

MEMORANDUM

Date: January 22, 2015
To: Board of Directors
From: Foster Hildreth, General Manager
RE: Updated Rate Increase

As discussed at the December board meeting, staff performed data modeling as soon as 2014 year-end data was available to confirm the approved rate changes and test our assumptions. Please see attached for an updated *Table of Rates and Revenue Increases for 2015-2019* as well as an updated table showing the *Impact of Rate Increase by Member Class*.

The 2014 budget is unchanged. Revenue requirements are unchanged. The adjustments made to rates simply change the way we get there.

Please note the following changes since the December board packet was published (see attached charts for full detail):

1. A third seasonal block (summer and winter) was added under the Residential rate class. *(change made during December board review)*
2. Energy (kWh) charges increased slightly. For example, typical residential usage of <1,500 kWh/month increases from \$0.0850/kWh to \$0.0855/kWh.
3. The average rate increase for a typical residential member increased from 8.9% to 9.3%.
4. The average percentage increase for 2016 went up. For example, a typical residential member can anticipate a 7.9% increase in 2016 (previously predicted at 5.3%).

I applaud the diligence and thorough testing that staff have completed to confirm that we will meet our revenue requirements. We will continue to test our data and assumptions as the year unfolds, making course corrections as needed as actual weather and usage data are available. The data modeling that we can now perform, along with the true-up mechanism that we are designing this year, will give us the tools to anticipate and correct any future revenue shortfalls.

2015 Budget

Rate Detail: Revised with updated weather forecast and EES/Test Data Confirmation 1-15-15

Revenue Increase:		12% Increase	6% Increase	6% Increase	6% Increase	6% Increase
	2014 Existing	2015 Budget	2016 Projected	2017 Projected	2018 Projected *	2019 Projected *
Residential						
Facility Rate (\$/Service/Month)	28.60	\$38.90	\$48.20	\$58.10	\$66.00	\$74.70
Demand Rate (\$/Service/Month)		0.00	1.00	3.00	3.00	3.00
Energy Rates (\$/kWh)						
Block 1 (<5,000 kWh)	\$0.0852					
Block 2 (>5,000 kWh)	\$0.1006					
Summer Block 1 (<1,500 kWh)		\$0.0850 \$0.0855	\$0.0813 \$0.0850	\$0.0780 \$0.0820	\$0.0780 \$0.0820	\$0.0780 \$0.0820
Summer Block 2 (1,500 to 3,000 kWh)		\$0.0950 \$0.0970	\$0.1036 \$0.1050	\$0.1085 \$0.1100	\$0.1085 \$0.1100	\$0.1085 \$0.1100
Summer Block 3 (>3000 kWh)		\$0.1150	\$0.1150	\$0.1150	\$0.1150	\$0.1150
Winter Block 1 (<3,000 kWh)		\$0.0850 \$0.0855	\$0.0813 \$0.0850	\$0.0780 \$0.0820	\$0.0780 \$0.0820	\$0.0780 \$0.0820
Winter Block 2 (3,000 to 5,000 kWh)		\$0.0950 \$0.0970	\$0.1036 \$0.1050	\$0.1100	\$0.1100	\$0.1100
Winter Block 3 (>5,000 kWh)		\$0.1150	\$0.1150	\$0.1085 \$0.1150	\$0.1085 \$0.1150	\$0.1085 \$0.1150
Residential TOU						
Facility Rate (\$/Service/Month)	\$32.20	\$43.80	\$54.20	\$65.40	\$74.30	\$84.10
Demand Rate (\$/Service/Month)			\$0.50	\$1.00	\$1.00	\$1.00
Energy Rates (\$/kWh)						
TOU Period 1 (6 am – Noon)	\$0.1294	\$0.1450	\$0.1450	\$0.1450	\$0.1450	\$0.1450
TOU Period 2 (Noon – 10* pm) <i>To be phased in over 3 years</i>	\$0.0590	\$0.0900	\$0.0900	\$0.0900	\$0.0900	\$0.0900
		<i>Noon – 8 pm</i>	<i>Noon – 9 pm</i>	<i>Noon – 10 pm</i>	<i>Noon – 10 pm</i>	<i>Noon – 10 pm</i>
TOU Period 3 (10* pm – 6 am)	\$0.0507	\$0.0400	\$0.0400	\$0.0400	\$0.0400	\$0.0400
Small Commercial (<20 kW)						
Facility Rate (\$/Service/Month)	\$40.40	\$54.90	\$67.90	\$81.90	\$93.00	\$105.20
Energy Rates (\$/kWh)						
Block 1 (<5,000 kWh)	\$0.0866	\$0.0861 \$0.0870	\$0.0861 \$0.0870	\$0.0861 \$0.0870	\$0.0861 \$0.0870	\$0.0861 \$0.0870
Block 2 (>5,000 kWh)	\$0.0781	\$0.0861 \$0.0970	\$0.0944 \$0.0980	\$0.1059 \$0.1060	\$0.1059 \$0.1060	\$0.1059 \$0.1060
Demand Rate (\$/Service/Month)						
First 20 kW (Flat Rate)	\$0.00	\$5.00	\$5.30	\$6.00	\$6.00	\$6.00
Over 20 kW	\$3.15					

