



OPALCO

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2025 Tariff Revisions

2025 Tariff Revision

Methodology for collecting budgeted revenue

At the November Board meeting, we had the first read of the 2025 Tariffs. The discussion included the need to review member usage profiles, frequency, and distribution. One of the more challenging efforts between now and January 1, 2025, is clearly communicating tariff adjustments.

The Board requested more information prior to approving the 2025 Tariff increases. The Board will consider the information listed below to make further tariff adjustments:

1. Service Size (higher facility charge with meter base sizing)
2. Demand (Estimated via hourly readings)
 - NOT ABLE TO BE IMPLEMENTED BY JANUARY 2025
3. Allocate rate increase funds to 75% facility charge and 25% to kWh charge
 - Based on Budget approved Revenue Increase
 - Increase of fixed tariff components to recover 75% of the revenue increase
 - Increase of variable tariff components to recover 25% of the revenue increase

Tariff Options

Methodology
for collecting
budgeted
revenue

1. Increase: 6% to all tariff metrics

2. ~75% Fixed/ ~25% Variable

- ~11.07% increase to fixed charges
- ~3.69% increase to variable charges

3. Increase to Variable Charges ONLY

- ~8.56% to all variable metrics

4. Increase to Fixed Charges ONLY

- ~19.70% to all fixed charges

5. Residential Demand (not possible)

6. Residential Demand + Service Size (not possible)

7. **NEW:** Add Service Size Charge to all and 5.25% to all tariff metrics

- Service Size Cost based on average historical demand cost per 200 amps available
 - \$14.40 for 400A and \$28.80 for >400A Services

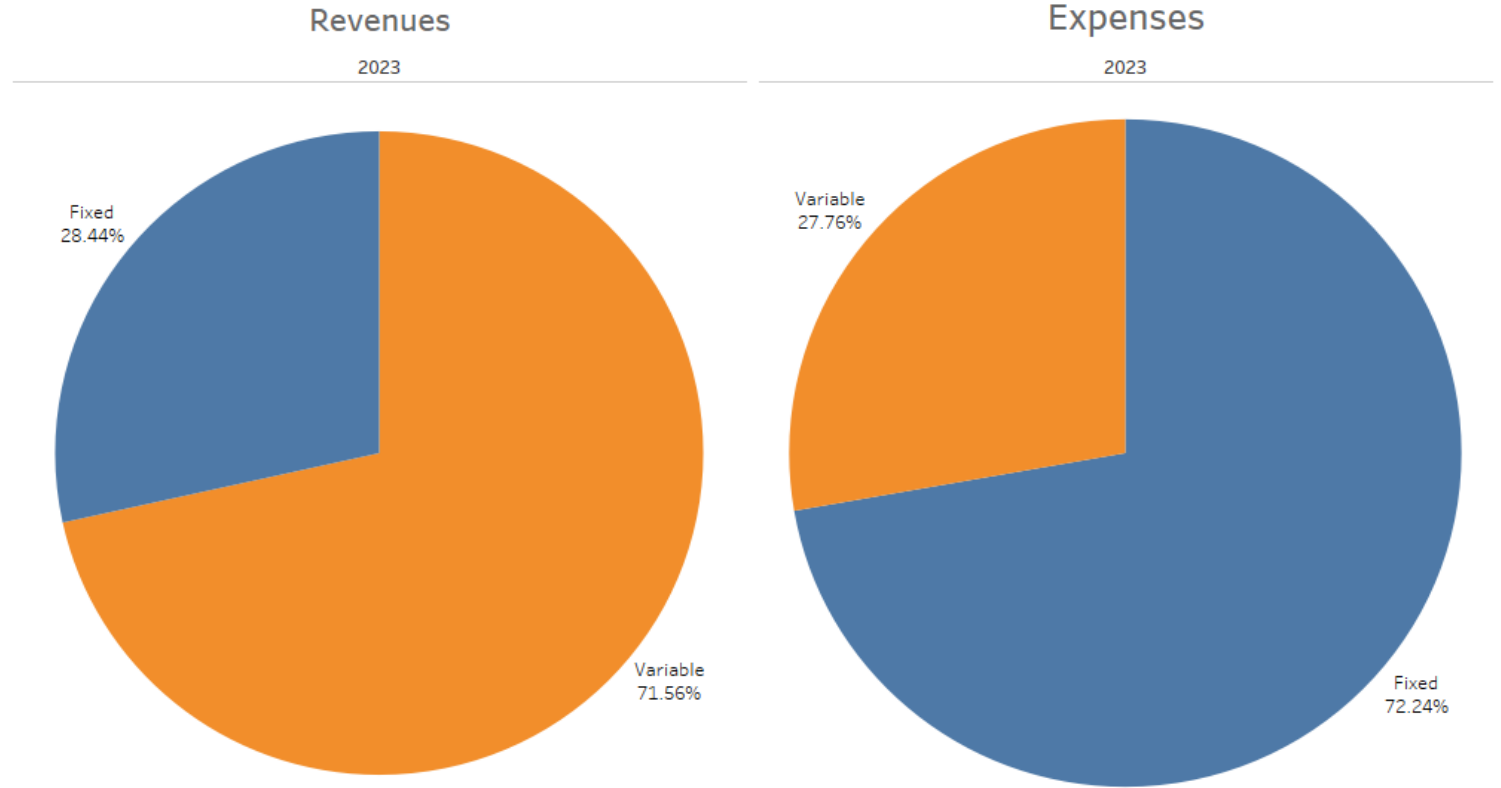
8. **NEW:** ~75% Fixed/ ~25% Variable and service size charge

