

Jefferson County PUD

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Rate Hearing – November 10, 2016

**Proposed PUD Electrical Rate Schedule for 2017 –
Updated based on PUD BOC Regular Meeting of
18 October 2016**



Agenda

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- Presentation by Staff on BOC Recommended Rates
- Questions
- Hearing – Statements from Public
- Close Hearing

Background for Rates Increase

- PUD#1 of Jefferson County (PUD) assumed ownership of the PSE Electrical Facilities in Jefferson County on 1 April 2013.
- PUD initially set our electrical rates to match the PSE 1 Jan 2013 Rate Schedule
- PUD has only adjusted lighting rates since 2013.
- PUD hired EES Consulting to determine Cost of Service for the PUD and to recommend electrical rates.
- PUD has completed it's 2017 Budget has identified a need to increase revenues, to keep up with BPA power and transmission rate increases, to fund capital improvements, to support increased staffing and to expand the PUD's low income program.
- PUD published and conducted several workshops over the past few years to develop rates and charges
- PUD published and conducted a final Cost of Service and Rate workshop on the 18th of October 2016. In the workshop EES used earlier PUD BOC guidance and the Cost of Service Study Results to recommend Rates for the Board Adoption

Results of 18 October BOC Rates Workshop

- EES developed and presented proposed changes to PUD electrical rates by class for 2017 and 2018, and an across the board increase of 3% for 2019 and 2020.
- Board generally accepted EES recommendations for 2017, however decided to postpone 2018, 2019 and 2020 increases for later consideration.
- The Board did lower the school rate from what was recommended by the Cost of Service Study
- Rates are to go in effect in January and June of 2017
- The Board will review increases for 2018 during that year's budget process.
- Additionally Board has reviewed changes to fees and charges, and extension fees and charges. Those are to increase both to keep up with inflation, but also to better align with PUD practices and goals

Revenue Requirements

- **Goals for 2017**
 - All CIP funded from Rates or Reserves
 - Up to \$2 million from Reserves in 2017
 - Add \$500,000 per year funding for Low Income Program – roughly \$2 per customer per month
 - Meet TIER/Debt Service Coverage Targets of 1.4 (Above 1.25 requirement)
 - Reflects updated BPA rate projections (lower than expected)
 - Results in 8% Target Rate Increase in 2017 – less overall for the year due to partial year increases, contributes to need for reserve funding

Table 1: Proposed Revenues vs Costs

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	Total 2017	
Revenues at Current Rates	\$31,537,594	
Rate Increase	\$2,078,195	
Proposed Revenues	\$33,615,789	
Total Purchased Power	\$15,733,023	
O&M/Customer/A&G	\$7,838,890	
Low Income Funding	\$500,000	
Total Taxes	\$1,918,186	
Total Interest / Debt Service Expense	\$5,986,760	
Total Other Revenues	-\$734,756	
Revenue Requirement Before CIP	\$31,242,103	
Total CIP Budget	\$3,737,500	
CIP Funded from Rates	\$2,373,687	
CIP Funded from Reserves	\$1,363,813	
Rate Increase	6.6%	
Debt Service Coverage Ratio	1.4	

Rate 7/8: Residential/Farm Rates

- Jan 1, 2017 - Change Basic charge to \$14.50 (\$12.50 plus \$2 for Low Income)
- June 1, 2017 – Increase energy rates and move Schedule 8 customers to Rate 7
 - Option 1 – Keep taxes within rate

	Current	Jan-17	Jun-17		
Basic	\$7.49	\$14.50	\$14.50		
Energy (with taxes)					
Block 1	\$0.085011	\$0.085011	\$0.0860		
Block 2	\$0.103589	\$0.103589	\$0.1048		
Average Rate Increase		7%	1.0%		

Residential/Farm Bill Impacts

kWh/mo	Current	Jan 2017	June 2017		
Average Bill per Month					
100	\$15.99	\$23.00	\$23.10		
500	\$50.00	\$57.01	\$57.50		
1,000	\$99.93	\$106.94	\$108.02		
1,500	\$151.73	\$158.74	\$160.42		
2,000	\$203.52	\$210.53	\$212.82		
Percent Impact					
100		43.8%	0.4%		
500		14.0%	0.9%		
1,000		7.0%	1.0%		
1,500		4.6%	1.1%		
2,000		3.4%	1.1%		

