

Jefferson County PUD

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Rate Hearing – November 1, 2017

Proposed PUD Electrical Rate Schedule for 2018 and 2019



Agenda

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

Background for Rate Increase

- PUD hired EES Consulting in 2016 to determine Cost of Service for the PUD and to recommend electrical rates.
- PUD published and conducted several workshops over the past few years to develop rates and charges, with 2017 rates adopted in November 2016.
- Original EES Recommendations included rates for 2017 and 2018 to move towards cost-based rates over time. It was not necessary to conduct a new COSA for 2018 as costs by customer class do not change that quickly.
- PUD presented 2018 budget
- 2018 Budget requires overall increase in revenues of \$1.6 million or 4.8% for the year.

Goals for 2018 and 2019

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- All CIP funded from Rates or Reserves
- Continue funding for Low Income Program
- Move towards TIER Target of 1.8 (Above 1.25 requirement)
- Reflects updated BPA rate projections
- Results in 4.8% Target Rate Increase in 2018
- Increase in 2019?

Proposed Revenues vs Costs

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		2017 Budget	2018 Forecast	2019 Forecast
Revenues at Current Rates		\$31,537,594	\$33,869,494	\$35,938,941
Rate Increase		\$2,078,195	\$1,626,262	\$0
Proposed Revenues		\$33,615,789	\$35,495,756	\$35,938,941
Total Purchased Power		\$15,733,023	\$16,866,606	\$17,116,767
O&M/Customer/A&G		\$7,838,890	\$7,063,067	\$7,239,644
Low Income Funding		\$500,000	\$200,000	\$205,000
Total Taxes		\$1,918,186	\$2,097,711	\$2,123,902
Total Interest / Debt Service Expense		\$5,986,760	\$6,104,079	\$5,972,714
Total Other Revenues		(\$734,756)	(\$1,117,142)	(\$734,756)
Revenue Requirement Before CIP		\$31,242,103	\$31,214,321	\$31,923,271
Total CIP Budget		\$3,737,500	\$5,262,402	\$5,096,000
CIP Funded from Rates		\$2,373,687	\$4,281,435	\$4,015,670
CIP Funded from Reserves		\$1,363,813	\$980,967	\$1,080,330
Rate Increase		6.6%	4.8%	0.0%
T.I.E.R.		1.25	1.91	1.69

Rate 7: Residential Rates

- **January 2018 - Change Basic charge to \$18.50**
- **April 2018 – Increase energy rates by \$0.0022 per kWh**

		Current	Jan-18	Apr-18
Basic		\$14.50	\$18.50	\$18.50
Energy (with taxes)				
Block 1		\$0.0860	\$0.0860	\$0.0882
Block 2		\$0.1048	\$0.1048	\$0.1070
Incremental Rate Increase			2.7%	3.4%
Annual Rate Increase				5.0%

Comparison to Other Residential Rates

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	Basic Charge	Bill at 1200 kWh
JPUD Current	\$14.50	\$128.98
JPUD Proposed	\$18.50	\$135.62
PSE Current	\$7.87	\$131.04
PSE Proposed	\$9.00	\$139.25
Pacific PUD	\$18.00	\$102.44
Clallam PUD	\$28.33	\$116.28
Mason 3	\$33.46	\$125.35
Mason 1	\$31.66	\$126.35
Sno PUD*	\$16.12	\$129.78
SCL	\$5.05	\$144.68
Grays	\$39.00	\$146.43

Residential Bill Impacts

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- Note roughly 25% of bills are below 600 kWh

kWh/mo	Current	Jan 2018	April 2018
Average Bill per Month			
200	\$31.70	\$35.70	\$36.14
600	\$66.10	\$70.10	\$71.42
1200	\$128.98	\$132.98	\$135.62
1500	\$160.42	\$164.42	\$167.72
2000	\$212.82	\$216.82	\$221.22
Percent Impact			
200		12.6%	1.2%
600		6.1%	1.9%
1200		3.1%	2.0%
1500		2.5%	2.0%
2000		1.9%	2.0%

Rate 24: General Service (<50 kW)

