rate ■ phase-in and equalization adjustment**  
17 **factors to Arti?**

18 A. Yes.

19 **Q. Did Arti ever take service under Rate ■?**

20 A. No.

21 **Q. In your opinion, is MidAmerican's application of the generic Rate ■ Clause PI**  
22 **phase-in factor and the generic Rate ■ Clause E equalization factor unfair and**  
23 **unreasonable?**

1 A. Yes.

2 **Q. Please explain.**

3 A. At the time Arti became a Rate [REDACTED] customer, the Arti Facility and the Pinnacle Facility  
4 were (and presently remain) virtually identical in terms of design, both having been  
5 designed by the parent of Arti and Pinnacle to perform similar functions. Additionally,  
6 both have high load factors of [REDACTED] and demand of the same magnitude  
7 ([REDACTED] for Pinnacle and [REDACTED] for Arti). MidAmerican is charging the same Rate [REDACTED]  
8 to both; however, the phase-in factor and equalization factor applied to Arti and Pinnacle  
9 are quite different. MidAmerican is charging Arti Rate [REDACTED], but is applying a generic  
10 Rate [REDACTED] Clause PI phase-in factor and a generic Rate [REDACTED] Clause E equalization factor,  
11 which are calculated based on the total load characteristics of the [REDACTED] rate class, a class of  
12 which Arti was never a member. By contrast, MidAmerican is charging Pinnacle Rate  
13 [REDACTED] and a custom [REDACTED] phase-in factor and custom [REDACTED] equalization factor that are  
14 specific to Pinnacle.

15 **Q. Does Arti object to MidAmerican's application of the generic Rate LS phase-in and**  
16 **equalization factors to Arti's usage?**

17 A. Yes.

18 **Q. What is the basis for Arti's objection?**

19 A. According to both Clause PI and Clause E, the [REDACTED] Adjustment Factors are based on  
20 former price schedules [REDACTED]. Beginning in  
21 [REDACTED] and ending on the date Arti began to take service under Rate [REDACTED] (July 31,  
22 2014), Arti was served under Rate [REDACTED]. Therefore, the application of the current [REDACTED]  
23 Clause PI phase-in factor and Clause E equalization factor to Arti is inappropriate. In

1 addition, since Rate [REDACTED] is not listed in either Clause PI or Clause E as a former price  
2 schedule, application of the Rate [REDACTED] Phase-In Factor and Rate [REDACTED] Equalization Factor to  
3 a customer formerly taking service under Rate [REDACTED] is inconsistent with MidAmerican's  
4 tariffs.

5 **Q. When and how did Arti make its objection to MidAmerican's application of the**  
6 **generic Rate [REDACTED] phase-in and equalization factors to Arti known to MidAmerican?**

7 A. On April 24, 2014, Arti asked MidAmerican why Pinnacle and Arti would have different  
8 Phase-In and Equalization Factors even though both are paying the same [REDACTED] rate and  
9 previously were served under the same Rate [REDACTED] schedule. (A copy of the electronic  
10 message requesting this information is attached as CONFIDENTIAL Exhibit SMA-6.)  
11 On August 26, 2014, MidAmerican provided a written response to Arti's question stating  
12 that the Phase-In Factor and Equalization Factor for Arti would not be the same as those  
13 for Pinnacle because the custom Phase-In Factor and Equalization Factor are applicable  
14 only to customers that would have qualified for Rate [REDACTED] for the entirety of 2012. (A  
15 copy of MidAmerican's response is attached as CONFIDENTIAL Exhibit SMA-7.)  
16 MidAmerican further explained in its response that "Customers that become [REDACTED]  
17 customers after 2012 are assigned the factors for the new rate they would take service  
18 under if they were not [REDACTED]" customers (from the last paragraph of CONFIDENTIAL  
19 Exhibit SMA-7). According to MidAmerican, this new surrogate rate assigned to Arti is  
20 [REDACTED].

