

2009 Rate Discussion

September 2008



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Welcome. Our purpose tonight:

- Provide information
- Collect feedback
- Review timeline and next steps

Jan. – Sept. 2008	Staff analysis, preparation and board discussion, 10 public meetings
Sept. 29, Oct. 1 & 2	Three public information meetings
Oct. 20	Public hearing on rate designs
Apr. 1, 2009	If approved, new rates would take effect



Recap of 2006-2007 strategic sessions

- Eleven-month process of gathering information, analysis, community meetings, deliberations and decision-making.
- Conclusions:
 - Depend on wholesale revenue to fill operating gaps
 - Reliance on wholesale revenue is risky
 - Operating electric, water, sewer and fiber service as one utility provides best value for customer-owners.
 - Wholesale revenue to benefit all services
 - Current financial trends are not sustainable
 - Take steps to close gaps and reduce risk
 - Take steps to cost controls, improve efficiency and implement rate increases



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Recap of 2006-2007 strategic sessions

Directed by PUD commissioners to:

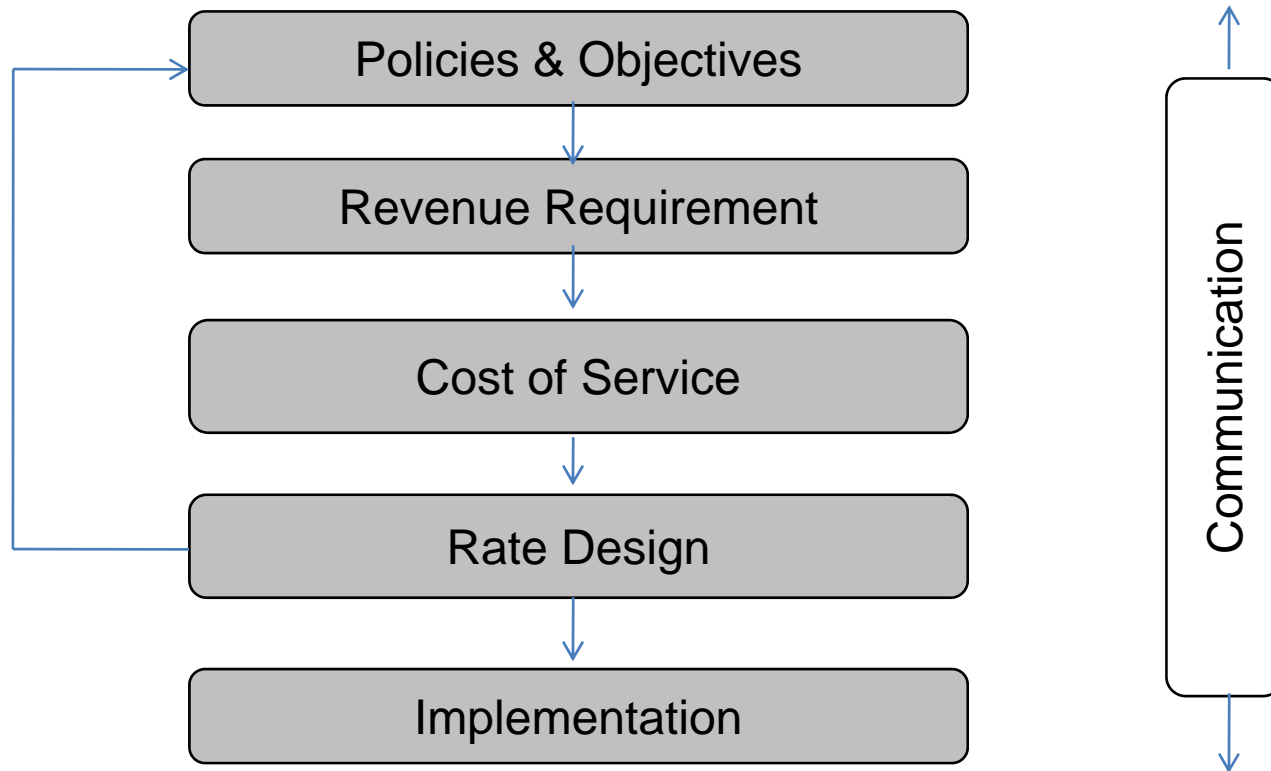
- Conduct a cost-of-service study for 2009
- Use cost-of-service information to develop 2009 rate design
- Review low-income, senior and disabled in rate design
- Use one-utility principle to increase efficiency



