



2024 Rate Plan

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2024 Rate Plan

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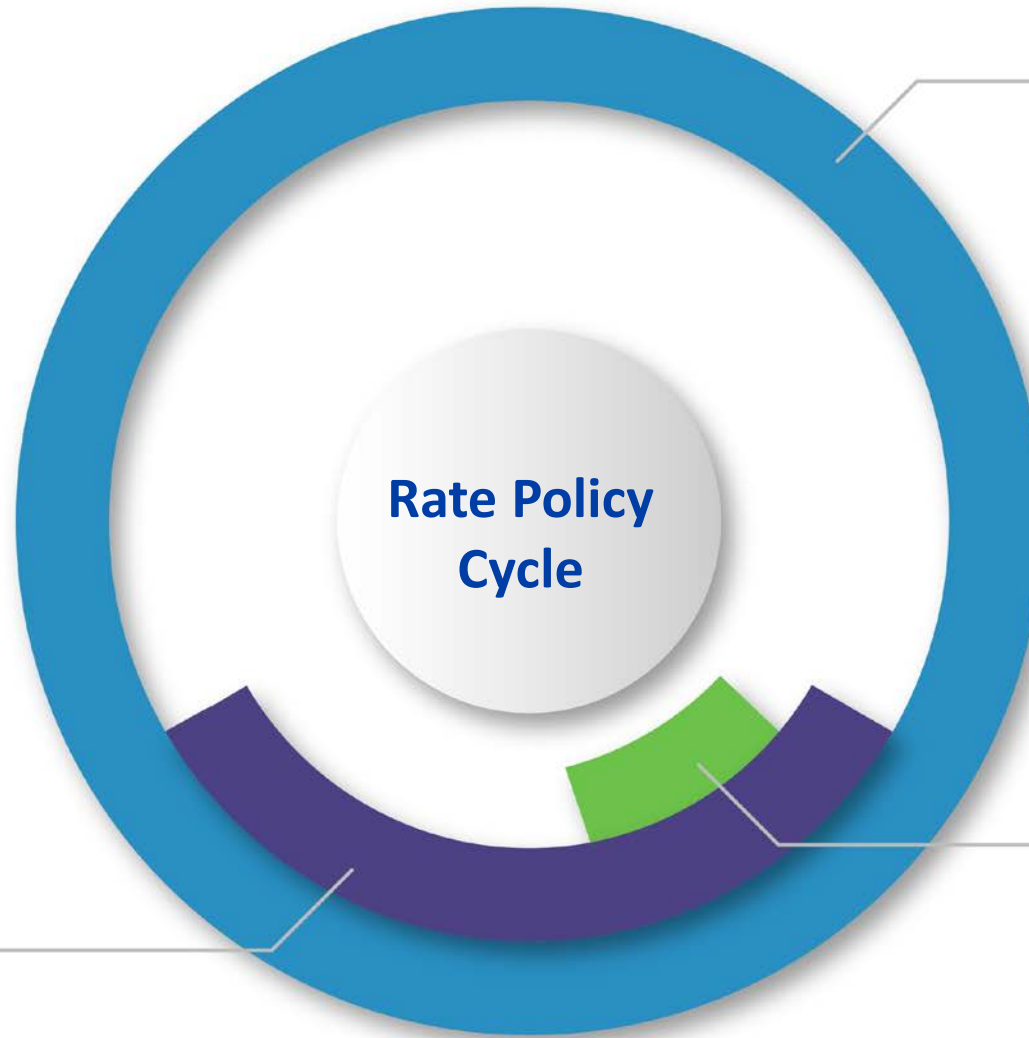
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Rate Policy Cycle

EVERY YEAR

Rate Plan

- Presented to both the Rates Committee and the Board of Directors
- Recommendations for upcoming year



EVERY 3 YEARS

Cost of Service Study

- All rates, fees and allowances reviewed

EVERY QUARTER

Board of Directors Report

- Implementation of the Rate Plan
- Reserve balances
- Revenue recovery
- Rate competitiveness

Rate Policy Cycle

2023 Cost of Service Study Update

The Rate Policy requires a Cost-of-Service Study once every three-years, the results of which inform subsequent rate plans. PEC commenced its COSS in January 2023.

