



RATE DESIGN SUMMARY

DECEMBER 18, 2017.



Discussion

- ▶ Summary of August presentation
- ▶ Power Cost Adjustment calculation
- ▶ 3 year Rate Design for each rate class
- ▶ School Discount

August Presentation Summary

▶ Objectives

- Promote fair & equitable rates between customers
- Maintain Electric Utility's Financial Health
- Update / Simplify customer bill and PCA calculation

▶ 2018, 2019 & 2020 Adjustments

- Move customer/demand charges annually towards COS
- Revenue neutral adjustment for each rate class
- Simplify PCA calculation and increase base component

Proposed PCA Adjustment

▶ 2018 PCA Adjustment

- Increase base power supply cost from \$0.0050 to \$0.0600 per retail kWh
 - *Reducing current average PCA of \$0.06388/kWh to \$0.00888/kWh*

Average Annual Residential Bill Impact (690 kWh/month)			
	<u>Current Bill</u>		<u>Proposed Bill</u>
Customer Charge	\$	-	\$ 36.00
Energy Charge	\$	501.57	\$ 921.40
PCA Charge	\$	528.93	\$ 73.53
Total Bill	\$	1,030.49	\$ 1,030.92
			0.0%

- Simplify PCA 12 month rolling calculation as noted below

Proposed PCA Calculation

12 month P/S Cost (\$)	
<hr/>	- \$ 0.0600
12 month P/S units (kWh) / 1.048	

Proposed PCA Adjustment

▶ Current PCA Rider text and proposed change

Revise \$.005 to
\$.0600 per retail
kWh unit

929.06 APPLICABLE RIDERS

- (a) Power Cost Adjustment-Rider No. 1. The power cost adjustment per KWH, which shall be applied to all kWh units sold under these rate schedules, shall be calculated as a rolling twelve (12) month average, shall be the sum of purchased power supply costs, based on data from the most recent twelve-month period preceding the start of the billing month to which the adjustment is to be applied, less an average retail power supply cost of \$0.0600 per kWh, which has been incorporated into all retail base rate schedules. Components of the adjustment are hereby adopted for all utility bills issued on and after **January 1, 2018**, and are calculated as follows:

a.

$\frac{\text{12 month P/S Cost (\$)}}{\text{12 month P/S units / 1.048}} - \0.0600
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(1) Power supply cost. The power supply cost increment per KWH shall include all costs incurred in the procurement of adequate power supply, transmission of power supply, and adjustments required to reconcile previous over/under PCA collections.

If at any time the power cost adjustment for a month increases by more than fifty percent (50%) over the preceding month, it may be spread equally over two billing periods. The portion to be carried over into the second billing period shall be adjusted by the ratio of the net kWh units of the first month to the net kWh units of the second month.

Proposed Residential Rates

▶ Proposed 3-year rate design for E1-Residential

- Implement Customer charges & adjusted annually
- Move \$0.0550 of PCA charge into published 2018 energy rates
- Reduce energy rates to keep average customer bill neutral

E1 Residential	Current 2017 Rates	Proposed 2018 Rates	Proposed 2019 Rates	Proposed 2020 Rates
Monthly Customer Charge	\$ -	\$ 3.00	\$ 5.25	\$ 7.50
Energy Charge:				
Winter Block 1 (0 - 500 kWh)	\$ 0.0572	\$ 0.1082	\$ 0.1034	\$ 0.0993
Winter Block 2 (501 - 1000 kWh)	\$ 0.0527	\$ 0.1082	\$ 0.1034	\$ 0.0993
Winter Block 3 (1001 - Excess kWh)	\$ 0.0245	\$ 0.0790	\$ 0.0931	\$ 0.0993
Summer Block 1 (0 - 500 kWh)	\$ 0.0711	\$ 0.1174	\$ 0.1122	\$ 0.1077
Summer Block 2 (501 - 1000 kWh)	\$ 0.0664	\$ 0.1174	\$ 0.1122	\$ 0.1077
Summer Block 3 (1001 - Excess kWh)	\$ 0.0664	\$ 0.1174	\$ 0.1122	\$ 0.1077
PCA Charge (All kWh)	\$ 0.06388	\$ 0.00888	\$ 0.00888	\$ 0.00888