- ~9.76% increase to fixed charges
- ~3.25% increase to variable charges
- Service Size Cost based on average historical demand cost per 200 amps available
 - \$14.40 for 400A and \$28.80 for >400A Services

Member Perspective: Communications

- Effective member communication is a long-term effort and requires us to methodically roll our strategic messaging.
- Last minute timing makes it hard to message and explain (less than a month before rates go into effect).
- While the rate increase will be an average of 6%, the individual components (fixed vs variable) may cause deviation from the average which can create member confusion.
- Piling of controversial topics - Bailer Hill Microgrid & Tidal - these projects may get blamed for rate increase.
- Feeds misinformation and creates distrust in OPALCO and OPALCO leadership.
- Rate shock resulting in lots of complaints, increasing staff time to explain and counsel.
- Members could feel blindsided and left out of decision making.
- Does not encourage member engagement.

Revenue vs Expense Disparity



Background
Residential
Charts and
Graphs

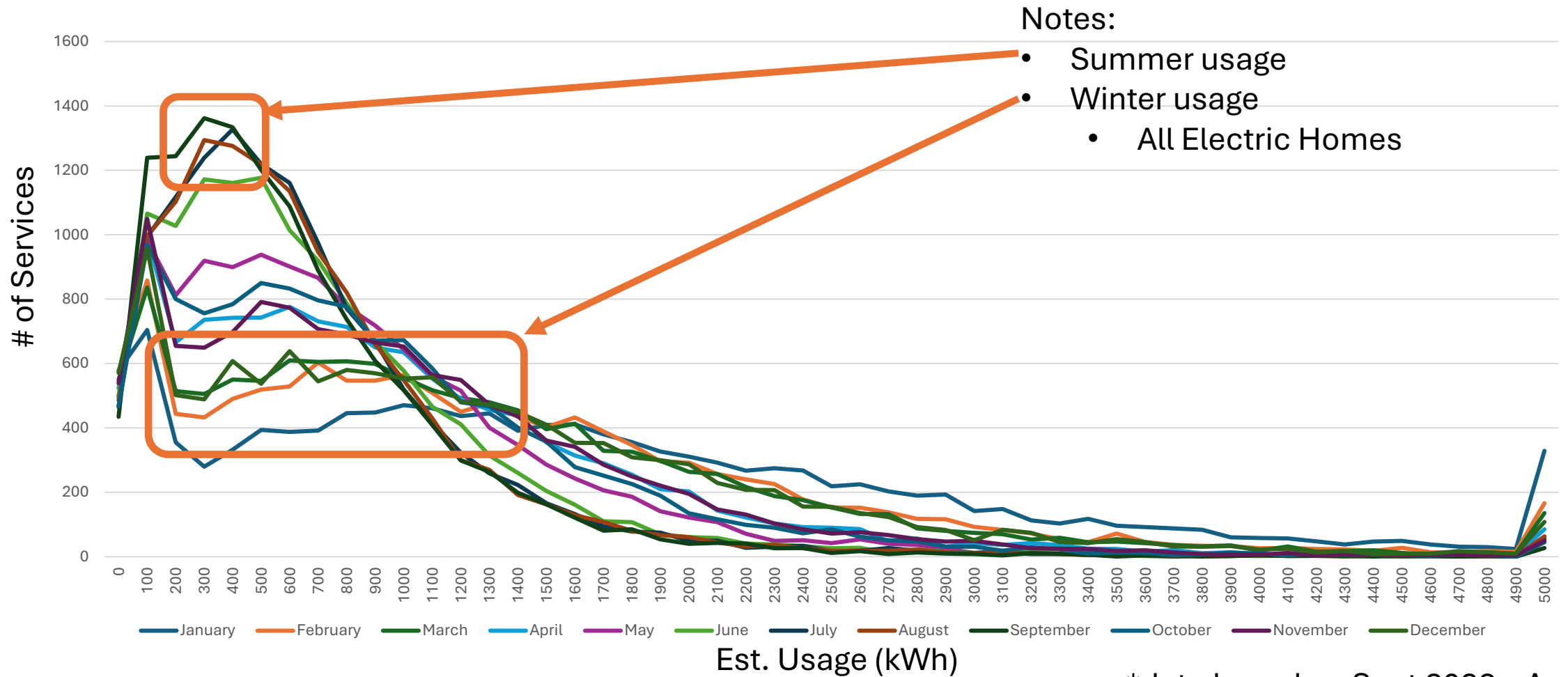
Usage Frequency Chart

Usage Distribution

Demand Frequency Chart