- **January 2018 – Increase basic charge to \$18.50 (same as residential)**
- **April 2018 – Increase energy rates by \$0.0084 per kWh**

		Current	Jan-18	Apr-18
Basic		\$17.00	\$18.50	\$18.50
Energy		\$0.0923	\$0.0923	\$0.1007
Incremental Rate Increase			0.7%	8.3%
Annual Rate Increase				6.7%

Rate 24: General Service Bill Impacts

kWh/mo	Current	Jan 2018	April 2018
Average Bill per Month			
300	\$44.69	\$46.19	\$48.71
800	\$90.84	\$92.34	\$99.06
1750	\$178.53	\$180.03	\$194.73
5,000	\$478.50	\$480.00	\$522.00
10,000	\$940.00	\$941.50	\$1,025.50
Percent Impact			
300		3.4%	5.5%
800		1.7%	7.3%
1750		0.8%	8.2%
5,000		0.3%	8.8%
10,000		0.2%	8.9%

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

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- **January 2018 – No Change**
- **April 2018 – Increase demand by \$0.50 and energy by \$0.0042 per kWh**

	Current	Jan-18	Apr-18
Basic	\$60.00	\$60.00	\$60.00
Demand - All kW	\$5.00	\$5.00	\$5.50
Energy	\$0.0810	\$0.0810	\$0.0852
Incremental Rate Increase		0.0%	6.0%
Annual Rate Increase			3.5%

Rate 25: Small Demand Bill Impacts

kWh/mo	kW	Current	Jan 2018	April 2018
Average Bill per Month				
15,000	49.2	\$1,521	\$1,521	\$1,609
24,840	81.5	\$2,480	\$2,480	\$2,625
50,000	163.9	\$4,930	\$4,930	\$5,221
100,000	327.8	\$9,799	\$9,799	\$10,383
Percent Impact				
15,000			0.0%	5.8%
24,840			0.0%	5.9%
50,000			0.0%	5.9%
100,000			0.0%	6.0%

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

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- **January 2018 – No Change**
- **April 2018 – Increase energy by \$0.0037 per kWh**

		Current	Jan-18	Apr-18
Basic		\$110.00	\$110.00	\$110.00
Demand		\$9.00	\$9.00	\$9.00
Energy		\$0.0720	\$0.0720	\$0.0757
Incremental Rate Increase			0.0%	4.2%
Annual Rate Increase				3.0%

Rate 26: Large Demand Bill Impacts

kWh/mo	kW	Current	Jan 2018	April 2018
Average Bill per Month				
180,000	367	\$16,373	\$16,373	\$17,039
270,405	552	\$24,547	\$24,547	\$25,548
500,000	1020	\$45,290	\$45,290	\$47,140
Percent Impact				
180,000			0.0%	4.1%
270,405			0.0%	4.1%
500,000			0.0%	4.1%

Rate 31: Primary General Service

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- **January 2018 – No Change**
- **April 2018 – Increase demand by \$0.25 and energy by \$0.0047 per kWh**

		Current	Jan-18	Apr-18
Basic		\$300	\$300	\$300
Demand - All kW		\$8.25	\$8.25	\$8.50
Energy		\$0.0700	\$0.0700	\$0.0747
Incremental Rate Increase			0.0%	5.2%
Annual Rate Increase				3.8%

Rate 31: Primary General Service

kWh/mo	kW	Current	Jan 2018	April 2018
Average Bill per Month				
25,000	111	\$2,966	\$2,966	\$3,111
74,779	333	\$8,282	\$8,282	\$8,716
150,000	668	\$16,311	\$16,311	\$17,183
Percent Impact				
25,000			0.0%	4.9%
74,779			0.0%	5.2%
150,000			0.0%	5.3%

Rate 43: Interruptible Schools

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- **January 2018 – No Change**
- **April 2018 – Increase demand by \$0.50 and energy by \$0.0062 per kWh**

		Current	Jan-18	Apr-18
Basic		\$300	\$300	\$300
Demand - All kW		\$5.00	\$5.00	\$5.50
Energy		\$0.0640	\$0.0640	\$0.0702
Incremental Rate Increase			0.0%	9.4%
Annual Rate Increase				6.1%

