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# Chelan County PUD Rate-Setting Workshop

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**A continuation of ongoing strategic planning**

**June 2, 2008**

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# Goals of tonight's workshop

- Share results of cost of service analysis (COSA)
- Discuss possible rate modifications
  - Independent of rate increase decisions
- Provide time for Board discussion
- Listen to public comment

This is a working session – no rate increase recommendations or Board decisions will be made tonight

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# Requested Board guidance

**Board decisions that will guide rate-design options:**

## **Rate design philosophies**

- Small, incremental increases over time?
- Phase in rate alignment between customer classes over time?
- Move toward postage stamp concept for Water and WW?
- Modify low-income, senior and disabled discount program?
- Promote conservation?
- Implementation date – January 1 or April 1?

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# Requested Board guidance

**Board decisions that will guide rate-design options:**

## **Possible modifications (independent of rate increase decisions):**

- Eliminate minimum charge?
- Eliminate demand ratchet?
- Modify irrigation season?
- Streamline methodology for Water and Wastewater rates?
- Streamline interdepartmental rates?
- Modify tiered rates to encourage more conservation?

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# Tonight's workshop agenda

## Part 1

- Recap of strategic sessions
- Overview of rate-setting process
- Initial results of cost of service analysis
- Consultant review
- Board discussion
- Public comment
- Break

## Part 2

- Rate design considerations
- Board discussion
- Public comment
- Next steps

# Rate-Setting process timeline

| Process Step  | Targeted Timeline               |
|---|---------------------------------|
| <input checked="" type="checkbox"/> <b>Step 1</b> - Policies & Objectives Identified                            | Feb. 19, 2008                   |
| <input checked="" type="checkbox"/> <b>Step 2</b> - Revenue Requirements (Electric, Water & WW)                 | Mar. 24, 2008                   |
| <input checked="" type="checkbox"/> <b>Step 3 - Cost of Services Performed</b> (Electric, Water, WW)            | Jun. 2, 2008                    |
| <input type="checkbox"/> <b>Step 4a</b> - Rate Design Options (Electric, Water, WW)<br>➤ Initial Board Guidance | May – June 2008<br>June 9, 2008 |
| <input type="checkbox"/> <b>Step 4b</b> - Public Comment  | June – Aug. 2008                |
| <input type="checkbox"/> <b>Step 4c</b> - Final Adjustments   | July – Aug. 2008                |
| <input type="checkbox"/> <b>Step 5</b> – Board Decision   | Aug. 2008                       |
| <input type="checkbox"/> <b>Step 6</b> - Testing & Implementation   | Sep. – Dec. 2008                |
| <input type="checkbox"/> Communication  | Ongoing                         |

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# Recap of 2006/2007 strategic sessions

- Eleven-month process of information gathering, analysis, community meetings, deliberation and decision-making
  - Conclusions:
    - ❑ Depend on wholesale revenue to fill operating gaps
    - ❑ Reliance on wholesale revenue is risky
    - ❑ Current financial trends are not sustainable
    - ❑ Steps can be taken to close gaps and reduce risk
    - ❑ Steps to be taken include cost control, efficiency improvements and rate increases
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# Recap of 2006/2007 strategic sessions

## Board-directed actions:

- ☑ Allocate capacity reservation funds (done July 2007)
- ☑ Implement financing plan including rate stabilization fund (done Dec. 2007)
- ☑ Implement Electric, Water, Wastewater and Networks rate increases (done effective Jan. 2008)
  - ▣ 5% for Electric, 9% for Water and Wastewater
  - ▣ 2% on average for Networks service providers
- ☑ Proceed with the Networks business line using the current build-out with an emphasis on deployment in rural areas (doing)
- ☑ Proceed with the Electric, Water and Wastewater business lines using the balanced strategy (doing)