Demand Distribution

Usage Statistics: Residential Frequency Chart



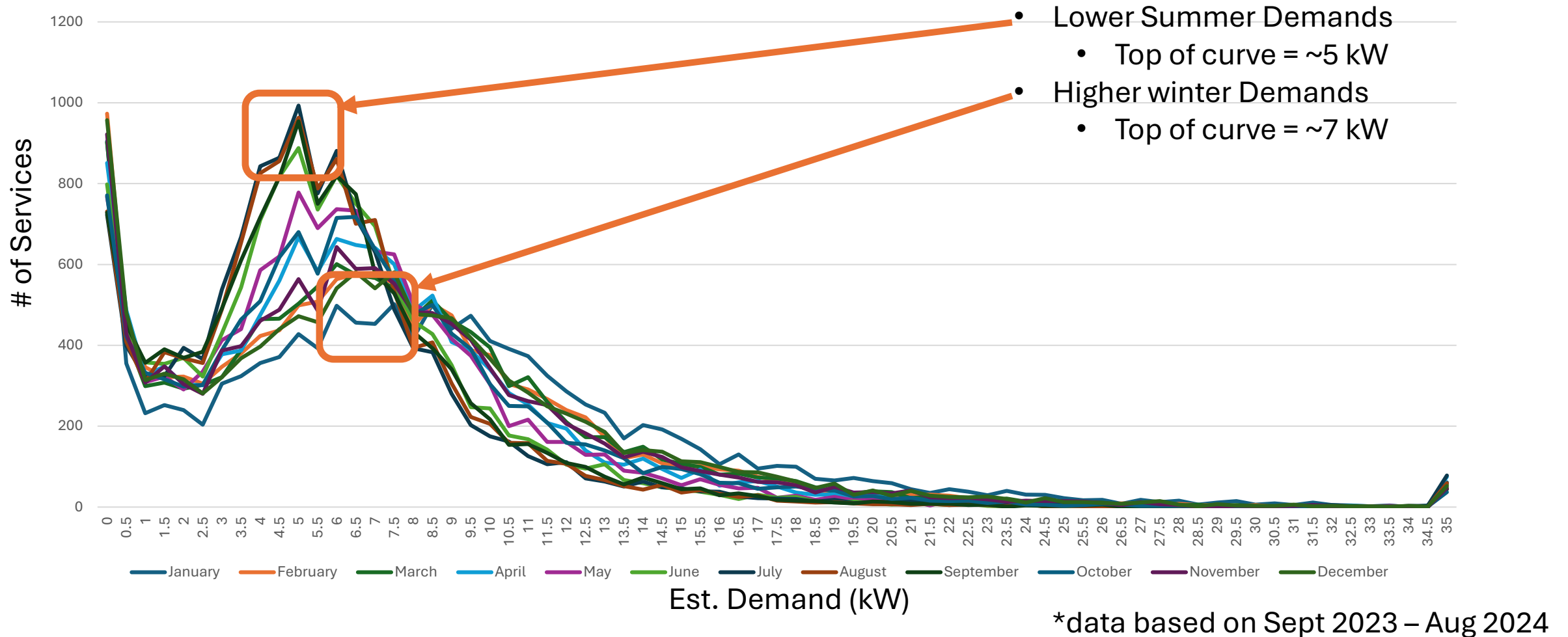
*data based on Sept 2023 – Aug 2024

Usage Statistics: Estimated Residential Distribution

Usage Group (kWh)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg
0-500	20.9%	26.2%	27.7%	34.8%	39.9%	48.2%	50.2%	50.3%	53.8%	36.5%	34.6%	28.9%	37.7%
500-1000	17.0%	22.0%	23.5%	27.7%	30.8%	31.3%	32.3%	32.4%	30.3%	29.6%	27.5%	22.8%	27.3%
1000-1500	17.0%	17.9%	18.5%	18.1%	16.7%	13.1%	11.0%	10.7%	10.5%	18.1%	18.8%	18.7%	15.8%
1500-2000	14.1%	13.9%	12.9%	10.0%	7.1%	4.0%	3.4%	3.5%	3.0%	8.5%	10.2%	12.7%	8.6%
2000-2500	10.4%	8.3%	7.8%	4.3%	2.5%	1.5%	1.3%	1.2%	1.2%	3.7%	4.2%	7.5%	4.5%
2500-3000	7.5%	4.9%	4.0%	2.1%	1.3%	0.7%	0.7%	0.7%	0.4%	1.8%	2.3%	3.8%	2.5%
3000-3500	4.6%	2.6%	2.2%	1.3%	0.5%	0.4%	0.3%	0.3%	0.2%	0.7%	1.0%	2.4%	1.4%
3500-4000	3.0%	1.4%	1.3%	0.5%	0.4%	0.1%	0.1%	0.1%	0.1%	0.4%	0.4%	1.3%	0.8%
4000-4500	1.9%	0.9%	0.8%	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	0.6%	0.5%
4500-5000	3.6%	1.8%	1.4%	0.8%	0.6%	0.5%	0.5%	0.5%	0.3%	0.5%	0.5%	1.3%	1.0%

*data based on Sept 2023 – Aug 2024

Demand Statistics: Residential Frequency Chart



Estimated Residential Demand Distribution