Rate 43: Interruptible Schools Bill Impacts

kWh/mo	kW	Current	Jan 2018	April 2018
Average Bill per Month				
50,000	264	\$4,820	\$4,820	\$5,262
100,000	557	\$9,485	\$9,485	\$10,384
200,000	1,056	\$18,380	\$18,380	\$20,148
Percent Impact				
50,000			0.0%	9.2%
100,000			0.0%	9.5%
200,000			0.0%	9.6%

Rate 29: Irrigation

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- **January 2018 – No Change**
- **April 2018 – Increase energy by \$0.0037 per kWh**

		Current	Jan-18	Apr-18
Basic		\$30.00	\$30.00	\$30.00
Energy		\$0.0650	\$0.0650	\$0.0687
Incremental Rate Increase			0.0%	4.7%
Annual Rate Increase				4.7%

Rate 29: Irrigation Bill Impacts

kWh/mo	Current	Jan 2018	April 2018
Average Bill per Month			
100	\$36.50	\$36.50	\$36.87
5,850	\$410.25	\$410.25	\$431.90
9,340	\$637.10	\$637.10	\$671.66
Percent Impact			
100		0.0%	1.0%
5,850		0.0%	5.3%
9,340		0.0%	5.4%

Other Rates/Fees

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- **PTP rate increase**
 - **Pass-through of BPA and taxes, will increase as BPA increases**
- **Lighting Rates**
 - **\$2.00 per light increase January 2018**

Summary of Rate Increases

	# Customers	Avg kWh / month	Revenues at Current Rates	2018
Rate 7 –Residential	16,758	1,000	\$22,040,353	5.0%
Rate 24 -General Service	1,988	1,765	\$4,292,999	6.7%
Rate 25 -Small Demand	73	25,024	\$2,195,470	3.5%
Rate 26 -Large Demand	3	272,413	\$887,594	3.0%
Rate 31 -Large Primary	10	74,779	\$993,748	3.8%
Rate 29 –Irrigation	3	3,910	\$3,680	4.7%
Rate 43 –Int. Schools	4	106,287	\$475,106	6.1%
Street & Hwy Lighting	912	n/a	\$187,204	8.8%

