

# Post GREC Acquisition Rate Review

Item #170571  
November 28, 2017

# Overall Savings to GRU from Deerhaven Renewable Acquisition

Reduced DHR Fixed Costs	\$ 74,337,500
Less Increase in Debt Service	37,825,000
Less Increase in DHR O & M	<u>6,250,000</u>
Net Savings	\$ 30,262,500

# Residential Electric Rate Structure

	Current FY18	Evenly Distributed	Weighted NonRes
Customer Charge (\$/month)	\$14.25	\$14.25	\$14.25
Block 1 (1-850) \$/kWh	\$0.0440	\$0.0670	\$0.0680
Block 2 (851+) \$/kWh	\$0.0660	\$0.0895	\$0.0930
Fuel Adjustment \$/kWh	\$0.0700	\$0.0350	\$0.0350
1000 kWh Bill Amount	\$131.55	\$119.63	\$121.00
% Change from Current		-9.06%	-8.02%
Cents per kWh	13.2	12.0	12.1

# GS Non-Demand Electric Rate Structure

	Current FY18	Evenly Distributed	Weighted NonRes
Customer Charge (\$/month)	\$29.50	\$29.50	\$29.50
Block 1 (1-1500) \$/kWh	\$0.0700	\$0.0905	\$0.0890
Block 2 (1501+) \$/kWh	\$0.1030	\$0.1235	\$0.1220
Fuel Adjustment \$/kWh	\$0.0700	\$0.0350	\$0.0350
1500 kWh Bill Amount	\$239.50	\$217.75	\$215.50
% Change from Current		-9.08%	-10.02%
Cents per kWh	16.0	14.5	14.4