Comparison of Residential Rates Based on 1,000 kWh/month

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□ Pacific PUD	\$ 77.90
□ SnoPUD	\$ 98.79
□ Clallam PUD	\$ 99.70
□ PSE	\$ 106.22
□ Jefferson PUD	\$ 108.02
□ Mason PUD#3	\$ 112.14
□ Mason PUD#1	\$ 113.07
□ Seattle City Light	\$ 116.12
□ Grays Harbor PUD	\$ 117.59

Rate 24: General Service (<50 kW)

- Jan 1, 2017 – Increase basic charge to \$17 (\$2.50 more than residential)
- June 1, 2017 – Change to flat energy rate and increase rate

		Current	Jan-17	Jun-17		
Basic		\$9.66	\$17.00	\$17.00		
Energy				\$0.0985		
Winter		\$0.095072	\$0.095072			
Summer		\$0.091974	\$0.091974			
Average Rate Increase			3.9%	5.0%		

Rate 24: General Service Bill Impacts

kWh/mo	Current	Jan 2017	June 2017		
Average Bill per Month					
300	\$38	\$45	\$47		
800	\$85	\$92	\$96		
1,757	\$174	\$182	\$190		
5,000	\$478	\$485	\$510		
10,000	\$946	\$953	\$1,002		
Percent Impact					
300		19.4%	3.2%		
800		8.7%	4.2%		
1,757		4.2%	4.7%		
5,000		1.5%	5.0%		
10,000		0.8%	5.1%		

Rate 25: Small Demand General Service (50-350 kW)

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- **Jan 1, 2017 – Increase basic charge to \$60**
- **June 1, 2017 – Change to flat demand on all kW and increase rates**

		Current	Jan-17	Jun-17	
Basic		\$51.67	\$60.00	\$60.00	
Demand - All kW				\$5.00	
Winter (over 50 kW)		\$9.01	\$9.01		
Summer (over 50 kW)		\$6.01	\$6.01		
Energy				\$0.0810	
Winter		\$0.094791	\$0.094791		
Summer		\$0.086638	\$0.086638		
Block 2		\$0.069280	\$0.069280		
Average Rate Increase			0.3%	9.2%	

Rate 25: Small Demand Bill Impacts

kWh/mo	kW Demand	Current	Jan 2017	June 2017		
Average Bill per Month						
15,000	49.2	\$1,305	\$1,314	\$1,521		
24,840	81.5	\$2,224	\$2,232	\$2,480		
50,000	163.9	\$4,583	\$4,592	\$4,930		
100,000	327.8	\$9,275	\$9,284	\$9,799		
Percent Impact						
15,000			0.6%	15.8%		
24,840			0.4%	11.1%		
50,000			0.2%	7.4%		
100,000			0.1%	5.6%		

Rate 26: Large Demand General Service (>350 kW)

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- **Jan 1, 2017 – Increase basic charge to \$110**
- **June 1, 2017 – Change to flat demand rate and increase demand and energy rate**

		Current	Jan-17	Jun-17	
Basic		\$104.46	\$110.00	\$110.00	
Demand - All kW				\$9.00	
Winter		\$8.94	\$8.94		
Summer		\$5.96	\$5.96		
Energy		\$0.06706	\$0.06706	\$0.0720	
Average Rate Increase			0.0%	10.0%	

Rate 26: Large Demand Bill Impacts

kWh/mo	kW Demand	Current	Jan 2017	June 2017		
Average Bill per Month						
180,000	367	\$14,912	\$14,918	\$16,376		
270,405	552	\$22,349	\$22,355	\$24,546		
500,000	1020	\$41,237	\$41,242	\$45,293		
Percent Impact						
180,000			0.0%	9.8%		
270,405			0.0%	9.8%		
500,000			0.0%	9.8%		

Rate 31: Primary General Service

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- **Jan 1, 2017 – No change**
- **June 1, 2017 – Decrease basic charge, change to flat demand rate, increase energy rates**

		Current	Jan-17	Jun-17	
Basic		\$339.51	\$339.51	\$300.00	
Demand - All kW				\$8.25	
Winter		\$8.64	\$8.64		
Summer		\$5.76	\$5.76		
Energy		\$0.06492	\$0.06492	\$0.0700	
Average Rate Increase			0.0%	9.9%	