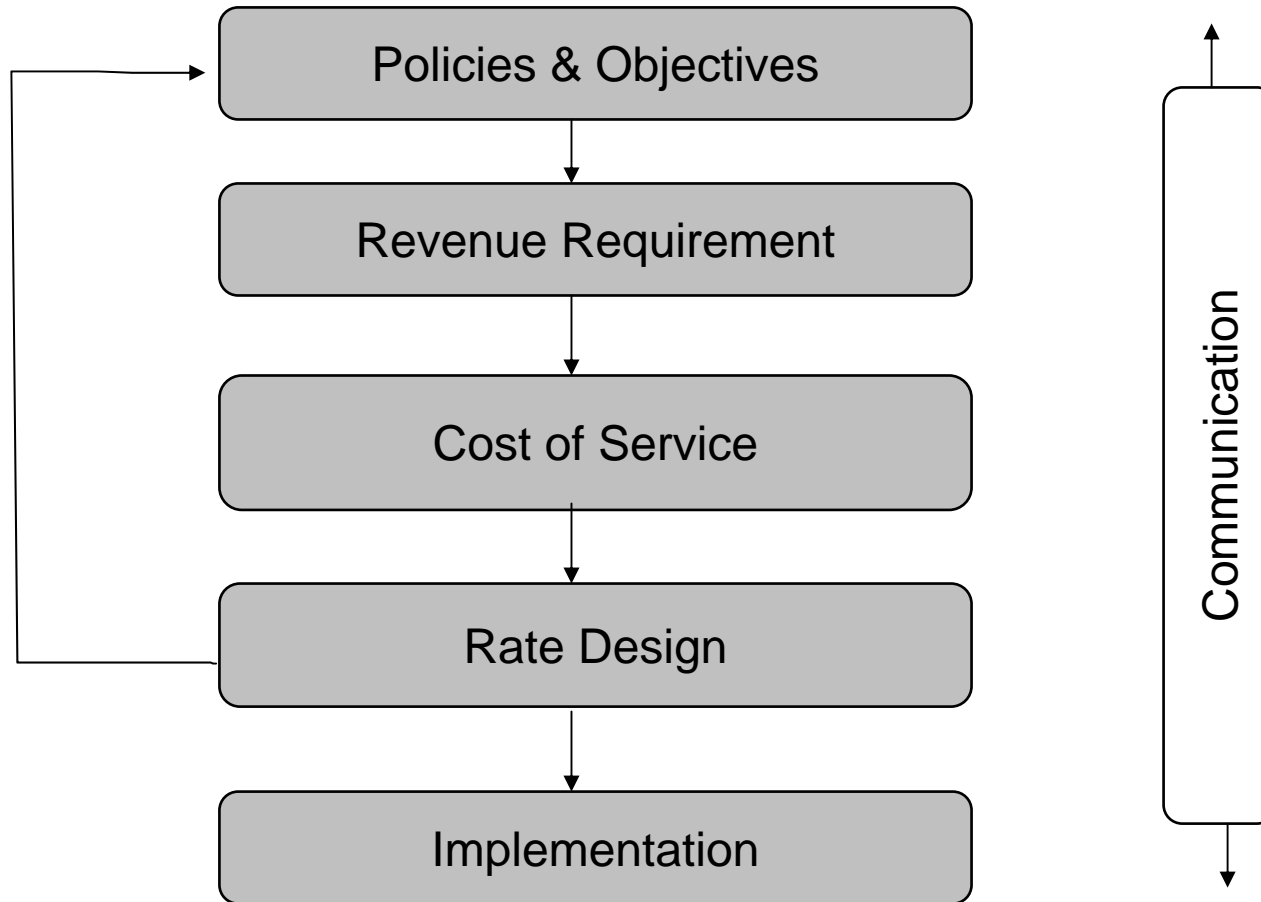
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# Recap of 2006/2007 strategic sessions