Questions

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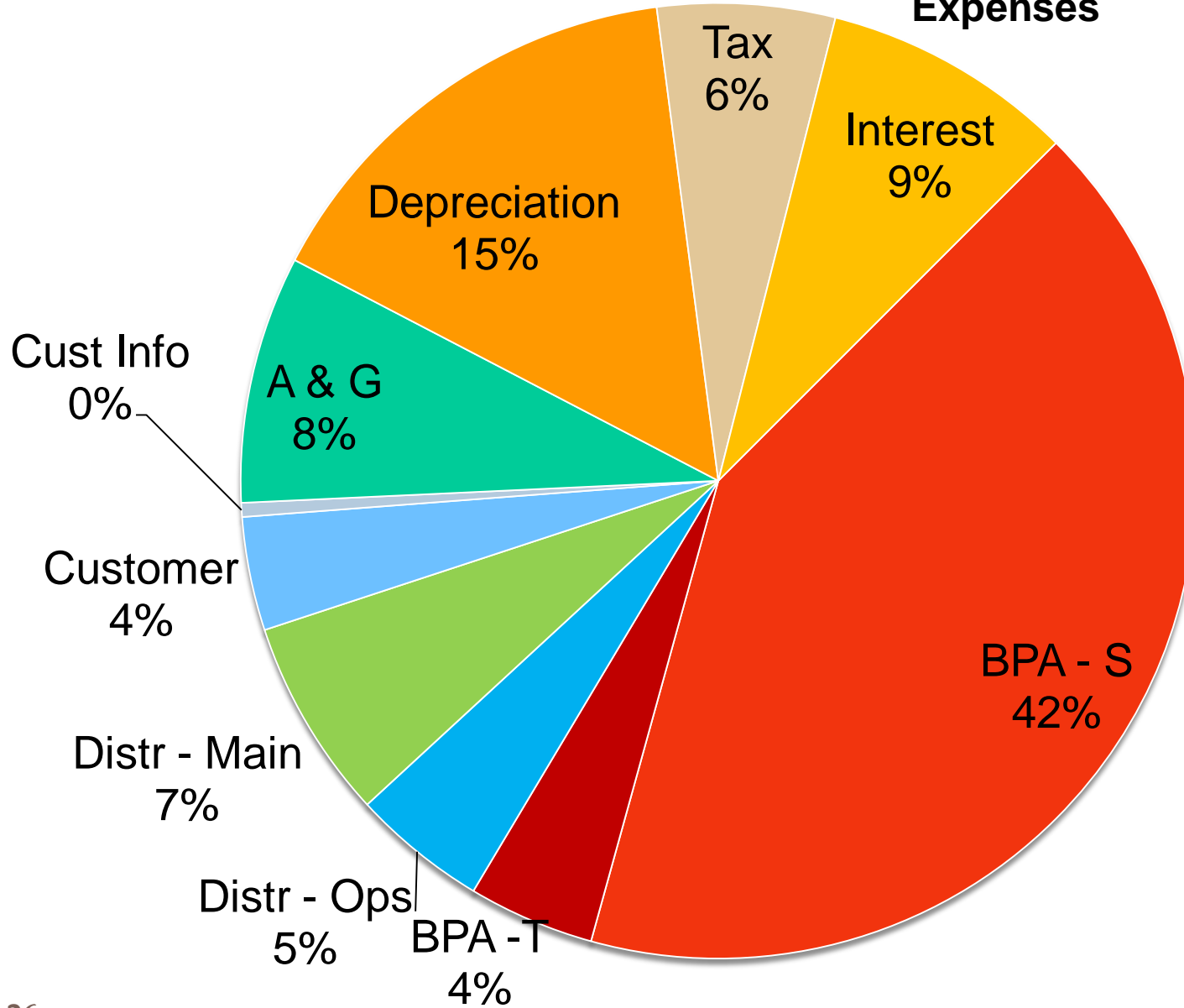
2018 Budget Proposal

Jefferson County PUD

Jefferson County PUD No. 1 Income Statement

	Actual	Budgeted	2017	2017	2018
	Jan - July 2017	Aug - Dec 2017	Estimated	Budget	Budget
COMBINED					
1. Operating Revenue	23,655,865	14,169,922	37,825,787	36,318,587	37,782,974
3. Cost of Purchased Power	8,594,675	5,578,248	14,172,923	14,152,530	15,413,667
4. Transmission Expense	1,050,162	785,177	1,835,339	1,910,034	1,576,116
6. Distribution Expense - Operation	696,794	616,777	1,313,571	1,460,040	1,687,809
7. Distribution Expense - Maintenance	828,063	1,216,883	2,044,946	2,912,508	2,506,739
8. Customer Accounts Expense	788,681	591,805	1,380,486	1,413,390	1,418,676
9. Customer Service and Informational Expense	48,331	67,934	116,265	161,454	174,619
11. Administrative and General Expense	1,435,768	1,117,834	2,553,602	2,716,041	3,089,904
13. Depreciation & Amortization Expense	3,350,477	2,223,768	5,574,245	5,337,053	5,640,147
15. Tax Expense - Other	1,364,683	792,436	2,157,119	2,026,933	2,216,361
16. Interest on Long-Term Debt	1,880,568	1,386,903	3,267,471	3,302,046	3,154,357
19. Other Deductions	4,540	208,331	212,871	500,000	0
20. Total Cost of Utility Service	20,042,742	14,586,096	34,628,837	35,892,029	36,878,395
21. Operating Margins (Loss)	3,613,123	(416,174)	3,196,950	426,558	904,579
25. Non-Operating Margins (Loss)	1,331,449	476,310	1,807,759	1,124,284	2,160,975
29. Net Margins (Loss)	4,944,573	60,136	5,004,709	1,550,842	3,065,554
Less Construction Projects			0	4,002,760	4,745,402
Less General Plant Purchases				1,025,700	977,000
Less Principal on Long Term Debt			3,967,422	3,981,419	4,018,985
Add'l Interest Paid on Long Term Debt			127,696	3,162	7,635
Principal Received on LUDs			(370,000)	(509,474)	(442,966)
Add Depreciation (non-cash)			(5,574,245)	(5,337,053)	(5,640,147)
Total Cash Expenditures/Cash Outflow			(1,849,127)	3,166,514	3,665,908
Borrowing			0	0	0
Net Cash Inflow/(Outflow)			6,853,836	(1,615,672)	(600,354)