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Rate-setting process



Board guidance for rate design

- Rates should be designed to promote conservation
- Assist a broader range of low-income customers through modifications to the tiered rate structure
- Phase in rate alignment between customer classes in small increments only, over time
- Small, incremental increases over time are preferable to large spikes in rates
- Streamline Water and Wastewater rates by moving toward a postage stamp concept



Board guidance for rate design

Specific design modifications:

- Eliminate minimum charge
- Eliminate demand ratchet
- Modify irrigation season
- Streamline interdepartmental rates



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Rate design impacts

Water and wastewater

	2009 Draft Design	2009 COSA
Water		
Residential	6.89%	7.90%
Commercial	7.03%	11.70%
Overall	6.94%	9.10%
Wastewater		
Residential	6.59%	32.2%
Commercial	6.15%	8.6%
Industrial	6.62%	27.6%
Overall	6.47%	25.4%

Design supports:

- Small, incremental increases
- Align with COSA over time
- Align locations (except Dryden Water)
- Promote water conservation through tiered rate structure



Rate design impacts

Residential water by system

Based on average monthly of 10,000 gallons

System	Current	Draft design	Increase
General	\$47.00	\$51.00	\$4.00
Squilchuck*	\$59.55	\$57.55	(\$2.00)
Dryden	\$32.00	\$41.00	\$9.00
Ollala	\$52.00	\$51.00	(\$1.00)
Chelan Ridge**	\$50.00	\$57.00	\$7.00
Discounts	(\$6.70)	(\$7.15)	\$0.45

* - Includes a monthly debt service charge of \$6.55

** - Based on 1" meter (other systems based on 5/8" meter")



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Rate design impacts

Residential wastewater by system

Non-metered flat charge rates

System	Current	Draft design	Increase
Dryden	\$50.88	\$55.50	\$4.20
Lake Wenatchee	\$52.42	\$55.50	\$4.33
Peshastin	\$52.08	\$55.50	\$4.30
Discounts	(\$6.70)	(\$7.15)	\$0.55



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Electric rate summary

ELECTRIC	2009 Draft design	2010 COSA
Residential	3.2%	11.1%
Commercial	1.0%	2.1%
Industrial	3.2%	11.7%
Irrigation	3.3%	9.6%
Frost Protection	2.4%	5.5%
Street Lights	0.0%	(26.1%)
Interdepartmental	0.0%	3.4%
Alcoa – 95/00	3.2%	11.1%
TOTAL	2.5%	8.2%

Design supports:

- Align with COSA over time
- Assist a broader range of low-income customers through tiered rate structure
- Promote conservation through tiered rate structure
- Eliminate minimum charge and demand ratchet
- Modify irrigation season
- Streamline interdepartmental rates
- Small, incremental increases

Electric residential comparison

Rate Component	Current	Draft design	Increase
Basic Charge	\$7.20	\$7.70	\$0.50
Energy - First 1,000 KWH	2.29¢	2.30¢	0.01¢
Energy - 1,001 to 2,000 KWH	2.84¢	2.30¢	(0.16)¢
Energy - 2,001 to 3,000 KWH	2.99¢	3.30¢	0.31¢
Energy - 3,001 KWH +	2.99¢	4.30¢	1.31¢
Discount L.I. – Senior/Disabled	(\$8.25)	(\$8.50)	\$0.25



Draft rate design

Electric

Based on average monthly residential bill of 2,000 kWhs

Category	Current	Draft design	Inc/(Dec)
Residential	\$58.50	\$53.70	\$(4.80)
Discounts	(\$8.25)	(\$8.50)	\$0.25

