

Electric Rate Discussion

City Commission

December 19, 2017

Item #170647

Residential Electric Rate Structure

	Current FY18	Weighted Residential	Evenly Distributed	Weighted NonRes
Customer Charge (\$/month)	\$14.25	\$14.25	\$14.25	\$14.25
Block 1 (1-850) \$/kWh	\$0.0440	\$0.0654	\$0.0670	\$0.0680
Block 2 (851+) \$/kWh	\$0.0660	\$0.0874	\$0.0895	\$0.0930
Fuel Adjustment \$/kWh	\$0.0700	\$0.0350	\$0.0350	\$0.0350
1000 kWh Bill Amount	\$131.55	\$117.95	\$119.63	\$121.00
% Change from Current		-10.3%	-9.1%	-8.0%
Cents per kWh	13.2	11.8	12.0	12.1

GS Non-Demand Electric Rate Structure

	Current FY18	Weighted Residential	Evenly Distributed	Weighted NonRes
Customer Charge (\$/month)	\$29.50	\$29.50	\$29.50	\$29.50
Block 1 (1-1500) \$/kWh	\$0.0700	\$0.0922	\$0.0905	\$0.0890
Block 2 (1501+) \$/kWh	\$0.1030	\$0.1252	\$0.1235	\$0.1220
Fuel Adjustment \$/kWh	\$0.0700	\$0.0350	\$0.0350	\$0.0350
1500 kWh Bill Amount	\$239.50	\$220.30	\$217.75	\$215.50
% Change from Current		-8.0%	-9.1%	-10.0%
Cents per kWh	16.0	14.7	14.5	14.4

GS Demand Electric Rate Structure

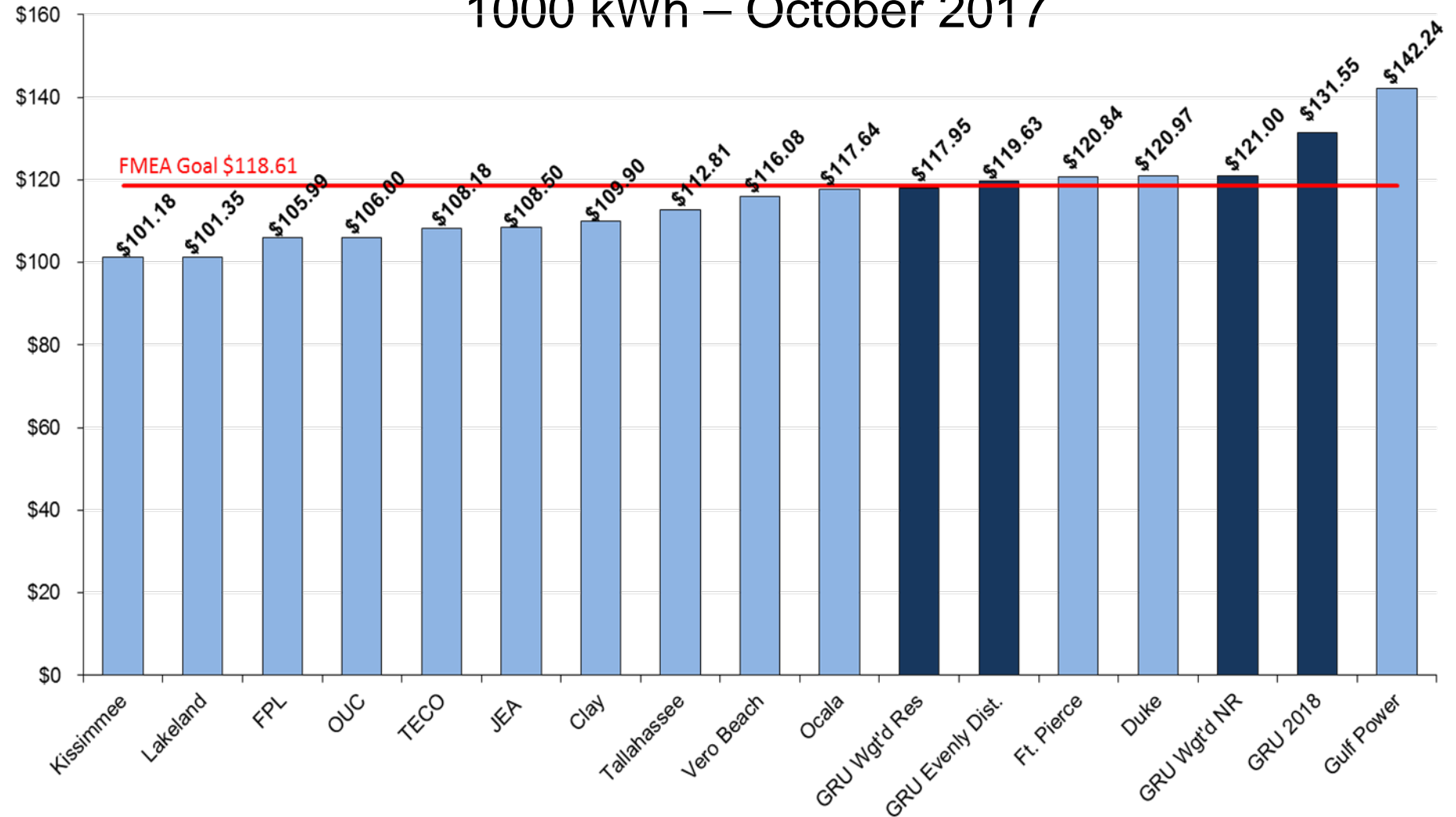
	Current FY18	Weighted Residential	Evenly Distributed	Weighted NonRes
Customer Charge (\$/month)	\$100.00	\$100.00	\$100.00	\$100.00
Demand Charge \$/kW	\$8.50	\$9.50	\$9.50	\$9.50
Energy Charge \$/kWh	\$0.0412	\$0.0628	\$0.0614	\$0.0601
Fuel Adjustment \$/kWh	\$0.0700	\$0.0350	\$0.0350	\$0.0350
75 kW / 30,000 kWh Bill Amount	\$4,073.50	\$3,746.50	\$3,704.50	\$3,665.50
% Change from Current		-8.0%	-9.1%	-10.0%
Cents per kWh	13.6	12.5	12.3	12.2