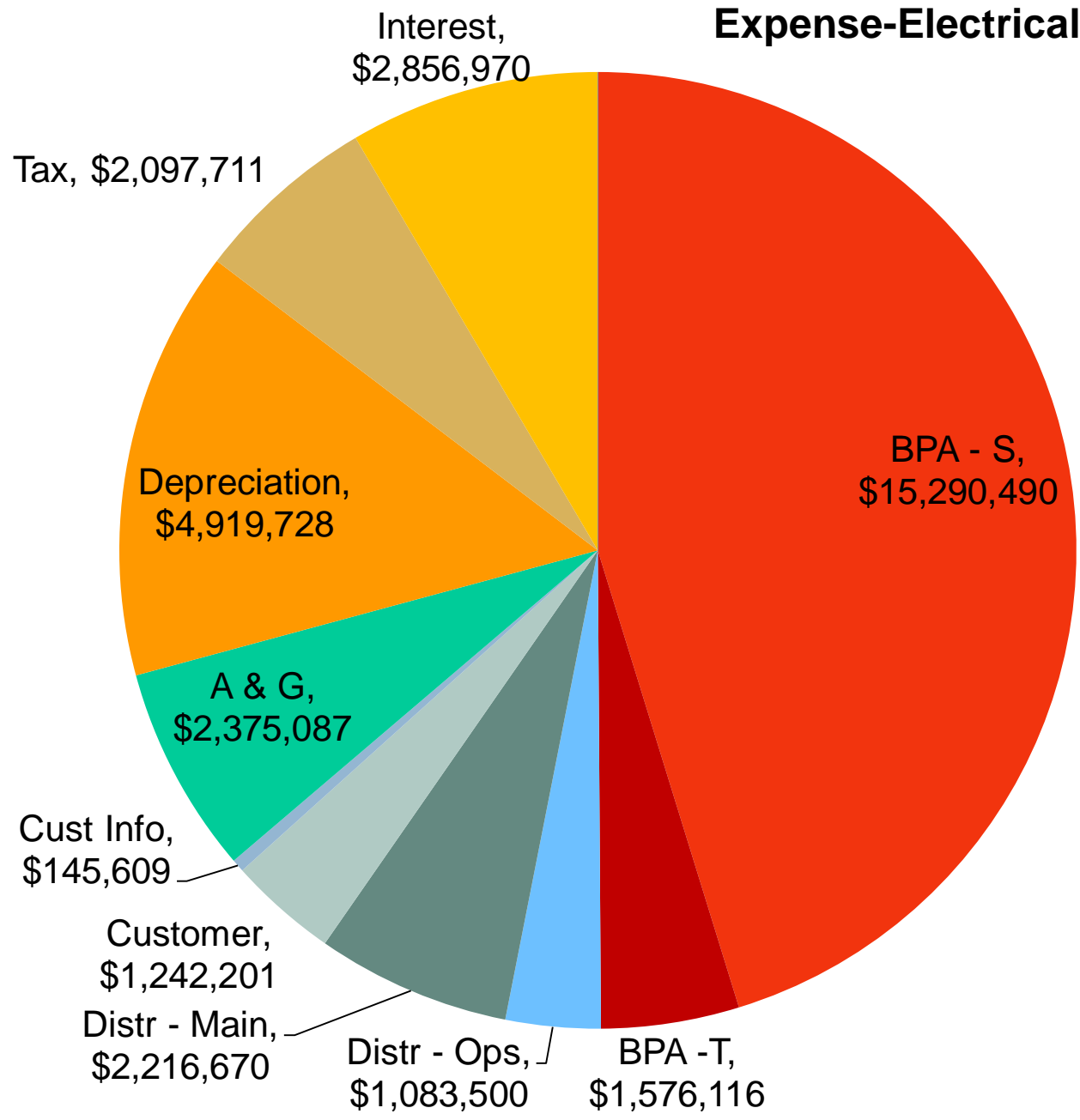
PUD Draft Budget 2018 Expenses



BPA COSTS:
46%
Financing, Taxes:
30%
Operations:
24%

ELECTRIC	Actual	Budgeted	2017	2017	2018
	Jan - July 2017	Aug - Dec 2017	Estimated	Budget	Budget
1. Operating Revenue	22,453,945	13,243,626	35,697,571	34,163,505	35,554,562
Rate Adjustment to Operating Revenues included					659,307
3. Cost of Purchased Power	8,530,960	5,521,759	14,052,719	14,032,759	15,290,490
4. Transmission Expense	1,050,162	785,177	1,835,339	1,910,034	1,576,116
6. Distribution Expense - Operation	416,066	418,116	834,182	986,669	1,083,500
7. Distribution Expense - Maintenance	662,800	1,117,361	1,780,161	2,674,162	2,216,670
8. Customer Accounts Expense	714,313	522,860	1,237,173	1,248,986	1,242,201
9. Customer Service and Informational Expense	48,272	55,958	104,230	133,002	145,609
11. Administrative and General Expense	1,142,713	789,866	1,932,580	1,939,345	2,375,087
13. Depreciation & Amortization Expense	2,936,348	1,944,544	4,880,892	4,666,900	4,919,728