Rate decrease or neutral up to 3,130 kWhs

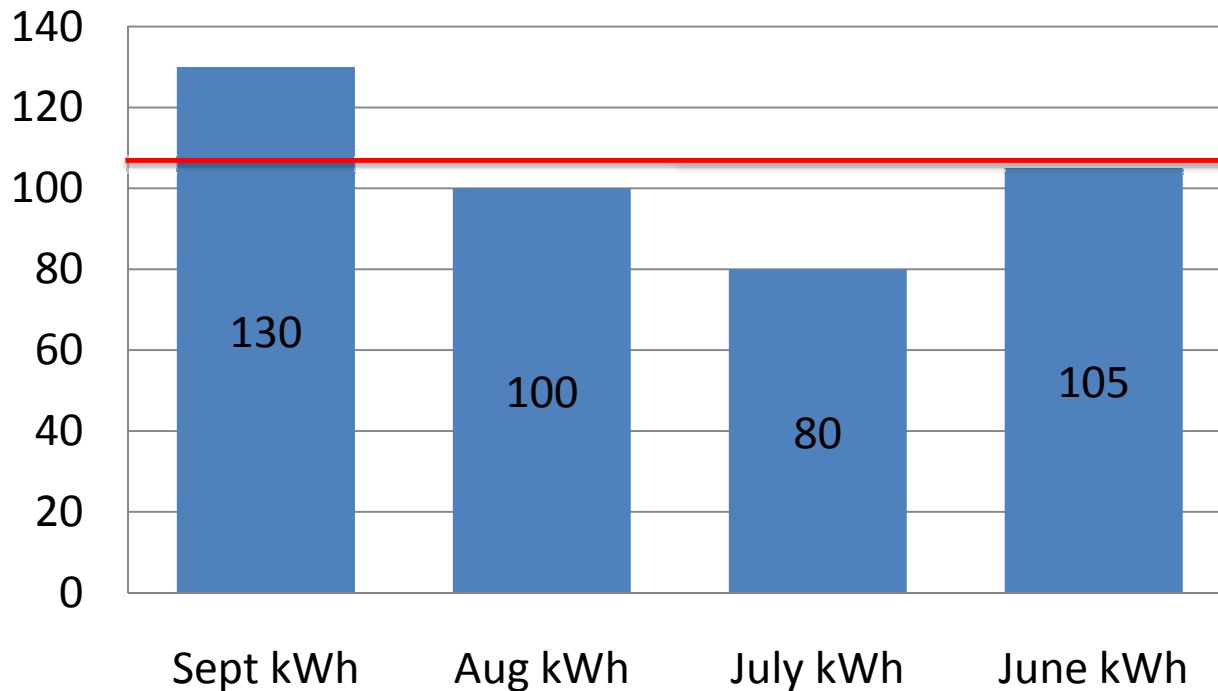


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Using your average daily use bill graph for comparison

- Graph is based on 30-day use
- Daily average usage <105 kWh = bill reduction/same
- Daily average usage >105 kWh = bill increase



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Draft design

Electric residential rate

Example 1

Year built – 1931

House/square footage - 3,200

Annual Usage – 35,650 kWh

Rate	Annual Cost	Per KWH	Inc / Dec	Percent
Current	\$1,055	2.96¢	N/A	N/A
Draft Rate	\$1,153	3.23¢	\$98	9.26%



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Draft design

Electric residential rate

Example 2

Year built – 2005

House/square footage – 1,900

Annual Usage – 19,616 kWh

Rate	Annual Cost	Per KWH	Inc / (Dec)	Percent
Current	\$585	2.98¢	N/A	N/A
Draft Rate	\$579	2.95¢	\$(6)	(0.84)%



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Draft design

Electric residential rate

Example 3

Year built – older unit

Condominium/square footage – 980

Annual Usage – 11,932 kWh

Rate	Annual Cost	Per KWH	Inc / (Dec)	Percent
Current	\$370	3.10¢	N/A	N/A
Draft Rate	\$367	3.08¢	\$(3)	(0.8)%



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Draft rate design
Electric

What about my situation?

- Request your own analysis by signing up tonight
- Request an analysis online at www.chelanpud.org and select “Contact Us” and request a bill comparison
- Call Customer Billing at (509) 661-8002

Conservation

What does that mean to me?

District is enhancing and expanding conservation programs

- Weatherization incentives
- Energy efficient appliance rebates
- Efficient lighting programs
- Enhanced customer information

Programs being developed for winter 2009-2010



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Next steps

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Tell us what you think

- Comment at tonight's meeting
- Use the form on the PUD Web site www.chelanpud.org
- Call PUD commissioners – phone numbers on the Web site under “Commissioners and Districts”
- Write PUD commissioners – P.O. Box 1231
Wenatchee, WA, 98807



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Questions?

Thank you