Demand Range (kW)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg
0-2.5 kW	17.3%	21.4%	20.0%	20.7%	19.8%	20.9%	20.0%	20.2%	21.2%	19.3%	20.5%	21.2%	20.2%
2.5-5 kW	14.1%	16.5%	16.9%	19.5%	22.4%	26.8%	30.8%	29.9%	28.3%	21.0%	18.1%	15.8%	21.7%
5-7.5 kW	18.2%	21.9%	22.3%	24.8%	27.0%	28.0%	27.6%	28.4%	27.2%	25.4%	22.6%	21.3%	24.6%
7.5-10 kW	17.7%	17.3%	17.9%	16.9%	16.4%	13.7%	11.3%	12.1%	13.0%	16.6%	17.2%	17.4%	15.6%
10-12.5 kW	12.9%	10.5%	10.0%	8.5%	6.8%	5.4%	4.5%	4.9%	5.1%	8.1%	9.3%	10.2%	8.0%
12.5-15 kW	7.6%	5.0%	5.4%	4.0%	3.4%	2.6%	2.1%	2.0%	2.4%	4.2%	5.0%	5.6%	4.1%
15-17.5 kW	4.5%	3.4%	3.2%	2.5%	1.9%	1.1%	1.2%	1.1%	1.2%	2.3%	2.9%	3.6%	2.4%
17.5-20 kW	2.9%	1.6%	1.8%	1.2%	0.8%	0.6%	0.6%	0.4%	0.5%	1.5%	1.7%	1.9%	1.3%
20-22.5 kW	1.7%	1.1%	1.0%	0.7%	0.6%	0.3%	0.5%	0.2%	0.3%	0.7%	1.1%	1.1%	0.8%
22.5-25 kW	1.2%	0.5%	0.5%	0.3%	0.3%	0.1%	0.3%	0.2%	0.1%	0.3%	0.6%	0.7%	0.4%
25-27.5 kW	0.6%	0.3%	0.3%	0.2%	0.1%	0.1%	0.2%	0.1%	0.1%	0.2%	0.4%	0.4%	0.2%
27.5-30 kW	0.4%	0.2%	0.2%	0.1%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	0.2%	0.1%
30-32.5 kW	0.3%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
32.5-35 kW	0.6%	0.4%	0.5%	0.6%	0.5%	0.5%	0.7%	0.5%	0.4%	0.3%	0.4%	0.5%	0.5%