21 **Q. Does MidAmerican have any basis for applying this methodology to the Arti**  
22 **Facility?**

23 A. No. This lack of basis is discussed in Mr. Brubaker's testimony at pages 6-12.

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**Separate Billing Issue**

**Q. You testified earlier that MidAmerican intends to bill Arti for electric service provided to Arti's facility through the Southland Substation separately from electric service provided to the same facility through the Pony Creek Substation. When would the separate billing start?**

A. Arti presumes that MidAmerican intends the new billing arrangement to take effect when the Southland Substation comes online in [REDACTED].

**Q. What was Arti's reaction upon learning of MidAmerican's intentions in this regard?**

A. Arti had no previous awareness that MidAmerican intended to impose separate billing treatment on Arti's facility, has never agreed to such treatment, and has vigorously protested it since Arti first became aware of MidAmerican's intentions.

**Q. Does Arti object to MidAmerican's intended separate billing approach?**

A. Yes. Billing Arti for electric service provided to Arti's facility through the Southland Substation separately from electric service provided to the same facility through the Pony Creek Substation would be unfair and unreasonable.

**Q. Please explain.**

A. Even though electric service is provided to a single customer – namely, the Arti Facility – MidAmerican intends to bill Arti for electric service provided to the Arti Facility through the Southland Substation separately from electric service provided to the same facility through the Pony Creek Substation. MidAmerican's intended separate billing treatment would thus treat electric service to the Arti Facility from the Pony Creek Substation as

1 service to one customer of MidAmerican, and electric service to the same facility from  
2 the Southland Substation as service to a separate customer of MidAmerican – as if the  
3 Arti Facility were two separate facilities rather than a single facility.

4 **Q. On what basis do you claim that the Arti Facility is a single facility?**

5 A. The Rate [REDACTED] tariff states that the tariff is "applicable for firm use of the Company's  
6 electric service furnished to a single Premises." (See CONFIDENTIAL Exhibit MEB-1,  
7 3rd Substitute Original Sheet No. 216; emphasis added.) The Rate [REDACTED] tariff further  
8 states that "service hereunder is subject to the Electric Service Policies of the Company."  
9 (See CONFIDENTIAL Exhibit MEB-1, Original Sheet No. 219; emphasis added.) The  
10 Electric Service Policies section of MidAmerican's electric tariffs defines "Premises" as  
11 "a contiguous tract of land that may be separated by nothing more than a highway, street,  
12 alley or railroad right-of-way, where all buildings and/or electricity-consuming devices  
13 located thereon are owned or occupied by a single Customer or applicant for electrical  
14 service, or where all electricity delivered thereto is utilized to supply one (1) or more  
15 buildings and/or electric loads which [MidAmerican] considers as components of a  
16 unified operation." (A copy of this tariff provision, Original Sheet No. 5, is included in  
17 the attached Exhibit SMA-8.) Arti's site is a contiguous tract of land that is not separated  
18 by any highway, street, alley, railroad right-of-way, or the like (see map in the attached  
19 CONFIDENTIAL Exhibit SMA-9); all of the buildings and electricity-consuming  
20 devices located on the site are owned or occupied by Arti; and all electricity delivered to  
21 Arti is utilized to supply more than one building that are components of a unified  
22 operation. Therefore, Arti meets the criteria of being one "Premises".

1 Regarding the question of a “unified operation,” the Arti Facility is just that. The Arti  
2 Facility consists of several buildings housing the computer servers that carry out the  
3 [REDACTED] functions of the facility. These computers are all inter-networked  
4 with each other, not only within each building, but between all buildings, so that they can  
5 communicate with one another to perform their [REDACTED] tasks. As a result, it  
6 would not be possible to subdivide them into separate “un-unified” operations because  
7 they must be inter-networked in order to function properly. Additionally, as mentioned  
8 earlier, the two substations serving the facility are connected to each other by two  
9 transmission lines so that high-voltage power can flow between them and they can  
10 function as a single unit to serve the Arti Facility on the Arti site. Thus, there is a unified  
11 supply of electricity provided to a unified operation.

12 **Q. Is Arti harmed by MidAmerican’s proposed separate billing treatment?**

13 A. Yes. MidAmerican’s proposed separate billing treatment would thus unreasonably and  
14 unfairly require Arti to pay demand charges based on the disaggregated service peaks  
15 measured at each substation rather than a demand charge based on the aggregate peak for  
16 all electric service provided to Arti’s facility. Furthermore, MidAmerican’s separate  
17 billing treatment would unreasonably, and unfairly require Arti to pay the basic service  
18 charge twice.

