



# 2017 Update of Cost of Service Study and Rate Design

Natalia Mack, Rates and Pricing Manager

March 20, 2017

# Project Charter

- Update and evaluate the cost of service study to assure that PEC rates are fair and equitable across all the rate classes and designed to meet PEC financial requirements
- Perform a cost of service study that is conducted routinely according to board policy



# Scope

- Financial model with forecast update
- Cost of Service update
  - Incorporate the Rural Utility Service (RUS) model
  - Revenue requirements
    - Including 1 and 3 phase, line extensions, over/under ground
  - Allocation factor per Member category and evaluate the need for additional Member categories
- Rate design options development and analysis
  - Evaluate viability and sustainability of current options
  - Consider additional rate options (Pre-pay, TCOS, interconnection, critical peak pricing, and demand charges)
- Evaluate fees and charges
- Financial model scenario analysis

# Timeline

Activity	Timing
Project Planning	Q1 - 2017
Financial and Cost of Service Model Update	Q2 – 2017
Rate Design Options Development and Analysis	Q2/3 – 2017
Stress Testing and Scenario Analysis	Q3 - 2017
Findings and Recommendations	Q3 - 2017



pec.coop