Rate 31: Primary General Service

kWh/mo	kW Demand	Current	Jan 2017	June 2017		
Average Bill per Month						
25,000	111	\$2,764	\$2,764	\$2,968		
74,779	333	\$7,591	\$7,591	\$8,281		
150,000	668	\$14,886	\$14,886	\$16,310		
Percent Impact						
25,000			0.0%	7.4%		
74,779			0.0%	9.1%		
150,000			0.0%	9.6%		

Rate 43: Interruptible Schools

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- **Jan 1, 2017 – No change**
- **June 1, 2017 – Decrease basic, increase demand and energy rates**

		Current	Jan-17	Jun-17	
Basic		\$339.51	\$339.51	\$300.00	
Demand - All kW		\$4.60	\$4.60	\$5.00	
Energy		\$0.06066	\$0.06066	\$0.0680	
Average Rate Increase			0.0%	5.50%	

Rate 43: Interruptible Schools Bill Impacts

kWh/mo	kW Demand	Current	Jan 2017	June 2017		
Average Bill per Month						
50,000	264	\$4,587	\$4,587	\$5,020		
105,504	557	\$9,301	\$9,301	\$10,259		
200,000	1,056	\$17,328	\$17,328	\$19,178		
Percent Impact						
50,000			0.0%	9.4%		
105,504			0.0%	10.3%		
200,000			0.0%	10.7%		

Rate 29: Irrigation

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- **Jan 1, 2017 – Increase basic charge to \$30**
- **Jun 1, 2017 – Change to flat energy rate and increase rate**

		Current	Jan-17	Jun-17	
Basic		\$24.28	\$30.00	\$30.00	
Energy				\$0.06500	
Block 1		\$0.06372	\$0.06372		
Block 2		\$0.05483	\$0.05483		
Average Rate Increase			0.0%	6.1%	

Rate 29: Irrigation Bill Impacts

kWh/mo	Current	Jan 2017	June 2017		
Average Bill per Month					
100	\$30.65	\$36.37	\$36.50		
5,850	\$397.03	\$402.75	\$410.25		
9,340	\$619.41	\$625.13	\$637.10		
Percent Impact					
100		18.7%	0.4%		
5,850		1.4%	1.9%		
9,340		0.9%	1.9%		

Summary of Rate Increases

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	# Customers	Avg kWh / month	Revenues at Current Rates	Jan 2017	June 2017	2017 Total		2017-2018
Rate 7 –Residential	16,683	1,000	\$20,318,884	5.7%	1.0%	6.7%		10.9%
Rate 24 -General Service	1,988	1,757	\$4,155,812	3.9%	5.0%	8.9%		10.8%
Rate 25 -Small Demand	73	24,840	\$2,019,432	0.3%	9.2%	9.5%		11.0%
Rate 26 -Large Demand	3	270,405	\$807,535	0.0%	10.0%	10.0%		10.9%
Rate 31 -Large Primary	10	74,779	\$912,375	0.0%	9.9%	9.9%		10.9%
Rate 29 –Irrigation	3	3,351	\$3,163	0.0%	6.1%	6.1%		11.9%
Rate 43 –Int. Schools	4	105,504	\$447,287	0.0%	10.0%	5.5%		12.3%
Street & Hwy Lighting	240	n/a	\$187,204	7.1%	0.0%	7.1%		14.3%

Other Rates/Fees

- **PTP rate increase**

- Pass-through of BPA and taxes, will increase as BPA increases
- Currently pay \$1,229 per month Legal and Admin.
- COSA shows costs (excluding BPA and taxes) of \$25,434 per year
- Proposed Basic Charge of \$2,120 per month

- **Lighting Rates**

- Average rate increase in January each year
- Apply lowest rate to other non-metered loads

	Current	Jan 2017		% 2017	
Less than 100 Watts	\$12.00	\$13.00		8.3%	
100>=200 Watts	\$14.00	\$15.00		7.1%	
More than 200 Watts	\$16.00	\$17.00		6.3%	

Rates and Fees

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- Highlights
 - ▣ No additional Net-metering charge
 - ▣ Increases encourage underground installation
 - ▣ Higher costs to new customers for construction
 - ▣ No increases on set-up charges/deposits
 - ▣ Inflationary increases

Questions