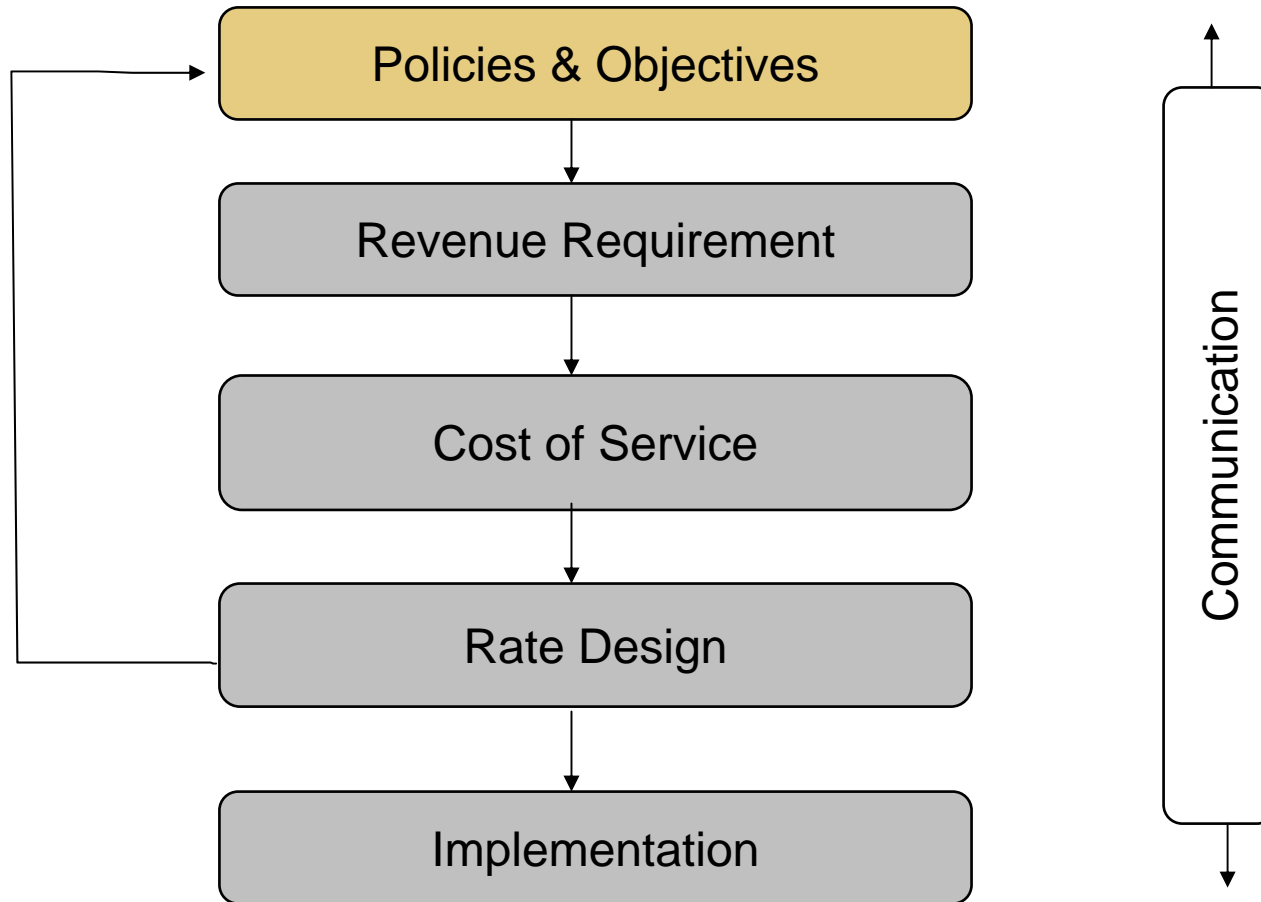
## Board-directed actions:

- Perform a cost of service study for 2009 (in progress)
- Use cost of service information to recommend 2009 rate design (June -Aug.)
- Review low-income, senior and disabled discounts in conjunction with rate design (June – Aug.)

