



# Board of Commissioners Meeting



## Rate Hearing

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# Presentation Overview

- Overview of rate setting process
- Recap
- Rate adjustment summary
- Proposed rates
- Next steps
- Questions / discussion



# Overview of Rate Setting Process

## Fiscal Policies – Set the Management Foundation

**Step 1:**  
**Revenue Requirement**  
(defining overall needs)

Revenue

Debt

Reserves

O&M

Capital

**Step 2:**  
**Cost of Service**  
(equity evaluation)

Define Customer Classes

Allocate Costs

**Step 3:**  
**Design Rates**  
(collect target revenue)

Fixed Charges

Variable Charges



- **Study commenced April 2020**
- **Board presentations:**
  - » July 13, 2020 to discuss rate setting fundamentals and study goals & objectives
  - » August 18, 2020 to discuss preliminary revenue requirement results and scenarios
  - » September 23, 2020 to finalize revenue requirement analysis
  - » October 27, 2020 to review pole attachment fees
  - » November 10, 2020 to review results of cost-of-service analysis
  - » December 07, 2020 to follow-up regarding cost-of-service questions
  - » February 09, 2021 to review rate design



# Revenue Requirement Summary

- **Rates effective June 2021**
  - » Electric rates effective each April thereafter
  - » Water/Sewer rates effective each January thereafter
- **Water debt proceeds include \$5M loan from electric division**

Electric - 3.00% Rate Increase in 2021	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Meets Op. Rsrv Target w/out Line-of-Credit	X	X	X	X	X	X	X	✓	✓	✓	✓
Annual Rate Increases	0.00%	3.00%	7.00%	3.50%	3.50%	2.00%	2.00%	2.00%	0.00%	0.00%	0.00%

  

Water - \$7 Base Rate Increase in 2021	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Self Sustaining	X	X	X	X	X	X	✓	✓	✓	✓	✓
Meets Op. Rsrv Target w/out Line-of-Credit	✓	✓	✓	X	X	X	X	X	X	X	✓
Annual Rate Increases	0.00%	16.03%	16.00%	16.00%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Total Debt Proceeds	\$ 5,000,000	\$ -	\$ 1,485,260	\$ -	\$ 1,300,000	\$ -	\$ 1,250,000	\$ -	\$ -	\$ 7,230,000	\$ -

Notes: Sewer Kala Point rate is aligned w/ standard sewer rate in 2022. Sewer rates increased by \$7 in 2021. Subsequent years follow Water percent increases.





# Electric



# Electric Cost-of-Service Summary

- **Cost-of-service identified in-equities between classes of service**
- **Phase-in strategy was developed to gradually move classes towards cost-of-service**

Customer Class	Final COSA	Updated Phase-In			
		2021	2022	2023	2024
Residential	8.71%	3.16%	7.23%	3.66%	3.65%
Residential - Discount	85.54%	3.16%	7.23%	3.66%	3.65%
General Service	-6.49%	2.75%	6.75%	3.25%	3.25%
Small Demand General Service	-18.92%	2.75%	6.75%	3.25%	3.25%
Large Demand General Service	-22.30%	2.75%	6.75%	3.25%	3.25%
Primary General Service	-27.99%	2.75%	6.75%	3.25%	3.25%
Irrigation/Drainage	328.82%	5.00%	9.00%	5.50%	5.50%
Interruptible Primary Schools	1.13%	0.00%	0.00%	0.00%	0.00%
Lighting	-29.30%	2.75%	6.75%	3.25%	3.25%
<b>Total</b>	<b>3.00%</b>	<b>3.00%</b>	<b>7.00%</b>	<b>3.50%</b>	<b>3.50%</b>



# Overview of Proposed Changes

- **Move to daily charges**
- **Gradual phase-in of overall cost-of-service results**
- **Transition towards cost-based unit costs**
- **Introduce a third tier to residential energy rates**
  - » Increase conservation message
- **Replace reactive power charge with a power factor adjustment**
- **Introduce a discounted lighting rate**