2015 Budget

Rate Detail (continued): Revised with updated weather forecast and EES/Test Data Confirmation 1-15-15

Revenue Increase:		12% Increase	6% Increase	6% Increase	6% Increase	6% Increase
	2014 Existing	2015 Budget	2016 Projected	2017 Projected	2018 Projected *	2019 Projected *
Large Commercial (>20kW)						
Facility Rate (\$/Service/Month)	\$40.40	\$54.90	\$67.90	\$81.90	\$93.00	\$105.20
Energy Rates (\$/kWh)						
Block 1 (<5,000 kWh)	\$0.0866	\$0.0775 \$0.0790	\$0.0777 \$0.0795	\$0.0782 \$0.0800	\$0.0782 \$0.0800	\$0.0782 \$0.0800
Block 2 (5,000 – 150,000 kWh)	\$0.0781	\$0.0775 \$0.0873	\$0.0777 \$0.0880	\$0.0782 \$0.0885	\$0.0782 \$0.0885	\$0.0782 \$0.0885
Block 3 (>150,000 kWh)		\$0.1162	\$0.1166	\$0.1173	\$0.1173	\$0.1173
Demand Rates (\$/kW)						
First 20 kW	\$0.00					
Over 20 kW	\$3.15					
Block 1 (≤300 kW)		\$3.15	\$3.15 \$3.90	\$3.15 \$4.65	\$3.15 \$5.40	\$3.15 \$6.15
Block 2 (>300 kW)		\$4.73	\$4.75 \$5.48	\$4.73 \$6.23	\$4.73 \$6.89	\$4.73 \$7.73
Pumps						
Facility Rate (\$/Service/Month)	\$25.30	\$34.40	\$42.60	\$51.40	\$58.40	\$66.10
Energy Rates (\$/kWh)						
0-370 kWh	\$0.0978	\$0.0923	\$0.0813	\$0.0771	\$0.0771	\$0.0771
371-5,000 kWh	\$0.0752	\$0.0802	\$0.0813	\$0.0771	\$0.0771	\$0.0771
Over 5,000 kWh	\$0.0900	\$0.0878 \$0.0900	\$0.0830	\$0.0771	\$0.0771	\$0.0771
Demand Rate (\$/Service/Month)						
First 20 kW (Flat Rate)	\$0.00	\$0.00	\$1.00	\$2.50	\$2.50	\$2.50
Over 20 kW	\$3.15	\$3.15	\$3.15	\$3.15	\$3.15	\$3.15

Note: * Same Rate Structure as 2017; requires new Cost of Service Study

Impact of Rate Increase by Member Class 2015-2019 (revised 1/15/15)

Rate (number of meters)	Existing	Proposed										Average Usage (kWh)
	2014	2015		2016		2017		2018		2019		
		\$	% Increase	\$	% Increase	\$	% Increase	\$	% Increase	\$	% Increase	
Residential (14,052)	113.84	124.44	9.3%	134.24	7.9%	143.14	6.6%	151.04	5.5%	159.74	5.8%	1001
Small Commercial (1,190)	112.45	132.29	17.6%	145.59	10.1%	160.29	10.1%	171.39	6.9%	183.59	7.1%	832
Large Commercial (660)	695.35	720.57	3.6%	737.01	2.3%	754.45	2.4%	765.55	1.5%	777.75	1.6%	6879
Pump (576)	51.37	59.00	14.9%	64.27	8.9%	71.95	11.9%	78.95	9.7%	86.65	9.8%	267
Seasonal Residential (2,753)	101.92	112.48	10.4%	122.35	8.8%	131.66	7.6%	139.56	6.0%	148.26	6.2%	861
PAL Residential (279)	119.59	130.21	8.9%	139.97	7.5%	148.67	6.2%	156.57	5.3%	165.27	5.6%	1068