RES Annual Bill Comparison

Usage (kWh)	Dollar Change (\$)	Dollar Change (\$)	Dollar Change (\$)
380	\$ 0.89	\$ 0.37	\$ 0.65
680	\$ 0.05	\$ (1.11)	\$ (0.61)
1430	\$ (0.98)	\$ 0.60	\$ (0.80)

Proposed General Commercial Rates

- ▶ Proposed 3-year rate design for E3-General Commercial
 - Implement customer charge, PCA shift of \$0.0550, energy charge reduced for neutral change

E3 General Commercial	Current 2017 Rates	Proposed 2018 Rates	Proposed 2019 Rates	Proposed 2020 Rates
Monthly Customer Charge	\$ -	\$ 5.00	\$ 10.00	\$ 15.00
Energy Charge:				
Winter Block 1 (0 - 500 kWh)	\$ 0.0680	\$ 0.1125	\$ 0.1093	\$ 0.1062
Winter Block 2 (500 - 7500 kWh)	\$ 0.0634	\$ 0.1184	\$ 0.1123	\$ 0.1062
Winter Block 3 (7500 - Excess kWh)	\$ 0.0339	\$ 0.0939	\$ 0.0989	\$ 0.1012
Summer Block 1 (0 - 500 kWh)	\$ 0.0765	\$ 0.1210	\$ 0.1178	\$ 0.1147
Summer Block 2 (500 - 7500 kWh)	\$ 0.0721	\$ 0.1271	\$ 0.1209	\$ 0.1147
Summer Block 3 (7500 - Excess kWh)	\$ 0.0407	\$ 0.1007	\$ 0.1057	\$ 0.1097
PCA Charge (All kWh)	\$ 0.06388	\$ 0.00888	\$ 0.00888	\$ 0.00888

COM Annual Bill Comparison

Usage (kWh)	Dollar Change (\$)	Dollar Change (\$)	Dollar Change (\$)
460	\$ 0.15	\$ 3.56	\$ 3.56
1060	\$ (0.28)	\$ (0.01)	\$ (0.02)
9060	\$ 7.52	\$ (31.85)	\$ (34.84)

Usage (kWh)	Percent Change (%)	Percent Change (%)	Percent Change (%)
460	0.23%	5.67%	5.36%
1060	-0.19%	-0.01%	-0.02%
9060	0.66%	-2.76%	-3.10%

Proposed Large Commercial Rates

- ▶ Proposed 3-year rate design for E4-Large Commercial
 - Implement PCA shift of \$0.0550, increase demand, reduce energy charge for neutral change

E4 Large Commercial	Current 2017 Rates	Proposed 2018 Rates	Proposed 2019 Rates	Proposed 2020 Rates
Energy Charge:				
Winter Block 1 (0 - 40000 kWh)	\$ 0.0330	\$ 0.0846	\$ 0.0832	\$ 0.0820
Winter Block 2 (40001 - 100000 kWh)	\$ 0.0234	\$ 0.0750	\$ 0.0736	\$ 0.0724
Winter Block 3 (100001 - Excess kWh)	\$ 0.0212	\$ 0.0750	\$ 0.0736	\$ 0.0724
Summer Block 1 (0 - 40000 kWh)	\$ 0.0364	\$ 0.0915	\$ 0.0899	\$ 0.0887
Summer Block 2 (40001 - 100000 kWh)	\$ 0.0262	\$ 0.0825	\$ 0.0811	\$ 0.0796
Summer Block 3 (100001 - Excess kWh)	\$ 0.0228	\$ 0.0744	\$ 0.0736	\$ 0.0724
Demand Charge:				
Winter Block 1 (0 - 50 kW)	\$ 7.06	\$ 7.60	\$ 7.95	\$ 8.30
Winter Block 2 (51 - Excess kW)	\$ 6.14	\$ 6.60	\$ 6.90	\$ 7.20
Summer Block 1 (0 - 50 kW)	\$ 7.87	\$ 8.45	\$ 8.85	\$ 9.25
Summer Block 2 (51 - Excess kW)	\$ 6.84	\$ 7.30	\$ 7.65	\$ 8.00
PCA Charge (All kWh)	\$ 0.06388	\$ 0.00888	\$ 0.00888	\$ 0.00888

