



# Tariff Amendments for Primary Level Service

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# Primary Level Service

## Background

Tariff language currently limits primary level charges to Members on the Large Power Service Rate. While this is true in most cases, there are a few exceptions – Members receiving Primary Level Service in other rate classes (i.e. Small Power, Residential).

## Primary vs Secondary Service Levels

- Primary and Secondary Level Service have different charges because those receiving Primary Service take power at the transformer without incurring transformation losses.
- Since most PEC Members are served at secondary level, staff designs rates to recover transformation losses, then discounts the rates to ensure Members served at primary level are not over-charged.
- According to the Cost of Service Study, the cost differential between primary and secondary level is 2%.



# Primary Service Level

## **Proposed Changes**

- (1) Introduce the Primary Service Adjustment, that will reduce the applicable charges by 2% to account for transformation losses, and
- (2) Extend this new rate to all Members, not just Large Power
- (3) Introduce a Primary Service Level Agreement that is required to receive primary service level

## **Benefits**

- Simplifies the rates in the billing system; and
- Ensures all Members receiving Primary Level Service are charged according to the cost incurred, in alignment with the Rate Policy.

# Primary Service Adjustment

## Applicability

This adjustment may be applicable to all rate schedules corresponding to a Member receiving Primary Level Service. A Member receiving Primary Level Service must procure, install, and maintain all facilities and equipment beyond the Point of Delivery at their expense and in accordance with NESC and NEC standards.

## Rate

This adjustment will be based on the total amount due for the applicable charges incurred for the month. Applicable charges, according to the Member's rate schedule, are the Delivery, Capacity Demand, Base Power, Power Cost Adjustment, and Transmission Cost of Service. The adjustment will not apply to any other charges, fees, credits or adjustments. The adjustment will be determined as follows:

$$\text{PSA} = - (\text{Monthly sum of applicable charges}) \times 2\%$$



# Primary Service Adjustment

## Sample Bill, Small Power Account:

### Account Summary

Service Availability Charge*		37.50
Delivery Charge*	6,119 kwh @ \$0.02101	128.56
Base Power Cost*	6,119 kwh @ \$0.06050	370.20
Transmission Cost of Service*	6,119 kwh @ \$0.01256	76.85
Power Cost Adjustment*	6,119 kwh @ -\$0.01400	-85.67
<b>Primary Service Adjustment*</b>		<b>-9.80</b>
Tax (*includes Tax)		42.70
<b>Current Charges Due By</b>	<b>02/18/2020</b>	<b>\$560.34</b>

### Adjustment Calculation:

$$\begin{aligned} & \$ 128.56 \\ & + \$ 370.20 \\ & + \$ 76.85 \\ & - \$ 85.67 \\ & = \$ 489.94 \\ & \quad \quad \quad 2\% \\ & = \$ - 9.80 \end{aligned}$$

**Effective Date: June 1<sup>st</sup>, 2020**



# Proposed Tariff Amendments

## Proposed Tariff Amendments:

- Add definitions for Transmission Service, Primary Service and Secondary Service to the Definitions section
- Update the Voltage Designations section
- Add Primary Service section in the Line Extension Policy
- Remove the current primary level charges from the Rates section
- Add a new Primary Service Adjustment (PSA) section in the Rates section
- Add the Primary Service Agreement to Appendix section

# Rate Implementation Process

Starting April 19<sup>th</sup>, PEC will begin notifying non-Large Power Members currently receiving Primary Level Service of the rate change.

Members will acknowledge the responsibility that comes with receiving power at Primary Level Service by signing the Primary Level Service Agreement.

Member's account will be modified to reflect primary service charges.



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