# Rate Summary – Basic Charges

Basic Charge - \$ / Day	Existing		Proposed			
			2021	2022	2023	2024
<b>Residential</b>						
Single Phase	\$	0.62	\$ 0.70	\$ 0.78	\$ 0.87	\$ 0.95
Three Phase		0.90	1.02	1.14	1.26	1.39
Discount		(0.70)	(0.79)	(0.89)	(0.98)	(1.08)
<b>General Service</b>						
Single Phase	\$	0.62	\$ 0.72	\$ 0.82	\$ 0.92	\$ 1.02
Three Phase		1.13	1.32	1.50	1.68	1.87
<b>Demand General Service &amp; Irrigation</b>						
Small Demand General Service	\$	2.00	\$ 2.06	\$ 2.19	\$ 2.27	\$ 2.34
Large Demand General Service		3.67	3.77	4.02	4.15	4.29
Primary General Service		10.00	10.28	10.97	11.33	11.69
Irrigation		1.00	1.17	1.33	1.50	1.67
Interruptible Primary Schools		10.00	10.28	10.97	11.33	11.69
<b>Lighting - \$ / Bulb</b>						
<100W	\$	0.50	\$ 0.51	\$ 0.55	\$ 0.57	\$ 0.58
100W - 200W		0.58	0.59	0.63	0.65	0.67
>200W		0.65	0.67	0.71	0.74	0.76
<b>Discounted Lighting - \$ / Bulb</b>						
<100W	\$	0.50	\$ 0.33	\$ 0.35	\$ 0.36	\$ 0.37
100W - 200W		0.58	0.40	0.43	0.45	0.46
>200W		0.65	0.48	0.51	0.53	0.55



# Rate Summary – Energy & Demand Charges

Energy Charge - \$ / kWh	Existing		Proposed			
			2021	2022	2023	2024
<b>Residential</b>						
Tier 1	\$	0.0882	\$ 0.0882	\$ 0.0937	\$ 0.0958	\$ 0.0980
Tier 2		0.1070	0.1070	0.1137	0.1162	0.1189
Tier 3		n/a	0.1143	0.1215	0.1241	0.1270
<b>All Other Classes</b>						
General Service	\$	0.1007	\$ 0.1017	\$ 0.1075	\$ 0.1094	\$ 0.1115
Small Demand General Service		0.0852	0.0875	0.0935	0.0965	0.0996
Large Demand General Service		0.0757	0.0778	0.0830	0.0857	0.0885
Primary General Service		0.0747	0.0768	0.0819	0.0846	0.0873
Irrigation		0.0687	0.0687	0.0728	0.0740	0.0754
Interruptible Primary Schools		0.0681	0.0680	0.0678	0.0677	0.0676
Lighting		n/a	n/a	n/a	n/a	n/a

Demand Charge - \$ / kW	Existing		Proposed			
			2021	2022	2023	2024
Residential		n/a	n/a	n/a	n/a	n/a
General Service		n/a	n/a	n/a	n/a	n/a
Small Demand General Service	\$	5.50	\$ 5.65	\$ 6.03	\$ 6.23	\$ 6.43
Large Demand General Service		9.00	9.25	9.87	10.19	10.52
Primary General Service		8.50	8.73	9.32	9.63	9.94
Irrigation		n/a	n/a	n/a	n/a	n/a
Interruptible Primary Schools		5.50	5.50	5.50	5.50	5.50
Lighting		n/a	n/a	n/a	n/a	n/a



# Water & Wastewater



# Water Cost-of-Service Summary

- **Current water rates are within cost-of-service**
  - » +/- 5.00% of system wide rate adjustment
- **Future increases applied across the board**

Customer Class	2021		Difference	
	Existing	COSA	\$	%
Residential	\$ 2,030,249	\$ 2,317,075	\$ 286,827	14.1%
Residential - Discount	38,449	75,293	36,844	95.8%
Commercial	450,535	530,781	80,245	17.8%
<b>Total</b>	<b>\$ 2,519,233</b>	<b>\$ 2,923,149</b>	<b>\$ 403,915</b>	<b>16.0%</b>



# Water Rate Design – Overview

- **Introduce meter based base fee for residential customers**
- **Introduce a capital surcharge for all accounts**
  - » Does not scale with meter size
- **Align Kala Point consumptive rates with residential charges**
  - » Transition over two years as discussed in prior meetings
  - » Applicable to time share and condo customers only
- **2021 rate adjustments are based on \$7.00 increase to the base fee**
  - » Scales with meter size