15. Tax Expense - Other	1,305,586	745,682	2,051,268	1,918,186	2,097,711
16. Interest on Long-Term Debt	1,706,059	1,242,874	2,948,933	2,950,620	2,856,970
19. Other Deductions (low income program)	4,540	208,331	212,871	500,000	0
20. Total Cost of Electric Service	18,517,819	13,352,528	31,870,347	32,960,663	33,804,082
21. Operating Margins (Loss)	3,936,126	(108,902)	3,827,224	1,202,842	1,750,480
25. Non-Operating Margins (Loss)	807,934	154,685	962,619	371,244	858,336
29. Net Electric Margins (Loss)	4,744,060	45,783	4,789,843	1,574,086	2,608,816
Less Construction Projects			0	3,747,760	4,285,402
Less General Plant Purchases				960,700	977,000
Less Principal on Long Term Debt			3,157,439	3,157,438	3,247,109
Add'l Interest Paid on Long Term Debt			117,540	1	0
Add Depreciation (non-cash)			(4,880,892)	(4,666,900)	(4,919,728)
Total Cash Expenditures/Cash Outflow			(1,605,914)	3,198,999	3,589,783
Borrowing			0		0
Net Cash Inflow/(Outflow)			6,395,757	(1,624,913)	(980,967)
TIER (Goal of 1.25)	3.78		2.62	1.53	1.91
DSC (Goal of 1.25)	2.97		2.03	1.50	1.70