*data based on Sept 2023 – Aug 2024

Service Size Statistics

- Service Size
 - Based on meter class
 - Size and usage do not always coincide.
 - Not all meter sizes with meter base requirements
- Charge Derivation
 - Proportion of Consumer Related Plant Cost per Required Revenue (per last COSA)
 - 400 Amp proportionately 2x and >400 Amp proportionately 3x of a 200 Amp Service
- 3 vs 1 Phase not considered

Tariff	# of Meter per Service Size			Totals
	200 Amp	400 Amp	>400 Amp	
Res.	11,427	321	191	11,939
Res. Dist. Resource	372	20	7	399
Res. Net Legacy	329	26	14	369
Res. TOU	34	8	2	44
Small Comm.	1,199	51	52	1,302
Small Comm. Net Legacy	14	2	1	17
Large Comm.	109	44	185	338
Large Comm. Net Legacy	4	3	9	16
Comm. Dist. Resource	11	4	9	24
Pump	488	3	3	494
Totals	13,984	482	473	14,939

Charges for Larger Service Size (955 Services): Pros and Cons

Pros

- Grid accommodation
- Easily understood
- Public perception
- Aligns with COSA

Cons

- Subsidized by smaller services
- Unstudied correlation between usage and size
- Unstudied disparity of 3 vs 1 phase services
- Member communication challenges

Staff Recommendation

- Implement subsequent to COSA and 2025 Rate Design

Demand Charge (Residential Tariffs)

NOT ABLE TO BE IMPLEMENTED IN JAN
2025 – TECHNICAL ISSUES

Staff is working with meter and billing
vendors to remedy

- Implementation target Jan 2026
- Data sets and testing need prior to implementation
- Options:
 - Classic Hourly Demand – Maximum average hourly usage per month
 - Time of Demand – Maximum average hourly usage per month in a specified time range

Estimated Residential Demand Revenue Generation

EST. REVENUE GENERATED WITH \$1/KW CHARGE FOR HOURLY NON-COINCIDENTAL DEMAND

*DATA BASED ON SEPT 2023 – AUG 2024

MONTH		
January	108,187	10.5%
February	91,308	8.9%
March	92,819	9.0%
April	86,291	8.4%
May	81,727	8.0%
June	74,434	7.3%
July	74,572	7.3%
August	72,507	7.1%
September	73,398	7.2%
October	85,705	8.4%
November	90,846	8.9%
December	94,471	9.2%
Total	\$1,026,264	

Note: once technical challenges are overcome

Tariff Options

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Residential Tariff Options

Charge	2024	2025 Option 1 Even 6% (Recommended)	2025 Option 2 75/25%	2025 Option 3 All Variable	2025 Option 4 All Fixed	2025 Option 7 Even + Size	2025 Option 8 75/25% + Size
Service Access (\$/mth)	56.59	59.99	62.86	56.59	67.74	59.57	62.12
Energy (\$/kWh)							
Block 1	0.1273	0.1351	0.1322	0.1384	0.1274	0.1341	0.1316
Block 2	0.1444	0.1531	0.1498	0.1568	0.1444	0.1520	0.1491
Block 3	0.1661	0.1762	0.1724	0.1805	0.1662	0.1750	0.1717
Demand (\$/kW)							
Service Size (\$/mth)							
200 A							
400 A						14.40	14.40
>400A						28.80	28.80