LCOM Annual Bill Comparison

Load Factor	Percent Change (%)	Percent Change (%)	Percent Change (%)
20%	1.21%	0.61%	0.75%
30%	0.48%	0.08%	0.25%
40%	0.04%	-0.23%	-0.05%
50%	-0.21%	-0.44%	-0.27%
60%	-0.34%	-0.60%	-0.44%

Proposed Industrial Commercial Rates

- ▶ Proposed 3-year rate design for E6-Industrial Commercial
 - Implement PCA shift of \$0.0550, increase demand, reduce energy charge for neutral change

E6 Industrial Commercial	Current 2017 Rates	Proposed 2018 Rates	Proposed 2019 Rates	Proposed 2020 Rates
Energy Charge:				
Winter Block 1 (0 - 40000 kWh)	\$ 0.0330	\$ 0.0846	\$ 0.0832	\$ 0.0820
Winter Block 2 (40001 - 100000 kWh)	\$ 0.0234	\$ 0.0750	\$ 0.0736	\$ 0.0724
Winter Block 3 (100001 - Next 200/KW)	\$ 0.0212	\$ 0.0750	\$ 0.0736	\$ 0.0724
Winter Block 4 (- Next 200/KW kWh)	\$ 0.0156	\$ 0.0700	\$ 0.0691	\$ 0.0683
Winter Block 5 (- Excess kWh)	\$ 0.0065	\$ 0.0609	\$ 0.0609	\$ 0.0609
Summer Block 1 (0 - 40000 kWh)	\$ 0.0364	\$ 0.0915	\$ 0.0899	\$ 0.0887
Summer Block 2 (40001 - 100000 kWh)	\$ 0.0262	\$ 0.0825	\$ 0.0811	\$ 0.0796
Summer Block 3 (100001 - Next 200/KW)	\$ 0.0228	\$ 0.0744	\$ 0.0736	\$ 0.0724
Summer Block 4 (- Next 200/KW kWh)	\$ 0.0172	\$ 0.0716	\$ 0.0707	\$ 0.0699
Summer Block 5 (- Excess kWh)	\$ 0.0073	\$ 0.0617	\$ 0.0617	\$ 0.0617
Demand Charge:				
Winter Block 1 (0 - 50 kW)	\$ 7.06	\$ 7.60	\$ 7.95	\$ 8.30
Winter Block 2 (51 - Excess kW)	\$ 6.14	\$ 6.60	\$ 6.90	\$ 7.20
Summer Block 1 (0 - 50 kW)	\$ 7.87	\$ 8.45	\$ 8.85	\$ 9.25
Summer Block 2 (51 - Excess kW)	\$ 6.84	\$ 7.30	\$ 7.65	\$ 8.00
PCA Charge (All kWh)	\$ 0.06388	\$ 0.00888	\$ 0.00888	\$ 0.00888

IND Annual Bill Comparison

Load Factor	Percent Change (%)	Percent Change (%)	Percent Change (%)
30%	0.03%	0.26%	0.20%
40%	-0.28%	-0.01%	-0.06%
50%	-0.36%	-0.17%	-0.21%
60%	-0.41%	-0.29%	-0.32%
70%	-0.46%	-0.39%	-0.41%
80%	-0.49%	-0.46%	-0.48%

Proposed Discount change for School System

- ▶ Discount is currently not applied to PCA charges

929.06 APPLICABLE RIDERS

(c) School Discount--Rider No. 3. For electricity provided to all public schools and property within the City corporation limits and under the jurisdiction of the local Board of Education, a discount of thirteen and seven tenths percent (13.7%) shall be allowed for the total electric billing in each of the City's electric schedules.

- ▶ Propose discount of 13.7% on total bill including PCA charges

FY2017 School Bill Summary	Discount	Annual Bill (\$)
TOTAL with actual bills from last 12 months	30.0%	\$ 383,663
TOTAL Proposed 2018 Rates/PCA & discount on rates and PCA	13.7%	\$ 382,813

Approximate annual savings
to school system is \$60,500

End Presentation

- ▶ Thank you,
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