

Electric Rate Study Status Report

The Electric Rate Study Implementation Committee found that if we implemented the recommendations of the consultants including: proposed energy rates, demand rates, 95% power factor, the 100% Demand Ratcheting, and 25KV criteria for distinguishing between small and medium commercial customers total revenue would increase 11.93% or \$6,317,544 more than projected by the consultant. Keep in mind new rates were to be revenue neutral as a whole.

When analyzing why this occurred we determined that 1) Consultant appeared to not have factored in the impact of 100% ratcheting or the power factor when making the recommendations on energy and demand rates. 2) Also the consultant did not factor in the shifting of commercial customers from small to medium classes when applying the 25KV criteria.

Based on our analysis to date the committee recommends the following:

1. Accepting the consultant's recommendations for residential rate structure. The committee recommends increasing the rate from \$.0880 to .0890. Our calculations indicated that without this slight adjustment, the rate would not cover cost of service and provide needed revenue.
2. Accepting the proposed energy rates and customer service charges proposed by consultant for all rates except primary (see #6 below).
3. Not accepting the consultant's recommendation for 25KV peak demand as the criteria for determining whether a customer is a small or medium commercial customer, this caused too much rate shifting resulting in higher cost to customers that were not anticipated by the consultant. The committee proposes keeping the current criteria of 3,500 kwh for two consecutive months.
4. Accepting the consultant's recommendation for 95% power factor and 100% ratcheting for demand customers (medium commercial, large commercial, primary, transmission and special rates) as good practices to put into place, but we recommend reducing the proposed demand rates to equalize for the increase in cost caused by the power factor and ratcheting increases.
5. Accepting the consultant's recommendation for billing demand based on a standard maximum 15-minute demand during the month. Currently, primary and special rates demands are based on a maximum 60-minute demand during the month.
6. Accepting recommendation of moving the Church rate, Agricultural Commercial Rate, and Municipal Rate customers into appropriate commercial classes, this actually caused an overall decrease in cost for these customers

Areas needing additional review:

1. We are continuing to analyze the impact on Primary Customers. When we applied the 95% power factor and the 100% Demand Ratcheting with modified demand rates we were able to bring the overall classes revenue up to the 4% recommended by the consultant. The problem we are having is that we found wide variations within the customers. Some customers saw increases of .604% while others were increased by 24.8%. We are currently examining ways to smooth the impact on this rate class. The study also recommended reincorporating three special rate customers back into this rate class. The large increases these customer's are experiencing because of that is being analyzed and reviewed by the committee. Until we can examine this further the committee is uncomfortable making a recommendation.
2. Impact on the Medium Commercial class was erratic with 96 out of 1,084 customers experiencing 50 % or larger percentage increases from current bills. We are examining why these large increases are occurring. Until this issue is resolved we are uncomfortable approving a demand charge for this class of customer.

CURRENT AND PROPOSED RATES
Dover, Delaware Electric Department

Rate Schedule	Customer Charge			Demand Charge			Energy Charge		
	Per Billing Period			Per Kilowatt of Maximum			Per Kilowatt-Hour of		
	Current	Proposed	Committee Proposed	Monthly Demand			Energy Used per Month		
	Current	Proposed	Committee Proposed	Current	Proposed	Committee Proposed	Current	Proposed	Committee Proposed
Residential	\$4.00	\$5.00	\$5.00					\$0.0880	\$0.0890
Summer							\$0.0924		
Winter - First 1,000 kWh							\$0.0880		
Winter - Over 1,000 kWh							\$0.0808		
Small Commercial	\$5.00	\$10.00	\$10.00				\$0.1014	\$0.0880	\$0.0860
Summer							\$0.0914	\$0.0820	\$0.0810
Winter									
Medium Commercial	\$5.00	\$10.00	\$10.00						
Without Metered Demand									
Summer							\$0.0521	\$0.0880	\$0.0880
Winter							\$0.0460	\$0.0820	\$0.0820
With Metered Demand									
Summer				\$10.75	\$12.00	\$10.50	\$0.0521	\$0.0470	\$0.0470
Winter				\$7.80	\$10.00	\$8.50	\$0.0460	\$0.0380	\$0.0380
Large Commercial	\$5.00	\$10.00	\$10.00						
Summer				\$8.75	\$12.00	\$10.50	\$0.0450	\$0.0430	\$0.0430
Winter				\$6.80	\$10.00	\$8.50	\$0.0450	\$0.0380	\$0.0380
Primary		\$10.00	\$10.00				\$0.0450		
Summer				\$8.00	\$12.00	\$9.12		\$0.0400	\$0.0400
Winter				\$5.30	\$10.00	\$7.12		\$0.0380	\$0.0380
Street Lighting		\$10.00	\$10.00				\$0.0808	\$0.0570	\$0.0570
Security Lighting (per lamp)									
70 watt HPS Roadway Style Lamp	\$2.34	\$2.34	\$2.34						
100 watt HPS Roadway Style Lamp	\$3.20	\$3.20	\$3.20						
150 watt HPS Roadway Style Lamp	\$4.69	\$4.69	\$4.69						
250 watt HPS Roadway Style Lamp	\$8.16	\$8.16	\$8.16						
400 watt HPS Roadway Style Lamp	\$12.60	\$12.60	\$12.60						
175 watt Mercury Vapor	\$5.98	\$5.98	\$5.98						
250 watt Mercury Vapor	\$8.16	\$8.16	\$8.16						
400 watt Mercury Vapor	\$12.69	\$12.69	\$12.69						