# Water Rate Design – Base Fees & Capital Surcharge

- Capital surcharge introduced in 2022

Description	Existing	2021	2022	2023	2024
<b>Monthly Base Fees</b>					
<b>Residential</b>					
5/8"	\$ 25.65	\$ 32.65	\$ 34.80	\$ 40.83	\$ 42.61
1"	25.65	78.16	83.30	97.74	102.00
1.5"	25.65	152.75	162.80	191.02	199.36
<b>Residential - Discount</b>					
5/8"	\$ 10.00	\$ 12.73	\$ 13.57	\$ 15.92	\$ 16.61
<b>Commercial</b>					
5/8"	\$ 25.65	\$ 32.65	\$ 34.80	\$ 40.83	\$ 42.61
1"	61.40	78.16	83.30	97.74	102.00
1.5"	120.00	152.75	162.80	191.02	199.36
2"	191.29	243.49	259.51	304.49	317.79
3"	357.00	454.43	484.32	568.27	593.09
4"	593.80	755.85	805.58	945.21	986.49
6"	1,184.50	1,507.76	1,606.95	1,885.48	1,967.83
8"	1,894.00	2,410.88	2,569.49	3,014.86	3,146.53
<b>Kala Point</b>					
Village	\$ 400.40	\$ 509.67	\$ 543.20	\$ 637.35	\$ 665.19
Condos	28.60	36.41	38.80	45.53	47.51
KPB2	171.60	218.43	232.80	273.15	285.08
KPB4	63.90	81.34	86.69	101.72	106.16
<b>Monthly Capital Surcharge</b>					
Standard - \$ / account	\$ -	\$ -	\$ 5.00	\$ 5.00	\$ 7.00
Discount - \$ / account	-	-	1.95	1.95	2.73

*Note: If a meter larger than what is required for residential domestic use is installed for fire protection needs, the base charge shall be the actual meter size less 1 size increment, unless sufficient and complete documentation is provided to substantiate that a smaller meter size would have been used in the absence of fire protection needs.*





# Water Rate Design – Consumptive Charges

- Aligns Kala Point volume rates with residential by 2022

Description	Existing	2021	2022	2023	2024
Consumptive Rates (\$ / cgal)					
Residential					
Tier 1 (0-5,000)	\$ 0.29	\$ 0.29	\$ 0.31	\$ 0.36	\$ 0.38
Tier 2 (5,001-10,000)	0.40	0.40	0.43	0.50	0.52
Tier 3 (10,000-30,000)	0.54	0.54	0.58	0.68	0.70
Tier 4 (30,001+)	1.00	1.00	1.07	1.25	1.31
Kala Point (Time Share & Condo Customers Only)					
Tier 1 (0-5,000)	\$ 0.25	\$ 0.27	\$ 0.31	\$ 0.36	\$ 0.38
Tier 2 (5,001-10,000)	0.35	0.38	0.43	0.50	0.52
Tier 3 (10,000-30,000)	0.47	0.51	0.58	0.68	0.70
Tier 4 (30,001+)	1.00	1.00	1.07	1.25	1.31
Non Residential	0.40	0.40	0.43	0.50	0.52



# Wastewater Rate Design – Overview

- Consistent with water changes - \$7.00 increase to standard rate in 2021
- Kala Point transition over two-years
- Introduce a capital surcharge for all accounts
- Follow overall water rate increases starting in 2023

Description	Existing	2021	2022	2023	2024
<b>Monthly Base Fees</b>					
<b>Standard</b>					
All AL-S	\$ 30.80	\$ 37.80	\$ 39.35	\$ 46.37	\$ 48.00
All CSWR	30.80	37.80	39.35	46.37	48.00
All LI-S	21.56	26.46	27.55	32.46	33.60
All S7SW	80.00	118.70	157.40	185.46	192.00
<b>Kala Point</b>					
KP KPS	\$ 20.00	\$ 29.68	\$ 39.35	\$ 46.37	\$ 48.00
KP KPSA1	90.00	133.54	177.08	208.65	216.00
KP KPSA2	210.00	311.59	413.18	486.84	504.00
KP KPSA3	270.00	400.61	531.23	625.94	648.00
KP LIKPS	14.00	20.77	27.55	32.46	33.60
<b>Monthly Capital Surcharge</b>					
Standard - \$ / account			\$ 5.00	\$ 5.00	\$ 7.00
Discount - \$ / account			1.95	1.95	2.73



# Next Steps

- **Rates effective June 2021**
  - » Future electric rates increases effective in April
  - » Water & wastewater rate increases shift to January after 2021 increase

# Thank you! Questions?

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