

Electric Rate Study Implementation Plan

September 11, 2003

I. Data Gathering, Modeling and Testing – (5-6 Weeks)

The purpose of this step is to (a) gather data that was not included in the Study and has been requested by the Utility Committee and (b) develop a model that will allow the staff to validate the impact of the proposal with respect to customer impact, competitive position, and fiscal impact. Developing the model is the most complex part. The components of this step include:

- a. Revising cost comparisons/competitiveness using our PCA and theirs
- b. Inventorying ownership of primary transformers and differences in billing
- c. Inventorying special rate classes and contracts, and explaining rates and rationales
- d. Building a billing model of our existing rate classes using a 20% random sample that can be used to test the impact of the Rate Study proposals

II. Staff Analysis/Recommendation – (4-6 Weeks)

The purpose of this step is to allow staff to use the model developed in Step 1 to evaluate the impacts of the rate proposals and alternative structures and combinations.

From this analysis, staff will develop recommendations that are felt to be most aligned with the objectives, i.e., provide sufficient revenues and revenue stability to cover operating costs, five-year CIP, and transfers; keep rates competitive with neighboring utilities; provide proper economic signals; fair and non-discriminatory rates; easily understood; continuity of pricing.

The Study recommendations that will be evaluated will include:

- a. Rates – structure, timing, phasing
- b. Ratcheting
- c. Class Shifting (cost to a customer to shift classes)
- d. Power Factor (impact of increase power factor premium)
- e. Power Cost Adjustment Calculation
- f. Feasibility of Special Rate Classes
- g. Load Management and Conservation
- h. Cost of Implementation

III. Public Comment/Testing/2nd Staff Analysis (optional) – (2-4 Weeks)

This step would allow staff to do some focused meetings with customers to go over the proposed changes in rates. This will allow staff to obtain additional advice and comments from customers to better refine the final recommendations that would go to City Council. It would also allow staff to gauge what support or opposition there would be before sending it to City Council. The risk is that Council members may take their positions on proposals before getting final recommendations.

IV. Utility Committee Review & City Council Hearings – (4-8 Weeks)

V. Billing Changes and Testing – (4-8 Weeks)

It is important to note that changes in rates will require us to reprogram our billing software, and the degree and complexity of changes will impact the cost of programming. The City will be dependent upon HTE programmers.

VI. Public Notice – (1 week)

VII. Billing