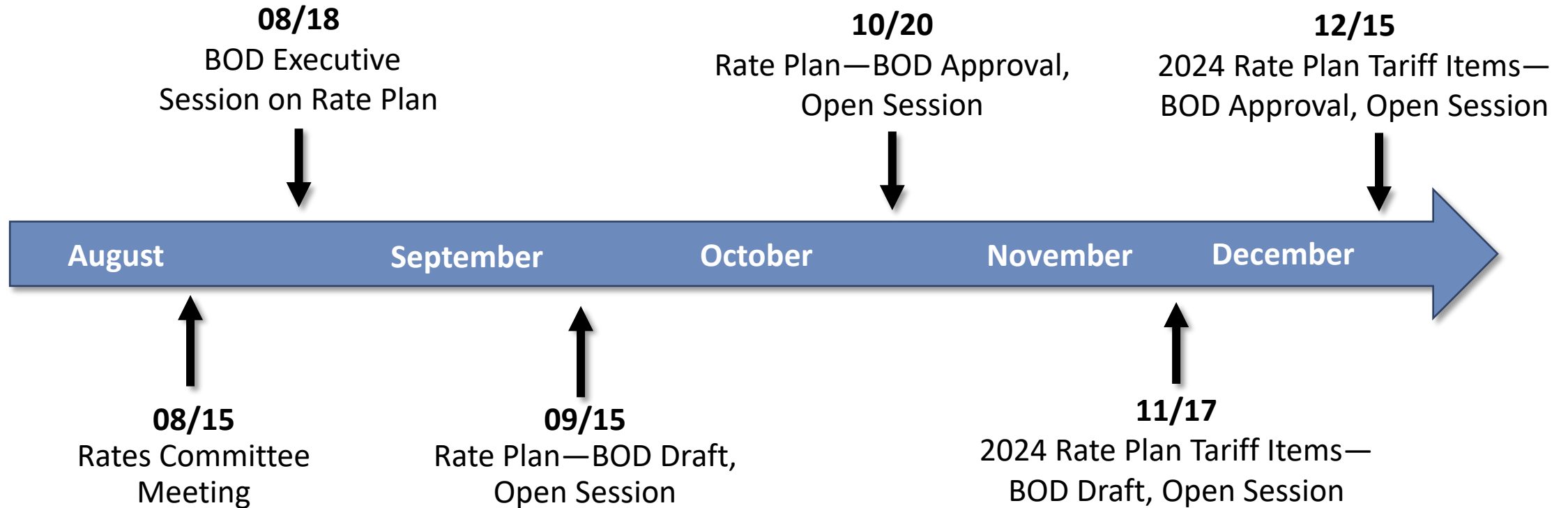


Consultant Deliverables

- COSS model and all supporting backup
- COSS internal report including all findings and recommendations
- COSS public report including all data and findings suitable for public consumption
- Construction assembly workbook
- Updated fee workbook

2024 Rate Plan Timeline

Rate Plan contents and timeline are detailed in section 4.3 of the Rate Policy to align with the annual budget cycle.



2024 Annual Rate Updates

Items that are reviewed each year to ensure proper cost recovery. If any changes are required to the Tariff and Business Rules, recommendations will be brought to the Board of Directors for consideration in November and for approval in December.

2024 Annual Rate Updates

1. Sustainable Power Credit Rate

Background

- All Members with distributed generation (DG) less than 50 kW receive the Sustainable Power Credit for all surplus generation delivered to PEC's distribution system.
- Every year the Sustainable Power Credit Rate is updated, and a recommendation may be made for an incremental adjustment.
- The Sustainable Power Credit is calculated from the 3-year average avoided cost of the following:
 - Energy Cost
 - Ancillary Service Cost
 - Transmission Cost
 - Other if applicable (none currently)
- Every year we will update the rate by including the most recent 3 years.