Large Demand Electric Rate Structure

	Current FY18	Weighted Residential	Evenly Distributed	Weighted NonRes
Customer Charge (\$/month)	\$350.00	\$350.00	\$350.00	\$350.00
Demand Charge \$/kW	\$8.50	\$9.75	\$9.75	\$9.75
Energy Charge \$/kWh	\$0.0370	\$0.0589	\$0.0575	\$0.0563
Fuel Adjustment \$/kWh	\$0.0700	\$0.0350	\$0.0350	\$0.0350
1000 kW/430,000 kWh Bill Amount	\$54,860	\$50,477	\$49,875	\$49,359
% Change from Current		-8.0%	-9.1%	-10.0%
Cents per kWh	12.6	11.7	11.6	11.5

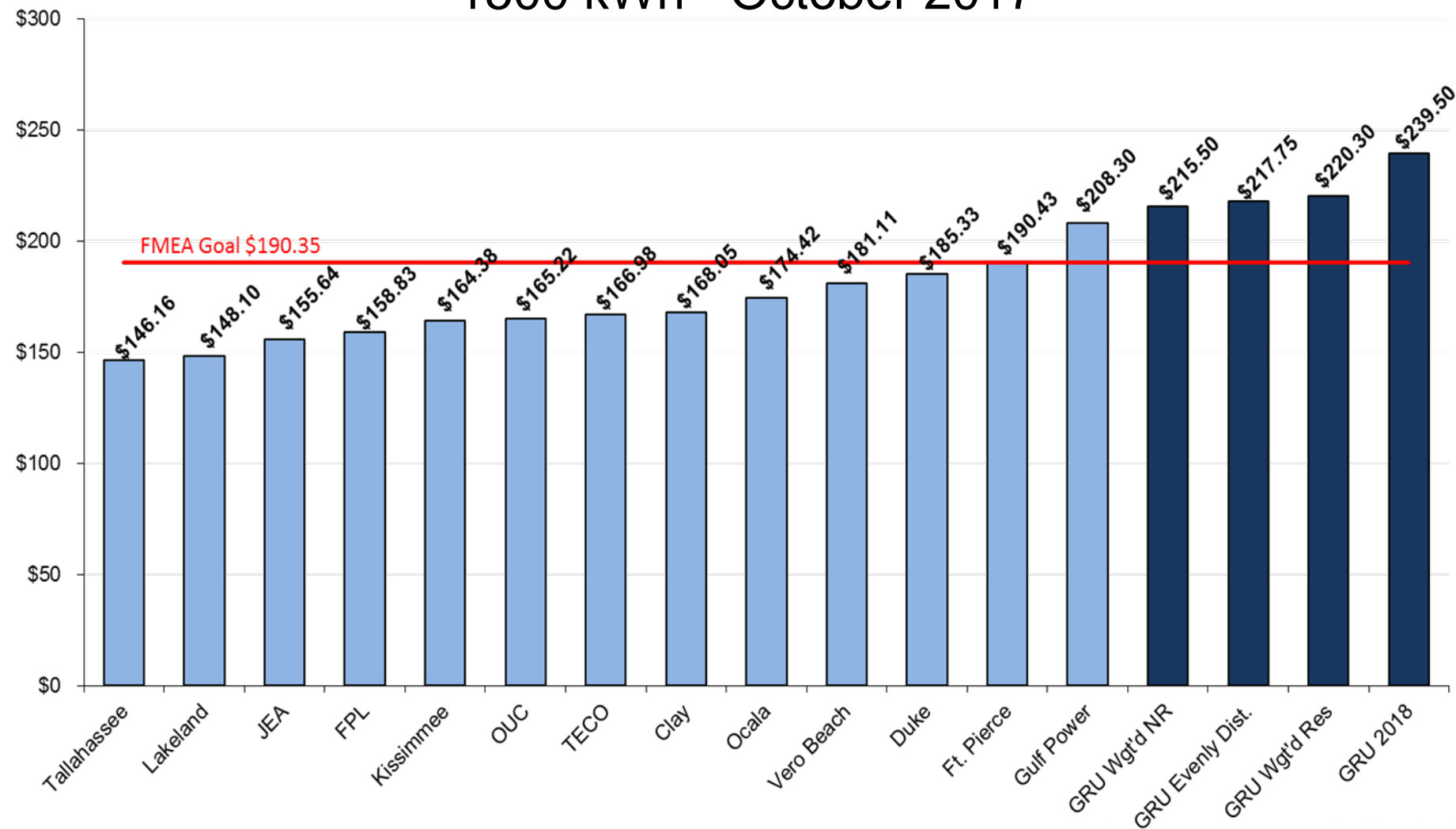
Residential Electric