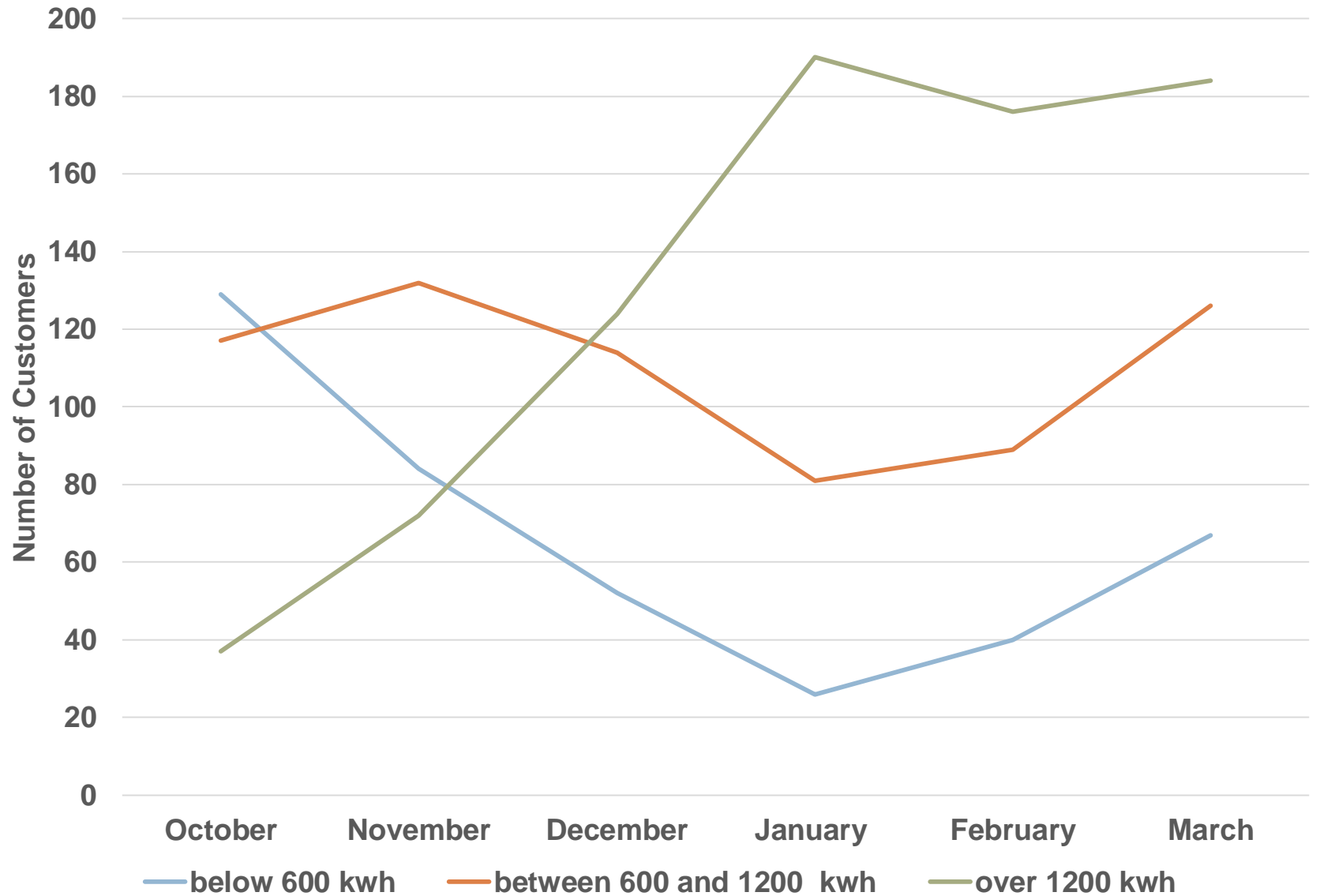
Expense-Electrical



WATER	Actual	Budgeted	2017	2017	2018
	Jan - July 2017	Aug - Dec 2017	Estimated	Budget	Budget
1. Operating Revenue	1,201,638	926,281	2,127,919	2,154,878	2,228,100
3. Cost of Purchased Power Production	63,715	56,489	68,526	119,771	123,177
6. Distribution Expense - Operation	280,729	198,661	479,390	473,371	604,309
7. Distribution Expense - Maintenance	165,263	99,522	264,785	238,346	290,069
8. Customer Accounts Expense	74,368	68,945	143,313	164,404	176,475
9. Customer Service and Informational Expense	60	11,976	12,036	28,452	29,010
11. Administrative and General Expense	193,198	172,786	365,984	413,622	577,361
13. Depreciation & Amortization Expense	414,128	279,224	693,352	670,153	720,419
15. Tax Expense - Other	59,097	46,754	105,851	108,747	118,650
16. Interest on Long-Term Debt	132,740	114,721	247,461	281,091	233,319
20. Total Cost of Water Service	1,383,297	1,049,078	2,380,697	2,497,957	2,872,788
21. Operating Margins (Loss)	(181,659)	(122,797)	(252,778)	(343,079)	(644,688)
25. Non-Operating Margins (Loss)	209,309	89,215	298,524	214,116	637,284
29. Net Water Margins (Loss)	27,649	(33,582)	45,745	(128,963)	(7,404)
Less Construction Projects			0	255,000	460,000
Less General Plant Purchases				65,000	0
Less Principal on Long Term Debt			716,612	722,372	664,000
Add'l Interest Paid on Long Term Debt			10,156	3,161	7,635
Principal & Interest Received on LUDs			(370,000)	(509,474)	(442,966)
Add Depreciation (non-cash)			(693,352)	(670,153)	(720,419)
Total Cash Expenditures/Cash Outflow			(336,585)	(134,094)	(31,750)
Borrowing			0	0	0
Net Cash Inflow/(Outflow)			382,330	5,131	24,346