# GS Demand Electric Rate Structure

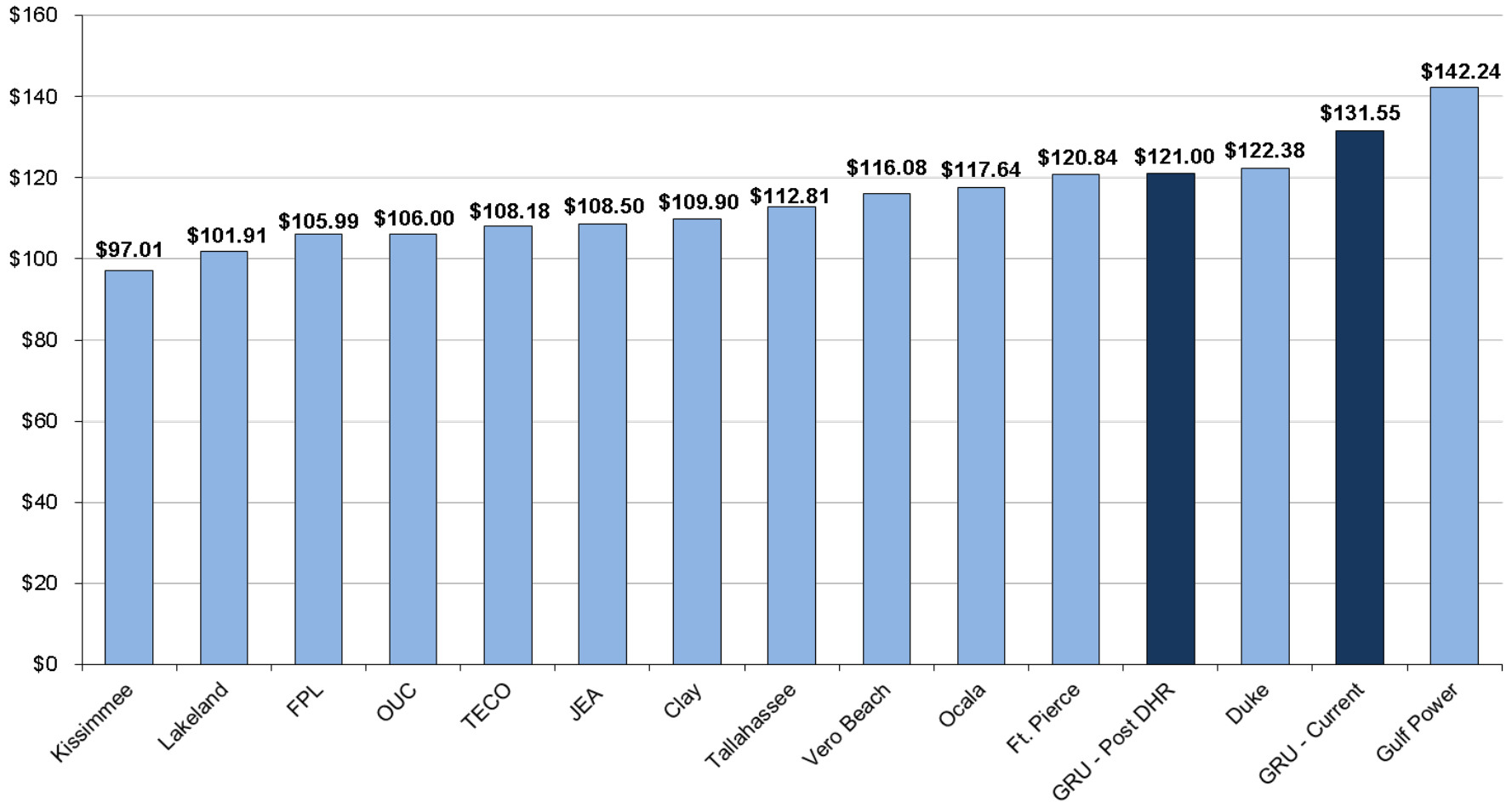
	Current FY18	Evenly Distributed	Weighted NonRes
Customer Charge (\$/month)	\$100.00	\$100.00	\$100.00
Demand Charge \$/kW	\$8.50	\$9.50	\$9.50
Energy Charge \$/kWh	\$0.0412	\$0.0614	\$0.0601
Fuel Adjustment \$/kWh	\$0.0700	\$0.0350	\$0.0350
75 kW / 30,000 kWh Bill Amount	\$4,073.50	\$3,704.50	\$3,665.50
% Change from Current		-9.06%	-10.02%
Cents per kWh	13.6	12.3	12.2

# Large Demand Electric Rate Structure

	Current FY18	Evenly Distributed	Weighted NonRes
Customer Charge (\$/month)	\$350.00	\$350.00	\$350.00
Demand Charge \$/kW	\$8.50	\$9.75	\$9.75
Energy Charge \$/kWh	\$0.0370	\$0.0575	\$0.0563
Fuel Adjustment \$/kWh	\$0.0700	\$0.0350	\$0.0350
1000 kW / 430,000 kWh Bill Amount	\$54,860	\$49,875	\$49,359
% Change from Current		-9.09%	-10.03%
cents per kWh	12.6	11.6	11.5