Residential Impact

Average Component Impact

% Difference from 2024

Charge Type	2024	2025 Option 1 Even 6% (Recommended)	2025 Option 2 75/25%	2025 Option 3 All Variable	2025 Option 4 All Fixed	2025 Option 7 Even + Size	2025 Option 8 75/25% + Size
Fixed	0%	6%	11.07%	0%	19.70%	5.25%	9.76%
Variable	0%	6%	3.69%	8.56%	0%	5.25%	3.25%

Average Monthly Bill

Charge Type	2024	2025 Option 1 Even 6% (Recommended)	2025 Option 2 75/25%	2025 Option 3 All Variable	2025 Option 4 All Fixed	2025 Option 7 Even + Size*	2025 Option 8 75/25% + Size*
Fixed	56.59	59.99	62.86	56.59	67.74	59.57	62.12
Variable	126.72	134.38	131.51	137.64	126.77	133.39	130.92

*No increase in fixed due to service size since average residential services is 200 Amps

Residential Impact Annual Bill

Consumer Type	2025 Option 1 Even 6% (Recommended)	2025 Option 2 75/25%	2025 Option 3 All Variable	2025 Option 4 All Fixed	2025 Option 7 Even + Size	2025 Option 8 75/25% + Size
Average	6.03%	6.03%	5.96%	6.11%	5.26%	5.31%
Heavy	6.04%	4.39%	7.88%	1.70%	9.57%*	8.16%*
Light	6.03%	7.16%	4.63%	9.14%	5.26%	6.30%
EAP (before Credit)	6.03%	6.21%	5.75%	6.57%	5.26%	5.46%
All Electric	6.04%	5.11%	7.04%	3.63%	5.26%	4.49%
Seasonal	6.03%	6.09%	1.22%	6.27%	5.26%	5.36%

*Heavy Usage Consumers assumed to be by a >400 Amp Service (\$28.80 additional fixed cost increase)

Residential Impact

Average Monthly – Component Breakout

Consumer Type	Charge Type	2024	2025 Option 1 Even 6% (Recommended)	2025 Option 2 75/25%	2025 Option 3 All Variable	2025 Option 4 All Fixed	2025 Option 7 Even + Size	2025 Option 8 75/25% + Size
Average	Fixed	56.59	59.99	62.86	56.59	67.74	59.57	62.12
	Variable	126.72	134.38	131.51	137.64	126.77	133.39	130.92
Heavy*	Fixed	56.59	59.99	62.86	56.59	67.74	88.47*	90.92*
	Variable	612.62	649.62	635.74	665.36	612.85	644.89	632.90
Light	Fixed	56.59	59.99	62.86	56.59	67.74	59.57	62.12
	Variable	65.71	69.68	68.20	71.37	65.74	69.17	67.89
EAP (Before Credit)	Fixed	56.59	59.99	62.86	56.59	67.74	59.57	62.12
	Variable	113.74	120.61	118.04	123.54	113.78	119.72	117.51
All Electric	Fixed	56.59	59.99	62.86	56.59	67.74	59.57	62.12
	Variable	244.08	258.83	253.32	265.11	244.18	256.93	252.18
Seasonal	Fixed	56.59	59.99	62.86	56.59	67.74	59.57	62.12
	Variable	122.04	129.42	126.66	132.56	122.09	128.47	126.09

*Heavy Usage Consumers assumed to be by a >400 Amp Service (\$28.80 additional fixed cost increase)

Option	Pros	Cons
1 - Even	Consistency Easier to communicate	Not per policy Does not increase fixed cost collection
2 - 75/25%	Step toward increasing fixed cost collection Closer to COSA Encourages electrification	Rate shock? (average 6% per service) Short time to communicate Harder to understand Timing of public perception
3 - All Variable	Encourages energy efficiency	Not per policy Does not increase fixed cost collection Increased volatility Discourages electrification
4 - All Fixed	Per Policy Encourages electrification	Rate Shock Hard to Communicate Discourages energy efficiency

Pros and Cons

Option	Pros	Cons
5 – Res Demand	Not able to be implemented	Not able to be implemented
6 – Res Dmd + Size	Not able to be implemented	Not able to be implemented
7 – Even + Size (NEW)	Combo of above	Combo of above
8 – 75/25% + Size (NEW)	Combo of above	Combo of above

Pros and Cons