1000 kWh – October 2017



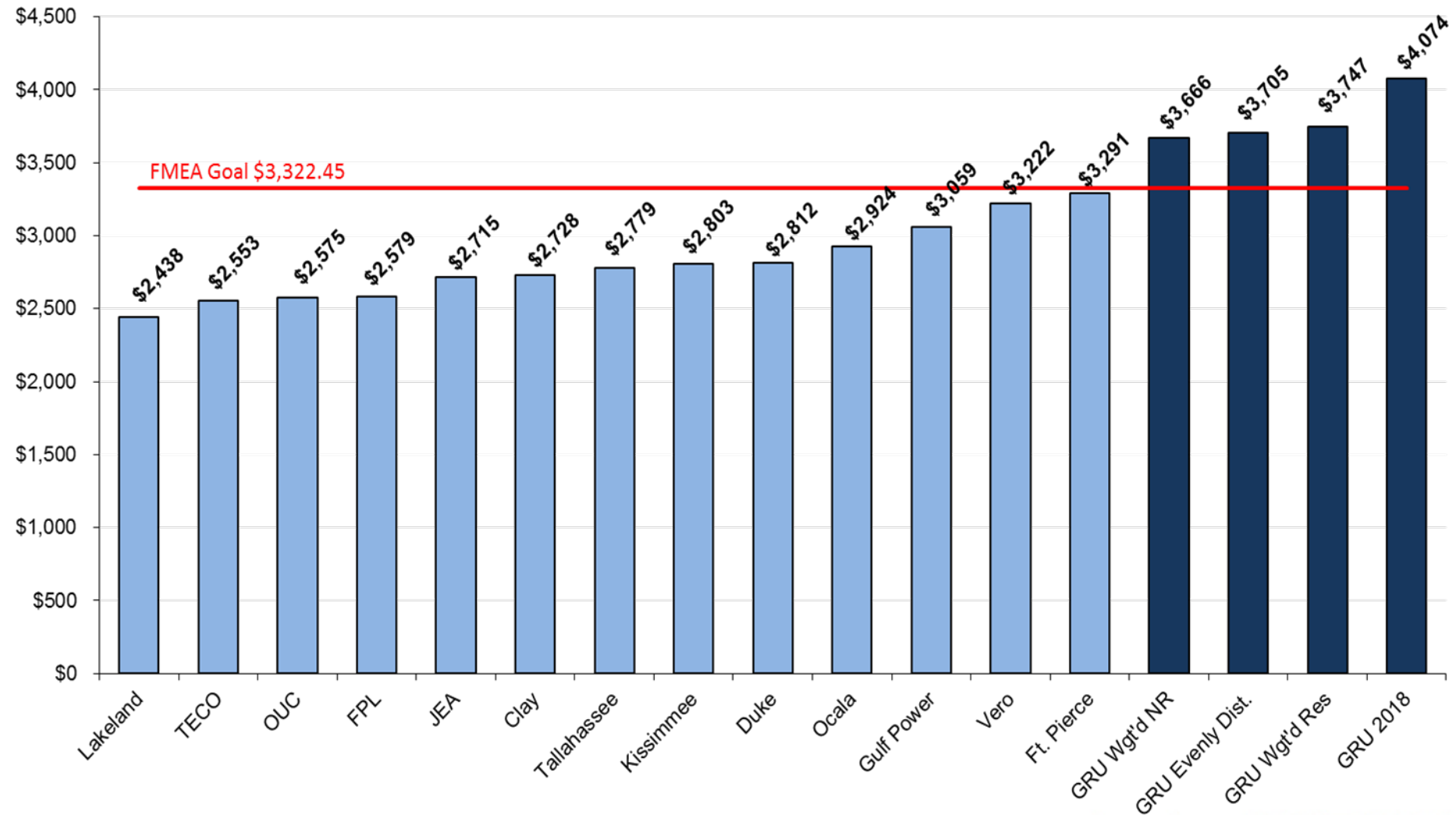
GS Non-Demand Electric

1500 kWh - October 2017



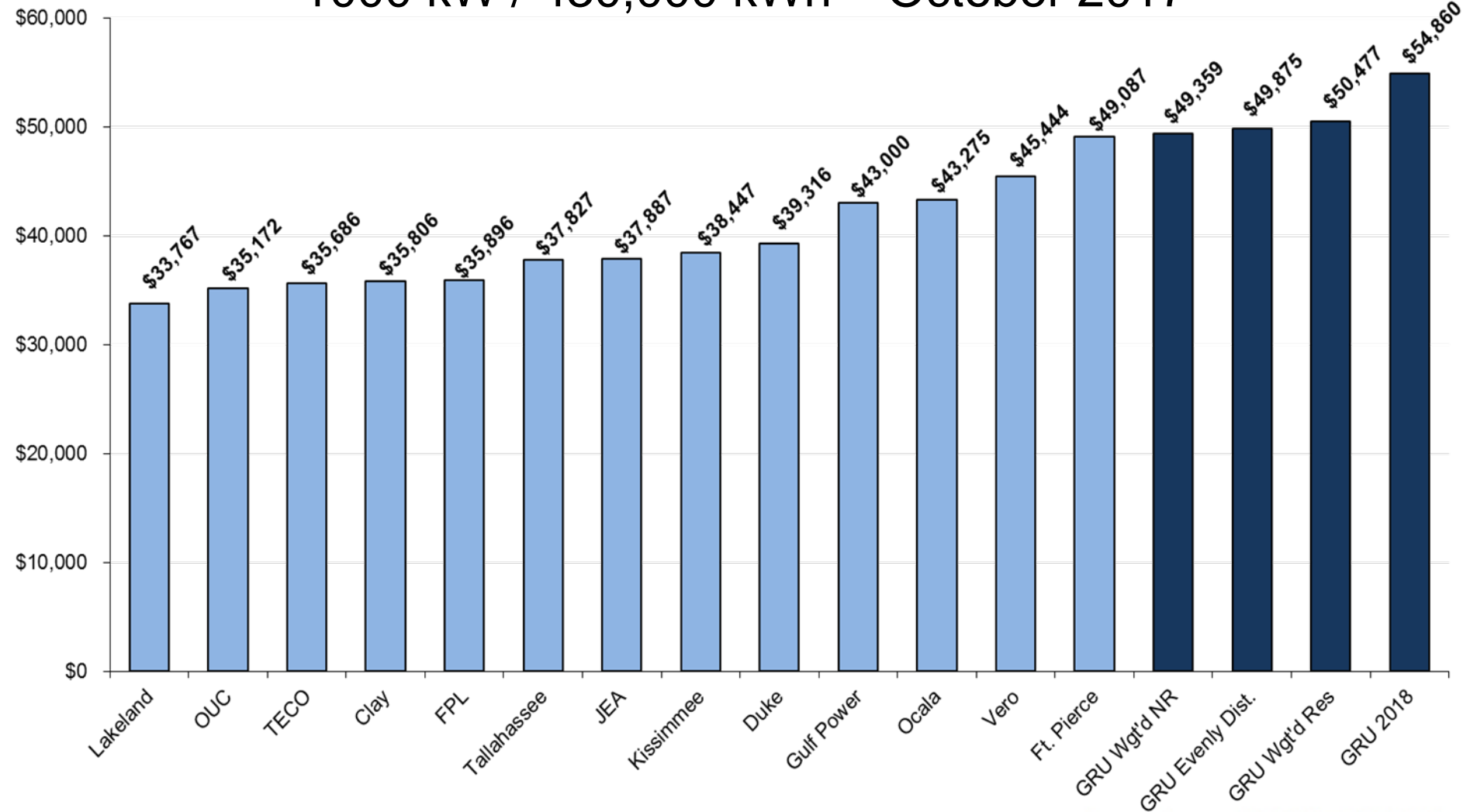
GS Demand Electric

75 kW / 30,000 kWh - October 2017



Large Demand Electric

1000 kW / 430,000 kWh – October 2017



Impact of Taxes and Surcharge Residential Bill Example

Evenly Distributed Scenario

Residential Electric Bill 1000 kWh

	Inside City		Outside City	
	<u>Oct-18</u>	<u>Feb-18</u>	<u>Oct-18</u>	<u>Feb-18</u>
Base Rates				
Customer Charge	14.25	14.25	14.25	14.25
Non-Fuel Energy (1-850 kWh)	37.40	56.95	37.40	56.95
<u>Non-Fuel Energy (851+ kWh)</u>	<u>9.91</u>	<u>13.43</u>	<u>9.91</u>	<u>13.43</u>
Base Rate Total	61.56	84.63	61.56	84.63
Fuel Adjustment (all kWh)	70.00	35.00	70.00	35.00
Surcharge	-	-	6.49	8.77
Gross Receipts Tax	3.37	3.07	3.54	3.29
<u>Utility Tax</u>	<u>6.49</u>	<u>8.77</u>	<u>7.16</u>	<u>9.67</u>
Total Bill	141.42	131.47	148.75	141.36
Base Rates plus Fuel	131.56	119.63	131.56	119.63
<i>Base Rate Bill Reduction</i>		<i>-9.1%</i>		<i>-9.1%</i>
<i>Total Bill Reduction</i>		<i>-7.0%</i>		<i>-5.0%</i>