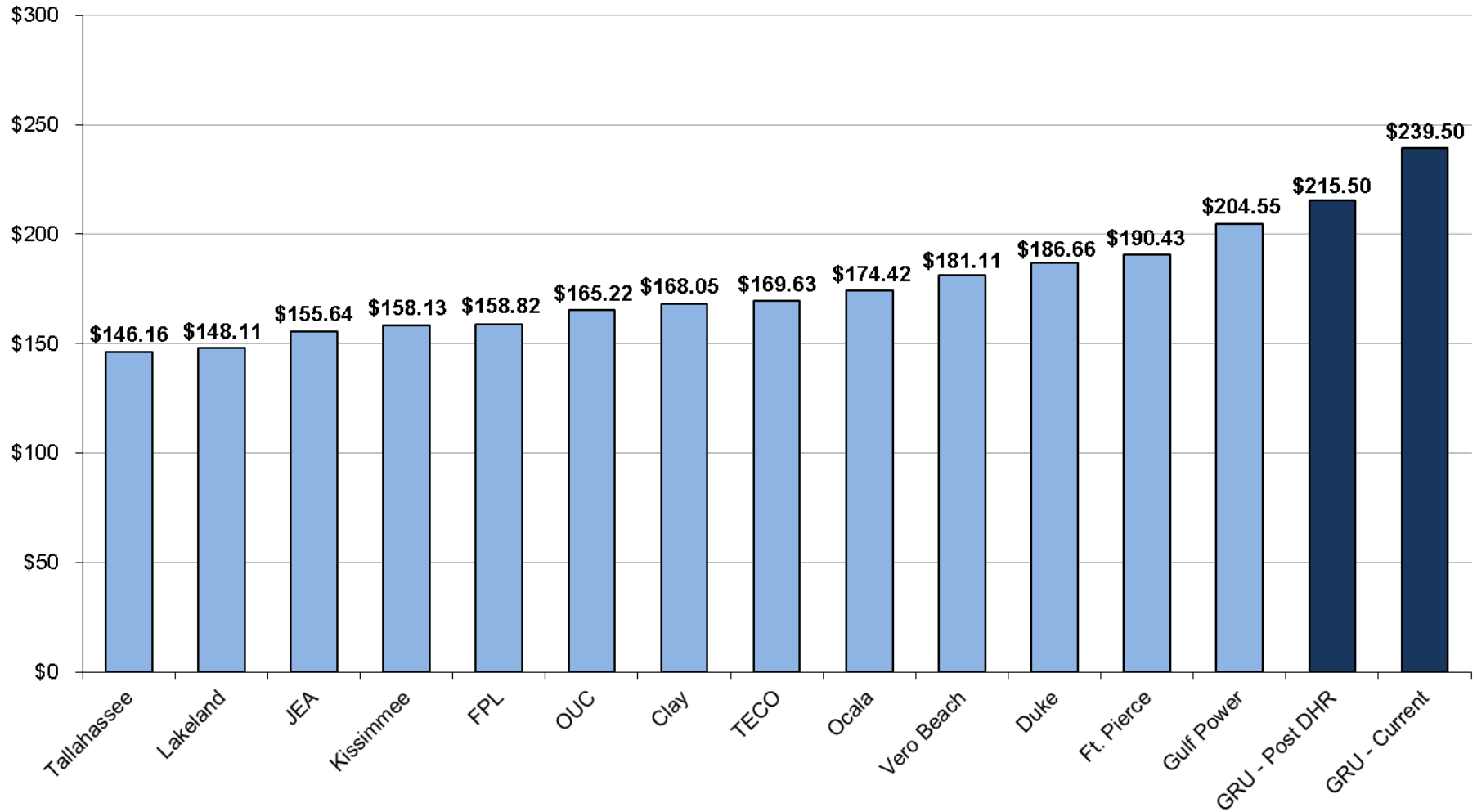
# Residential Electric

1,000 kWh - November 2017



# GS Non-Demand Electric

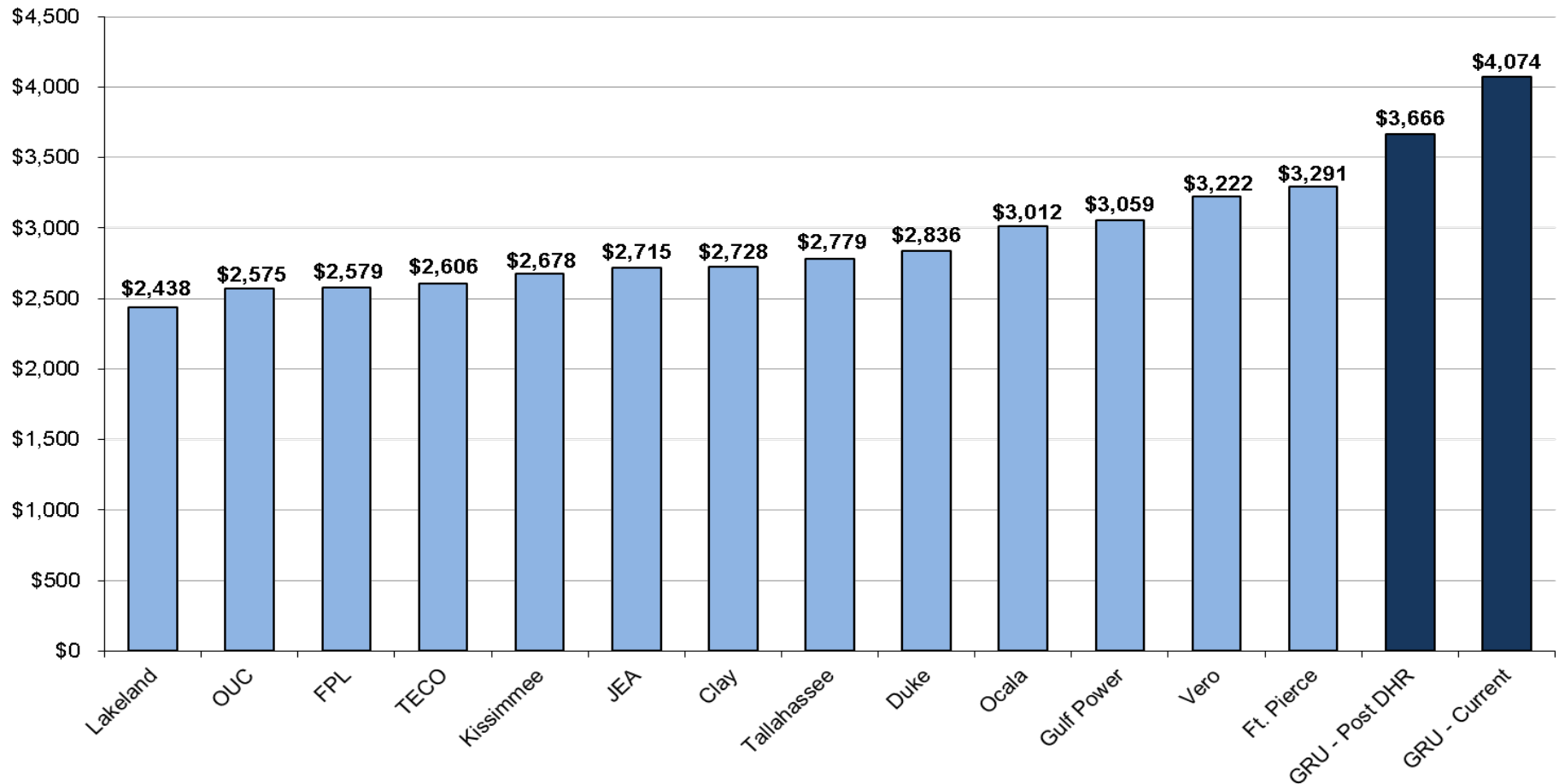
1500 kWh - November 2017





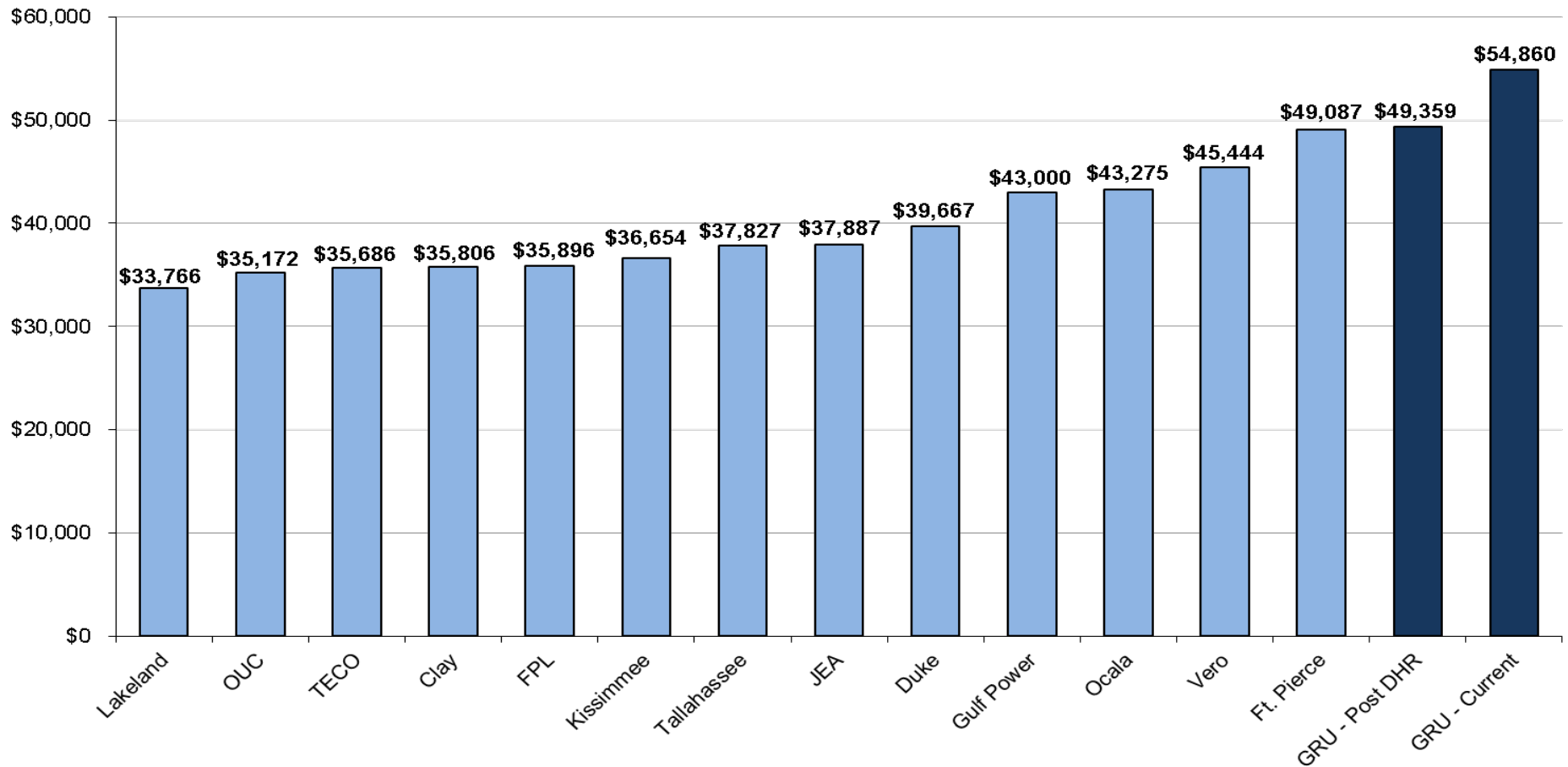