# Overview of rate-setting process



# Overview of rate-setting process

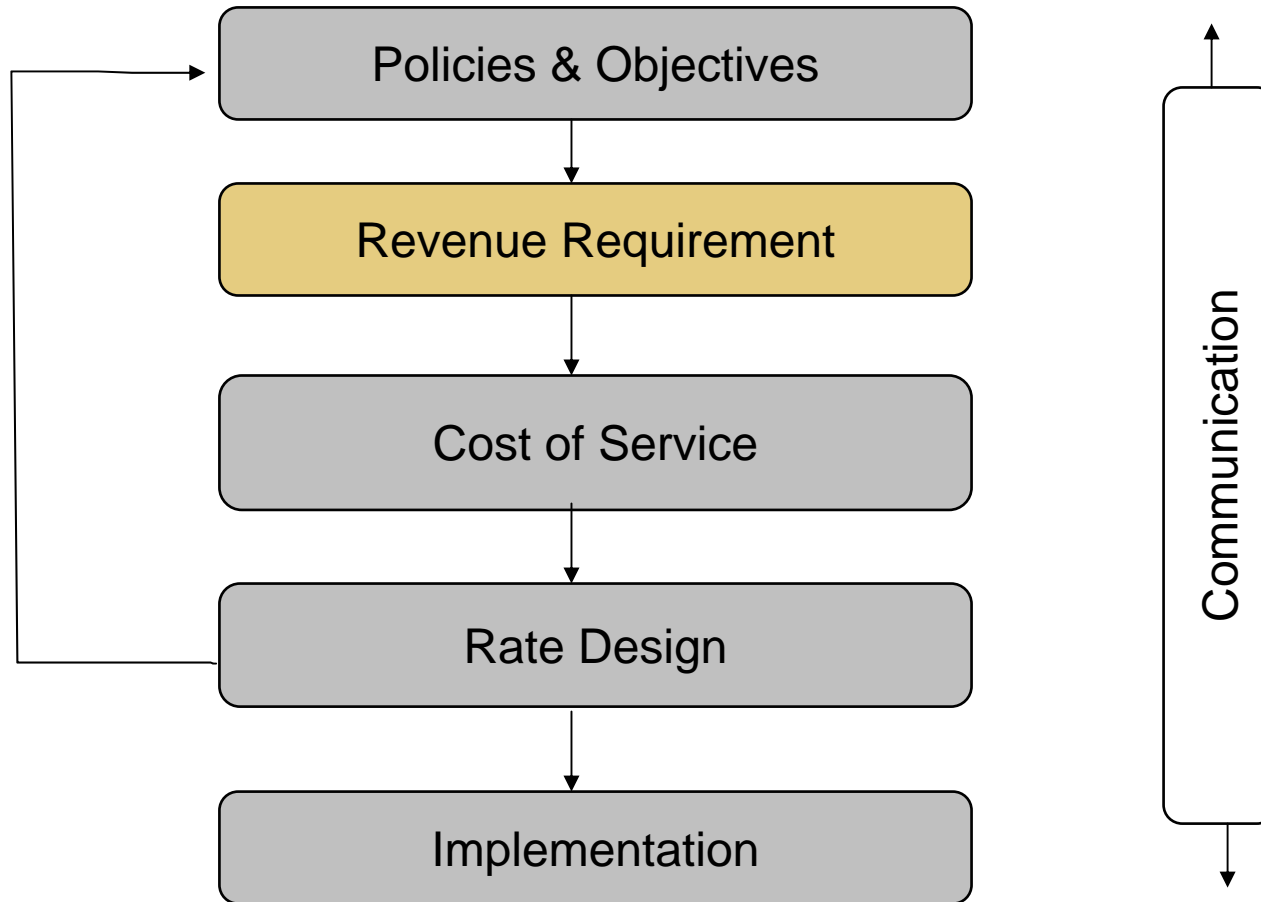


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# Policies and objectives

1. Strategic planning guidance and policies
2. Load forecasting
3. Financial planning and targets
4. Capital and O&M budgets
5. Funding mechanisms - debt, rates, etc.