19  
20 **Relief Requested**

21 **Q. What relief is Arti requesting from the Board in this complaint proceeding?**

1 A. Arti respectfully requests that Board resolve this complaint by requiring MidAmerican to  
2 apply the same [REDACTED] Phase-In Factor and Equalization Factor to the Arti Facility that it  
3 applies to the Pinnacle Facility.

4 **Q. Can you briefly summarize the reasons you discussed above for concluding that Arti**  
5 **should be charged the same Clause PI phase-in factor and Clause E equalization**  
6 **factor that Pinnacle is charged?**

7 A. Like Arti, Pinnacle took service under Rate [REDACTED] prior to the implementation of Rate  
8 [REDACTED]. Pinnacle is currently receiving service under Rate [REDACTED] using a customer-specific  
9 [REDACTED] phase-in factor and equalization factor based on the fact that it took service under  
10 former Rate [REDACTED] prior to the implementation of Rate [REDACTED]. Therefore, Arti should also  
11 receive a the same [REDACTED] phase-in factor and equalization factor as Pinnacle based on the  
12 fact that, like Pinnacle, it took service under former Rate [REDACTED] prior to the  
13 implementation of Rate [REDACTED]. MidAmerican charges Arti's sister facility, Pinnacle, Rate  
14 [REDACTED] and an [REDACTED] customer-specific Clause PI phase-in factor and Clause E equalization  
15 factor. Since: (i) Pinnacle and Arti are in the same former MidAmerican [REDACTED]  
16 [REDACTED]; (ii) the Arti Facility and the Pinnacle Facility were (and presently remain)  
17 virtually identical in terms of design, both having been designed by the parent of Arti and  
18 Pinnacle to perform similar functions, and both have high load factors of [REDACTED]  
19 [REDACTED] and demand of the same magnitude ([REDACTED] for Pinnacle and [REDACTED] for Arti); and  
20 (iii) both Arti and Pinnacle received service under Rate [REDACTED] prior to taking service under  
21 [REDACTED]; both of the facilities should be charged the same Clause PI phase-in factor and  
22 Clause E equalization factor; namely, the phase-in factor and equalization factor  
23 calculated and used for Pinnacle. However, if the Board does not accept use of the

1 Pinnacle factors for that purpose, Arti is proposing an alternate approach that would  
2 calculate customer-specific factors based on its own characteristics and its former rate  
3 (Rate [REDACTED]). This approach is described in the direct testimony of Arti witness Brubaker  
4 at pages 12-14.

5 **Q. In Arti's initial complaint submitted to the Board on October 20, 2014, Arti pointed**  
6 **out that MidAmerican's application of the Rate [REDACTED] adjustment factors to Arti's**  
7 **Rate [REDACTED] charges subjects Arti to significant rate shock in the form of a rate**  
8 **increase in excess of the mitigation threshold set by the Board in the Rate Case final**  
9 **order. Would the application of the Pinnacle adjustment factors to Arti hold Arti's**  
10 **rate increase to a level below that mitigation threshold?**

11 A. Yes.

12 **Q. Would the alternate approach referred to above and described in more detail the**  
13 **direct testimony of Arti witness Brubaker also hold Arti's rate increase to a level**  
14 **below that mitigation threshold?**

15 A. Yes.

16 **Q. What relief does Arti request from the Board with respect to MidAmerican's**  
17 **intended separate billing treatment?**

18 A. Arti also respectfully requests that the Board require MidAmerican to treat electric  
19 service to the Arti Facility from the Pony Creek Substation and electric service to the  
20 same facility from the Southland Substation as service to a single customer and to bill  
21 Arti accordingly, which includes providing Arti with a single billing invoice for all  
22 electric service provided to the Arti Facility from any and all substations employed for  
23 the purpose of providing electric service to the Arti Facility.

1 **Q. Does this conclude your written direct testimony?**

2 **A. Yes.**