ATTACHMENT #2

SUMMARY COMPARISON OF RATE CHANGE PROPOSAL

CITY OF DOVER

RATE CLASS	EXISTING RATES NO TAX NO ENERGY ADJUSTMENTS BILLED FISCAL	PROJECTED %	PROJECTED REVENUE	MODEL #1 PROPOSED RATES NO SHIFTING RATCHET 100% POWER FACTOR	DIFFERENCE	DIFF %	MODEL #1 MODIFIED PROPOSED RATES RATCHET 100% POWER FACTOR	DIFFERENCE	DIFF %
	2003	CHANGE	CHANGE	95%			95%		
Residential	17,303,129	0.90%	155,728	17,283,507	-19,622	-0.11%	17,468,010	164,881	0.95%
Small Commercial	2,588,354	-6.50%	-168,243	2,467,621	-120,733	-4.66%	2,430,116	-158,238	-6.11%
Medium Commercial	14,172,306	-2.60%	-368,480	15,094,606	922,300	6.51%	14,158,037	-14,269	-0.10% *
Large Commercial	764,631	1.30%	9,940	813,137	48,506	6.34%	774,075	9,444	1.24%
Commercial Total	17,525,291	-3.01%	-526,783	18,375,364	850,073	4.85%	17,362,228	-163,063	-0.93% *
Primary	6,218,402	N/A	N/A	6,999,274	780,872	12.56%	6,226,352	7,950	0.13% *
Tilcon	410,498	N/A	N/A	526,488	115,990	28.26%	435,866	25,368	6.18% *
Sheraton	184,094	N/A	N/A	235,762	51,668	28.07%	186,650	2,556	1.39% *
Playtex	2,316,671	N/A	N/A	3,062,258	745,587	32.18%	2,652,517	335,846	14.50% *
Primary Subtotal	9,129,665	4.00%	365,187	10,823,782	1,694,117	18.56%	9,501,385	371,720	4.07% *
DAFB	4,006,460	0.00%	0	4,191,217	184,757	4.61%	4,009,392	2,932	0.07%
P&G	2,403,878	0.00%	0	2,430,436	26,558	1.10%	2,404,218	340	0.01%
Kraft	2,562,714	0.00%	0	2,682,494	119,780	4.67%	2,562,824	110	0.00%
TOTAL REVENUE	52,931,137	-0.01%	-5,868	55,786,800	2,855,663	5.40%	53,308,056	376,919	0.71% *

MODIFIED RATES	KWH SUMMER	KWH WINTER	KW SUMMER	KW WINTER
Residential	0.0890	0.0890		
Small Commercial	0.0860	0.0810		
Medium Commercial			10.5000	8.5000 *
Large Commercial			10.5000	8.5000
Primary			9.1200	7.1200 *
Tilcon			9.1200	7.1200 *
Sheraton			9.1200	7.1200 *
Playtex			9.1200	7.1200 *
DAFB			5.6000	4.0500
P&G			6.3000	4.7500
Kraft			5.7500	4.2000