

Case No. 9146— In the Matter of the Application of Choptank Electric Cooperative, Inc. for authority to revise its rates and charges for electric service

During June 2008, Choptank applied for approval to increase its rates and charges for electric service. The case presented three main issues: (1) Choptank's distribution and total revenue requirement; (2) The amount of the monthly Customer Service Charge; and, (3) The amount of the reconnection charge for Choptank member customers who have had their service disconnected due to delinquent payments and outstanding account balances. In late November 2008, after extensive discovery and OPC's presentation of written expert testimony, and after intensive negotiations, Choptank, Commission Staff and OPC agreed to settle the case. First, regarding the distribution rates and revenue requirements, Choptank sought to increase electric distribution rates (excluding purchased power cost recovery) by about \$9.8 million (or 7.92 percent), while OPC presented evidence supporting only a \$5.5 million increase. The settlement provides for an increase of Choptank's electric distribution rates to about \$6.8 million, approximately \$3 million less than the amount first sought by Choptank and in percentage terms limited to 5.46 percent. Second, Choptank initially had sought to increase the customer charge from \$7.00 to \$15.00, while OPC argued for an increase limited to \$8.05. The settlement provides for a customer charge of \$9.50 beginning January 2009 which will be raised to \$10.00 in January 2010, but the effect of this increase will be revenue neutral. Third, regarding reconnection fees, Choptank initially requested authority to charge fees starting at \$40 during regular business hours but increasing to \$210 for such service provided during the hours of 12 a.m. to 8 a.m. The settlement provides that, while the reconnection fees for business hours will be raised to \$40.00, for all other hours (*i.e.*, 4 p.m. to 8 a.m.) the fees will be limited to \$80.00.