GENERAL FUND	Actual	Budgeted	2017	2017	2018
	Jan - July 2017	Aug - Dec 2017	Estimated	Budget	Budget
1. Operating Revenue	282	15	297	204	312
11. Administrative and General Expense	99,857	155,181	255,038	363,074	137,456
13. Depreciation & Amortization Expense					
15. Tax Expense - Other					
16. Interest on Long-Term Debt	41,769	29,308	71,077	70,335	64,068
19. Other Deductions					
20. Total Cost	141,625	184,489	326,115	433,409	201,524
21. Operating Margins (Loss)	(141,343)	(184,474)	(325,818)	(433,205)	(201,212)
25. Non-Operating Margins (Loss)	314,206	232,410	546,616	538,924	665,355
29. Net Margins (Loss)	172,863	47,936	220,799	105,719	464,143
Less Principal on Long Term Debt			93,372	101,609	107,876
Borrowing			0	0	0
Net Cash Inflow/(Outflow)			127,427	4,110	356,267

Low Income Customer Energy Utilization 2016 - 2017



Impact of Increasing Base Rate Only

Case 1- Increase Base Only	2017	2018A	2018B	2018C	@ 1500 kw/m
Base Rate	\$14.50	\$16.50	\$20.00		\$20.00
1st Tier 600@ .08600	\$51.60	\$51.60	\$51.60		\$51.60
2nd Tier 600 @ .10480	\$62.88	\$62.88	\$62.88		\$94.32
Monthly Rate	\$128.98	\$130.98	\$134.48		\$165.92
annual yield	\$30,955,200.00	\$31,435,200.00	\$32,275,200.00		\$39,820,800.00

Increase Base Rate with 5% Consumption Increase

Case 2- Increase Base & Consumption	2017	2018	2019	2018C @ 1500 kw/m
Base Rate	\$14.50	\$16.50	\$20.00	\$20.00
1st Tier 600 @ .0903 (5% increase)	\$51.60	\$54.18	\$54.18	\$54.18
2nd Tier 600 @ .11004 (5% increase)	\$62.88	\$66.02	\$66.24	\$99.04
Monthly Rate	\$128.98	\$136.70	\$140.42	\$173.22
annual yield	\$30,955,200.00	\$32,808,960.00	\$33,700,800.00	\$41,571,840.00

Increase Consumption Annually by 5%

Case 3- Increase Consumption Only	2017	2018	2019	2019 @1500 kw/m
Base Rate	\$14.50	\$14.50	\$14.50	\$14.50
1st Tier 600@ .08600, .090300, .094815 (5%/year)	\$51.60	\$54.18	\$56.89	\$56.89
2nd Tier 600@ .10480 .11004, .1155420 (5%/year)	\$62.88	\$66.02	\$69.33	\$103.99
Monthly Rate	\$128.98	\$134.70	\$140.71	\$175.38
annual yield	\$30,955,200.00	\$32,328,960.00	\$33,771,408.00	\$42,090,432.00

Increase Consumption Annually 5%, 3 Tiers

Case 4 Increase Consumption Only 3 Tiers	2017	2018	2019
Base Rate	\$14.50	\$14.50	\$14.50
1st Tier 600@ .08600, .090300, .094815 (5%)	\$51.60	\$54.18	\$56.89
2nd Tier 600@ .10480 .11004, .1155420 (5%)	\$62.88	\$66.02	\$69.33
3rd Tier 300@ .1257600, .1320480, .1386504 (5%)	\$37.73	\$39.61	\$41.60
Monthly Rate	\$166.71	\$174.32	\$182.31
annual yield	\$40,009,920.00	\$41,836,416.00	\$43,754,236.80