# Overview of rate-setting process



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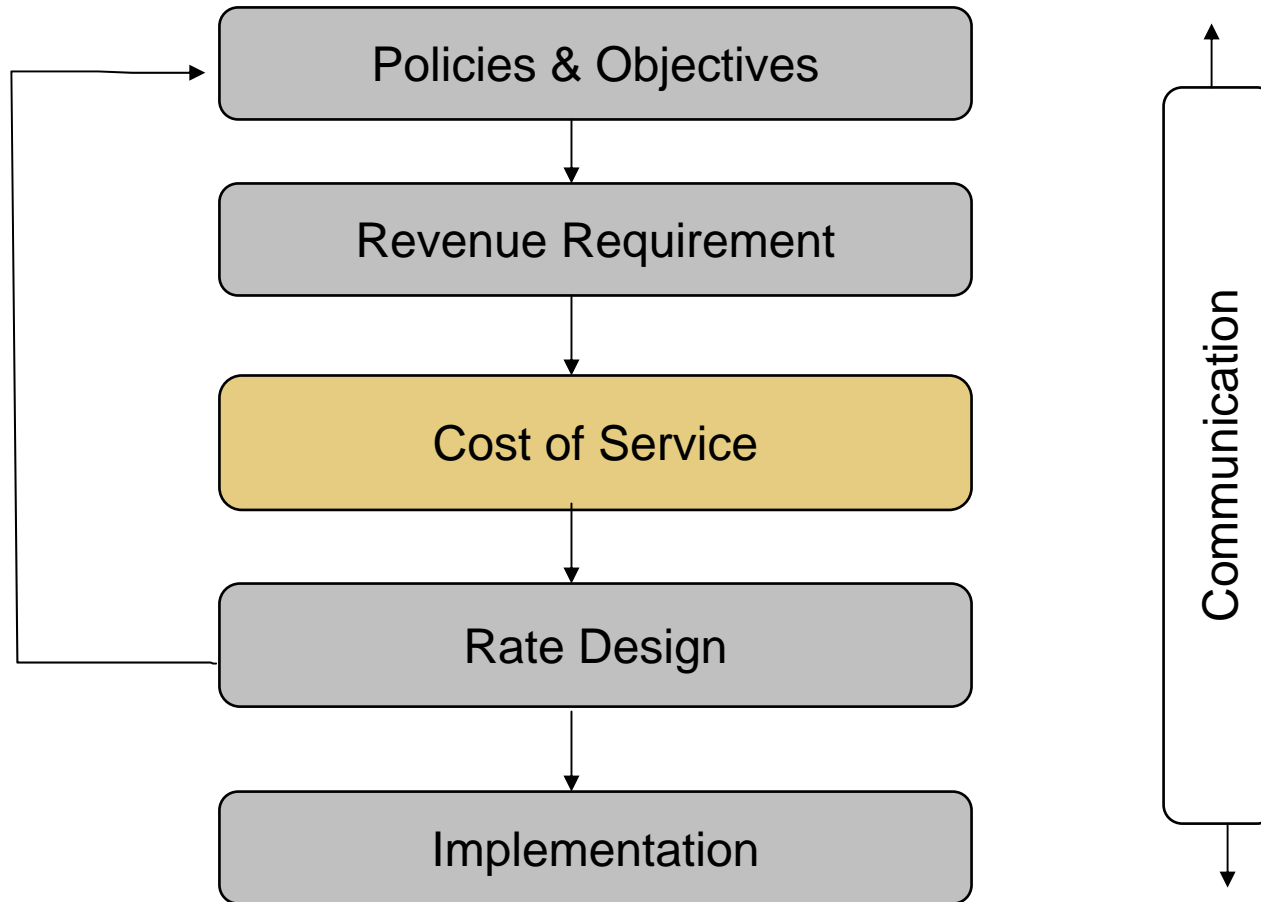
# What is a “revenue requirement”

Compares the rate base revenues and costs to determine the revenue adjustment required while incorporating various financial planning targets and objectives.

## Why determine a revenue requirement?

- ❑ Identify revenue needed to provide services
- ❑ Establish base requirement for rate structure

# Overview of rate-setting process



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# What is a “cost of service” analysis

A method of classifying all direct and indirect costs related to providing a service and allocating those to the various customer classes

- residential, commercial, industrial, etc.

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# What is a “cost of service” analysis

## Why do it?

- Many costs are not accounted for by customer class
- Many costs are incurred for joint benefit; others are direct
- Aligns revenue with costs
- Send appropriate price signal
- Information for rate design (but not only factor to consider)

