



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown

FROM: Sue Fahey, Finance Manager, Erin Erben, Power & Strategic Planning Manager, Adam Rue, Senior Energy Resource Analyst, Harvey Hall, Senior Financial Analyst and Deborah Hart, Senior Financial Analyst

DATE: August 4, 2015

SUBJECT: EWEB Rate Design Proposal Follow Up

OBJECTIVE: Provide Direction & Feedback on EWEB Rate Design Proposal

Introduction

At the July 21, 2015 Board meeting a rate design overview was presented for feedback from the Board. The Board gave some initial feedback and requested another opportunity to discuss. This proposal summarizes the key items staff intends to bring forward in a forward proposal in September.

Discussion

At the last meeting some short term and longer term initiatives were presented. Staff requested feedback specifically on the combination of basic charge and tier flattening strategies appropriate for this year. Staff heard at that meeting that tier flattening was a top priority. Taking the Board's feedback, staff is offering the following two options for Board consideration. Direction at the August meeting will help streamline the September proposal.

Planned Rate Design Changes for the Fall 2015 Proposal

- Residential Electric Service (Schedule R-6) – Two proposed alternatives: staff is seeking Board direction.

Five Dollar Increase in Basic Charge and Eliminate Tiers

% of Bills	Usage Range	kwh	Current Tariff	Proposed Tariff	Bill Impact	% Impact
3.1%	1 - 101	100	\$ 28.36	\$ 33.42	\$ 5.06	18%
24.5%	101 - 501	500	61.82	67.09	5.28	9%
35.6%	501 - 1001	1000	106.53	109.19	2.66	2%
27.8%	1001 - 2001	2000	204.67	193.38	(11.29)	-6%
6.4%	2001 - 3001	3000	302.81	277.57	(25.25)	-8%
1.7%	3001 - 4001	4000	400.95	361.76	(39.20)	-10%
0.5%	4001 - 5001	5000	499.09	445.94	(53.15)	-11%
0.4%	over 5001	10000	989.79	866.89	(122.90)	-12%

Ten Dollar Increase in Basic Charge and Eliminate Tiers

% of Bills	Usage Range	Winter kWh	Current Tariff	Proposed Tariff	Bill Impact	% Impact
3.1%	1 - 101	100	\$ 28.36	\$ 37.91	\$ 9.55	34%
24.5%	101 - 501	500	61.82	69.54	7.73	13%
35.6%	501 - 1001	1000	106.53	109.09	2.56	2%
27.8%	1001 - 2001	2000	204.67	188.18	(16.49)	-8%
6.4%	2001 - 3001	3000	302.81	267.27	(35.55)	-12%
1.7%	3001 - 4001	4000	400.95	346.36	(54.60)	-14%
0.5%	4001 - 5001	5000	499.09	425.44	(73.65)	-15%
0.4%	over 5001	10000	989.79	820.89	(168.90)	-17%

Other objectives for the September proposal include:

- Residential Water Service – will move towards higher fixed cost recovery and potential tier flattening to the extent feasible while incorporating existing water management and conservation plans and conditions of water use permits related to second source supplies.
- Commercial Class (Schedules G-1, G-2, G-3, and G-4) - will propose increasing Basic Charge and smoothing class transitions.
- Street Lighting - will evaluate cost of serving different wattages and present as ranges rather than single watt rate.

Planned Pilot Options Separate from the Fall 2015 Proposal

There are several pilot rates that are currently being analyzed and explored. These pilot proposals would be voluntary alternatives to the standard offer tariff and calculated to be revenue neutral to the otherwise applicable price plan. These will be brought to the board in the near future to seek approval. Staff is looking into billing work-arounds to determine the number of customers EWEB can allow on each program.

- Commercial Time of Use Pilot Rate - would provide peak and off- peak energy pricing, as well as off- peak demand charges.
- Partial Requirements Pilot Rate - would create a pricing option for customers who self-supply to ensure they are able to avoid generation related costs, but ensure they continue to pay fixed infrastructure costs.
- Large Commercial Critical Peak Pricing or Peak Time Rebate – would provide an incentive to large commercial customers to curtail load at times of EWEB peak constraint or high market prices.

Recommendation

Management recommends the Board provide direction and feedback on the rate design proposals presented in this backgrounder at the August meeting.