2024 Annual Rate Updates

1. Sustainable Power Credit Rate

(Recommendation continued)

Implementation Details

Send notice of rate change on bills by 1st week of January 2024

Effective Date

March 1, 2024

Financial Impact

- Impact to the Cooperative will be revenue neutral
- Impact to a specific member will depend on usage pattern
- Members should see an increase in payments of \$0.00955 per kWh of energy

Current number of members (As of August 11, 2023):

- Residential – 10,392 members, 10,606 accounts
- Small Power – 55 members, 76 accounts

2024 Annual Rate Updates

2. Industrial Rate Distribution Cost Recovery

Background

- Each year, we review the distribution rate for the Industrial Rate class to ensure full cost recovery of dedicated distribution and substation assets, and corresponding O&M.
- The Industrial Rate class is served from dedicated substations and distribution equipment.
- All other aspects of the Industrial Rate are direct pass-through monthly.

2024 Annual Rate Updates

2. Industrial Rate Distribution Cost Recovery

Rate Analysis

Prior year billing revenue exceeded requirements by an amount roughly equivalent to the increase in revenue required for the current year.

Recommendation

No change to the demand charge of \$0.49/kW

Financial Impact

Impact to the Cooperative will be revenue neutral.

2024 Annual Rate Updates

3. Renewable Energy Rider Charge

Background

- Rate was introduced in 2016 to give members the option to purchase 100% of their energy from a renewable source.
- Since inception, the rate has remained at \$0.43 per MWh (1,000 kWh)

Recommendation

- Current Renewable Energy Rider Charge recovers the cost to administer this rate offering
- No change to the Renewable Energy Rider Charge

2024 Annual Rate Updates

4. Power Cost Recovery

- This item is being addressed outside of the Rate Plan cycle this year

2024 Annual Rate Updates

5. Service Availability Charge (SAC) and Distribution Charge

Recommendation

- No recommendations at this time.
- The cost of service study will inform if there is any need for changes to the Service Availability Charges and Distribution Charges for all service levels.

Evaluation Items

These items will cause some costs and usage of staff time to be incurred and may be brought as potential changes for Board consideration at a future date.

2024 Evaluation Items

Cooperative Owned Lamp Charge

Background

- In March 2014, PEC's current rate structure, including the phase-out of all non-LED lighting was made effective by Board resolution.
- In November 2020, PEC Board approved the execution of a Lighting Services Agreement with a third-party vendor to facilitate all aspects of the Cooperative Owned Area Lighting except for all contact with the member including billing.

Recommendation

- Reviewing tariff language and current and future installations to establish if the language can be simplified and the lighting categories can be reduced
- Adding of a shielded lighting option and cost will be needed

Current Pricing Table

Lamp Type:	Lighting Category:	Count:
LED 1	0-50 Watts	19,917
LED 2	51-100 Watts	1,660
HP 1*	0-50 Watts	3,526
HP 2*	51-100 Watts	987
MH*	0-50 Watts	145
MV*	51-100 Watts	1,719

** These lamps are no longer available for new installations.*

2024 Evaluation Items

Rate sheets to make the tariff more intuitive and easier to navigate

Background

Member Services' experience with customers indicates that the current organization of the tariff could be improved so that all relevant rate information for a given rate class is contained within a single page of the tariff.

The Rate section of the Tariff is setup with many references to charges making it so that to fully see what the charges are under a specific rate, between 3-7 other sections must be referenced.