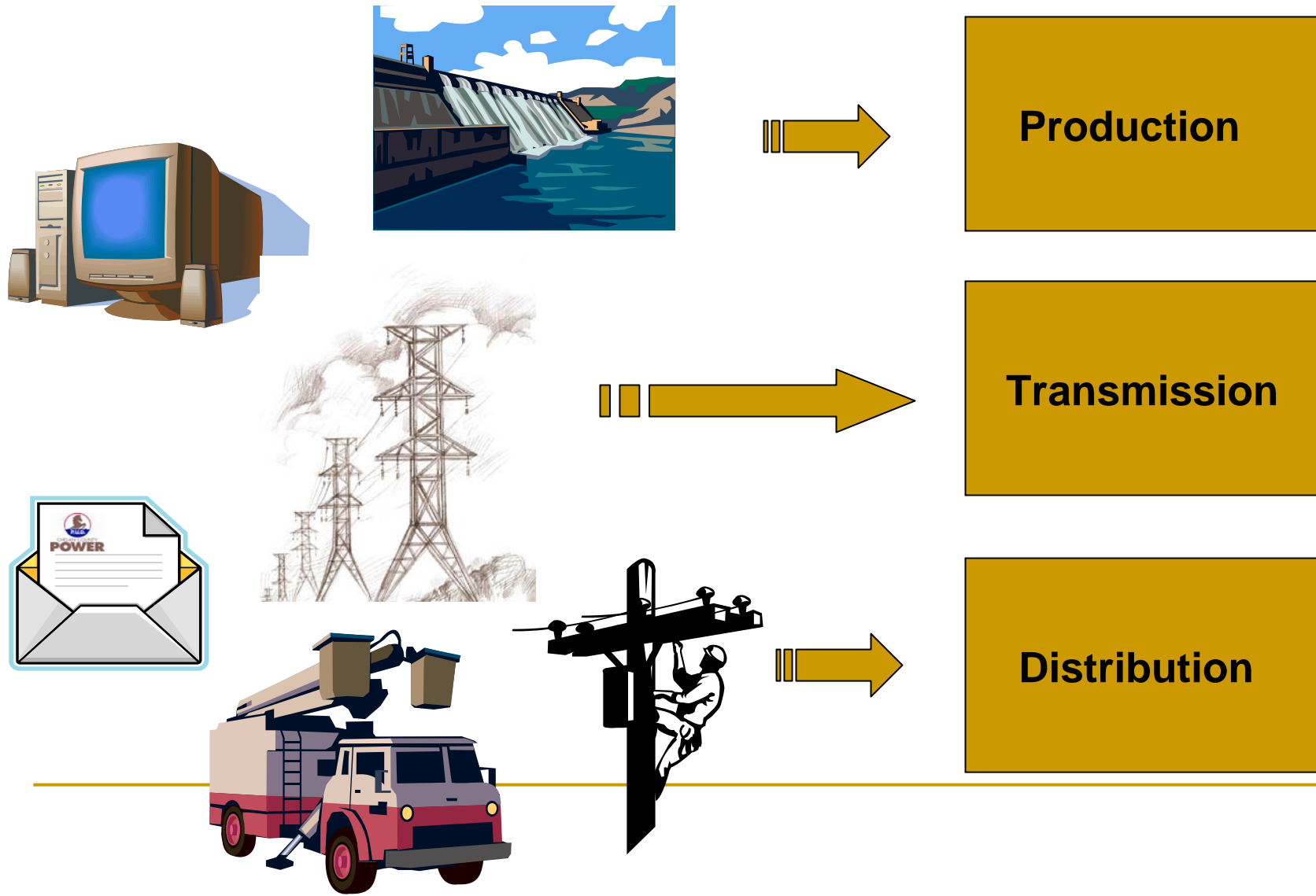
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# What is a “cost of service” analysis