Impact of Taxes and Surcharge

GS Demand Bill Example

Evenly Distributed Scenario

GS Demand Electric Bill

75 kW
30,000 kWh

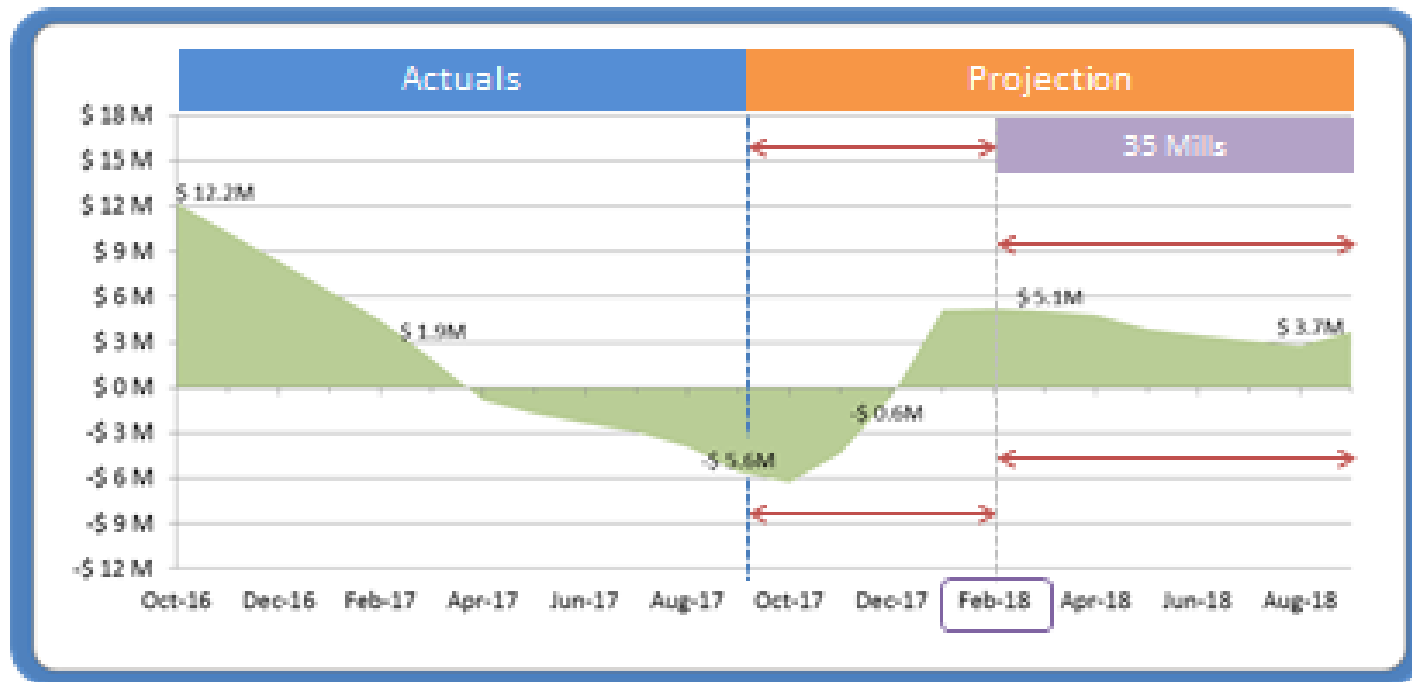
	Inside City		Outside City	
	<u>Oct-18</u>	<u>Feb-18</u>	<u>Oct-18</u>	<u>Feb-18</u>
Base Rates				
Customer Charge	100.00	100.00	100.00	100.00
Demand Charges	637.50	712.50	637.50	712.50
<u>Non-Fuel Energy Charges</u>	<u>1,236.00</u>	<u>1,842.00</u>	<u>1,236.00</u>	<u>1,842.00</u>
Base Rate Total	1,973.50	2,654.50	1,973.50	2,654.50
Fuel Adjustment	2,100.00	1,050.00	2,100.00	1,050.00
Surcharge	-	-	207.79	274.95
Gross Receipts Tax	104.45	94.99	109.78	102.04
Utility Tax	207.80	274.95	229.11	303.15
<u>Sales Taxes</u>	<u>311.26</u>	<u>283.06</u>	<u>327.14</u>	<u>304.07</u>
Total Bill	4,697.01	4,357.50	4,947.32	4,688.71
Base Rates plus Fuel	4,073.50	3,704.50	4,073.50	3,704.50
Base Rate Bill Reduction		-9.1%		-9.1%
Total Bill Reduction		-7.2%		-5.2%

Utility Tax Discussion

- Estimated \$1.8M increase in Utility Tax billed for FY18 resulting from increased base rates
- Translates to potential base rate reduction of approximately 1% if evenly distributed across all rate categories, or 2% if distributed only to non-residential customers
- Estimated \$2.8M increase in Utility Tax billed for FY19 affords potential offset toward future upward pressure on revenue requirements

Electric FA Projected Balance

REDUCE FA to 35 Mills in Feb '18



Commission Notification Bands +10% / -5% of Fuel Budget
 FY18 = \$16.3M / (\$8.2M) ← → New FY18 Bands = \$9.6M / (\$4.8M)* ← →

* New Bands based off of estimated new fuel budget for FY18, not finalized yet by Energy Supply

Timeline for Implementation

1. 11/28/17 Joint UAB/City Commission meeting
2. 12/14/17 UAB meeting
3. 12/19/17 Special City Commission meeting to consider rate approval
4. 12/22/17 Advertise Appendix A Ordinance Revision
5. Ordinance Readings January 4th & January 18th
6. Enter Price Changes in CCS January 19th and test
7. New Rates Effective February 1, 2018

STAFF RECOMMENDATION

Staff recommends the weighted non-residential proposal to begin to address the subsidization of residential rates.