# GS Demand Electric

## 75 kW / 30,000 kWh - November 2017



# Large Demand Electric

1000 kW / 430,000 kWh – November 2017

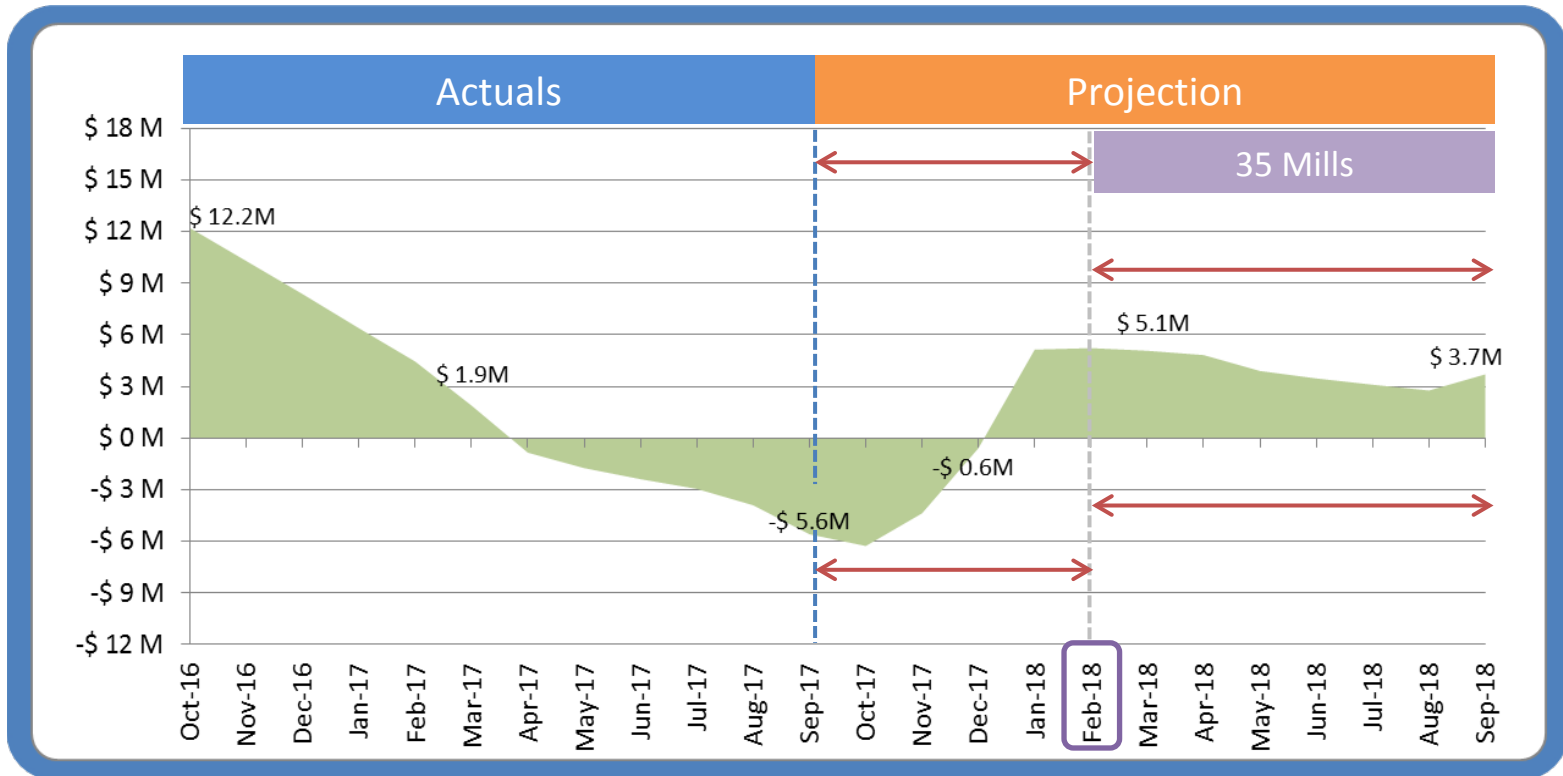


# Utility Tax Discussion

- 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 effective Feb '18



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

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

# Staff Recommendation

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

# Timeline for Implementation

1. 11/28/17 Joint UAB/City Commission meeting
2. 12/14/17 UAB meeting
3. 12/21/17 Special City Commission meeting to consider rate approval
4. December - Prepare Appendix A ordinance revision & advertise
5. Two ordinance readings – January
6. Enter price changes in CCS – January
7. New rates effective February 1, 2018