Recommendation

Create full rate sheets, for each rate available to the membership, that includes all rate components and applicable information

2024 Evaluation Items

Current Layout Example

500.2 RATE SCHEDULES

500.2.1 RESIDENTIAL, FARM AND RANCH SERVICE

500.2.1.1 RESIDENTIAL, FARM AND RANCH SERVICE

APPLICABILITY

This schedule applies to Members receiving distribution service in locations built to serve as and are currently serving as an Individual Private Dwelling or Multi-Family Dwelling and their facilities, or facilities used for small-scale agricultural purposes such as water wells. If the location is being used for commercial purposes, PEC may change the member's rate to the appropriate non-residential service rate.

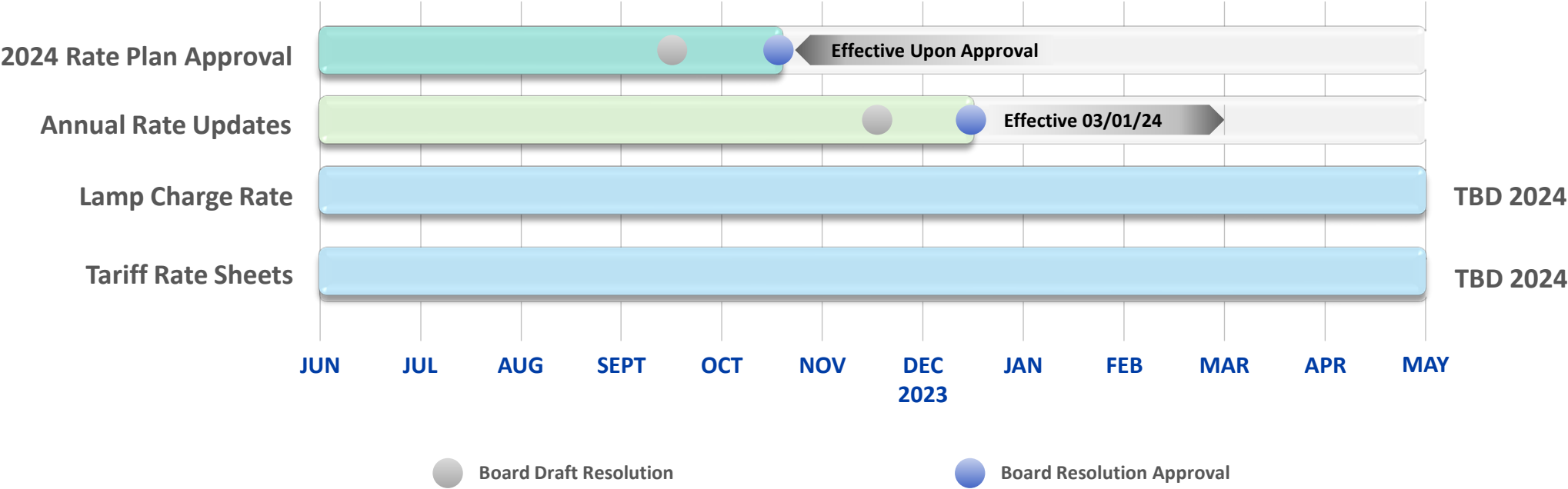
MONTHLY RATE

The following charges will apply:

Charges:	Amount:	Unit:	Billing Determinant:
Service Availability Charge	\$ 22.50	meter	month
Delivery Charge	\$ 0.028405	kWh	Delivered Energy
Base Power Charge	Per Section 500.1.7.1	kWh	Delivered Energy
TCOS Pass Through Charge	Per Section 500.1.8.1	kWh	Delivered Energy
Temporary Winter Storm Surcharge	Per Section 500.1.20	kWh	Delivered Energy

The monthly bill will be the sum of the above charges plus any applicable fees, taxes, discounts, credits, or adjustments.

Target Timeline for Rate Plan Items



PEC Helpful Links and Rate Contact Information

PEC Document Center -

- Includes Rate Policy, Cost of Service Studies, recent rate related Board items
 - <https://www.pec.coop/about-us/your-cooperative/document-center/>

PEC Rate Inquiry email addresses -

- All Rate related questions - Rateinquiry@peci.com



pec.coop