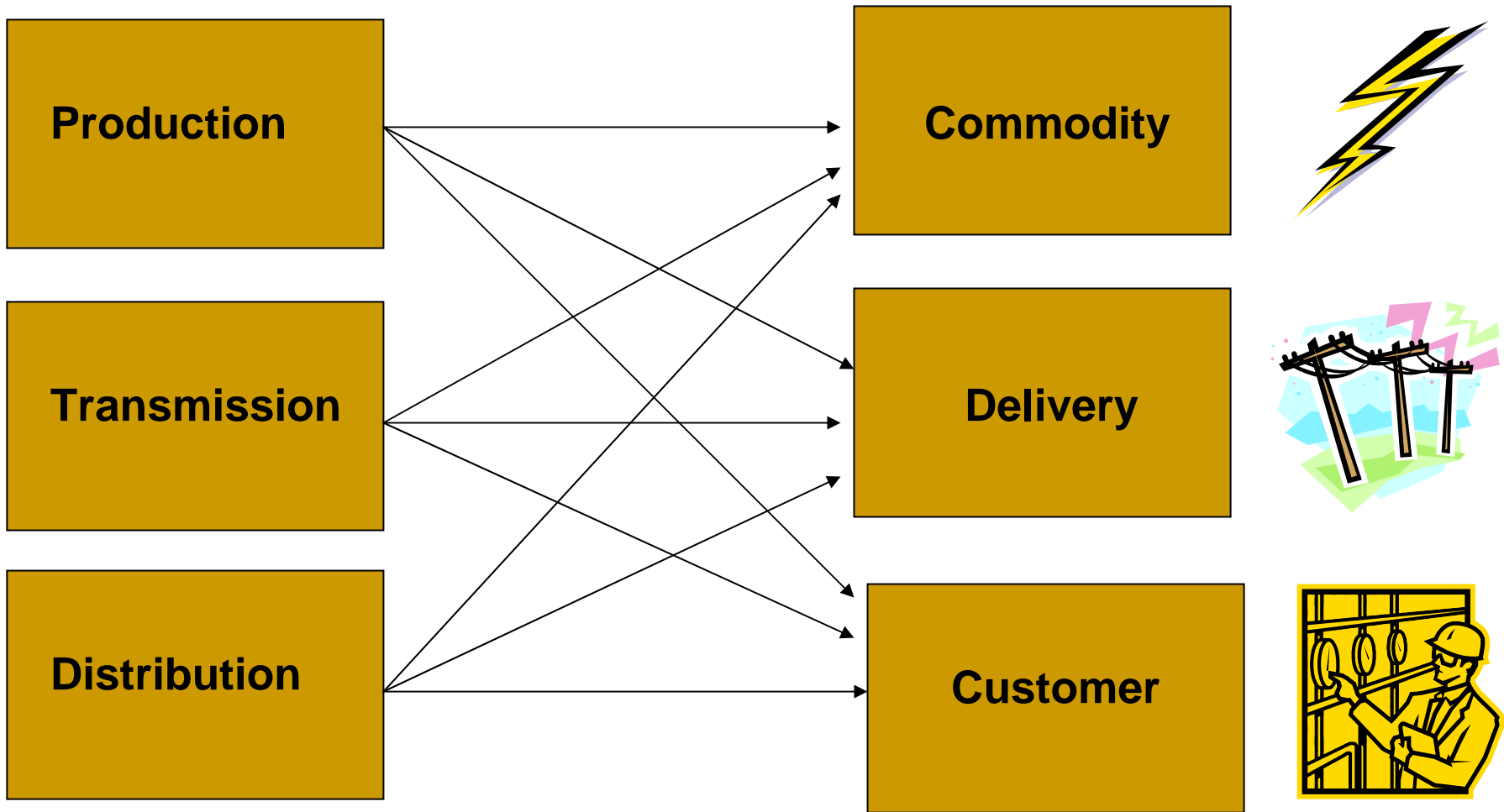
How is it done?

1. Costs arranged by major function
  - ❑ production, transmission, distribution, etc.
2. Functions classified into cost components
  - ❑ commodity, delivery, customer
3. Components allocated to customer classes
  - ❑ residential, commercial, industrial, etc.

# Costs arranged by major function

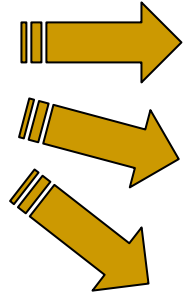


# Functions classified into cost components

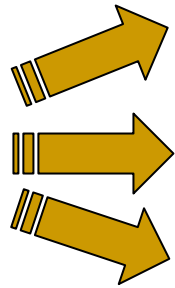


# Components allocated to customer classes

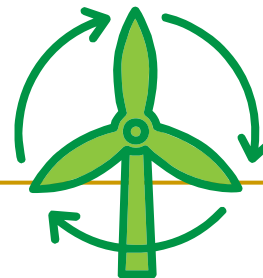
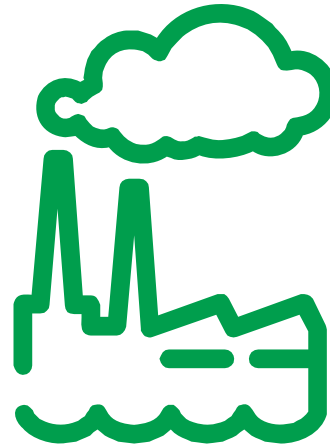
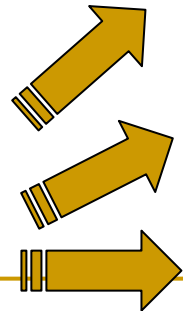
**Commodity**



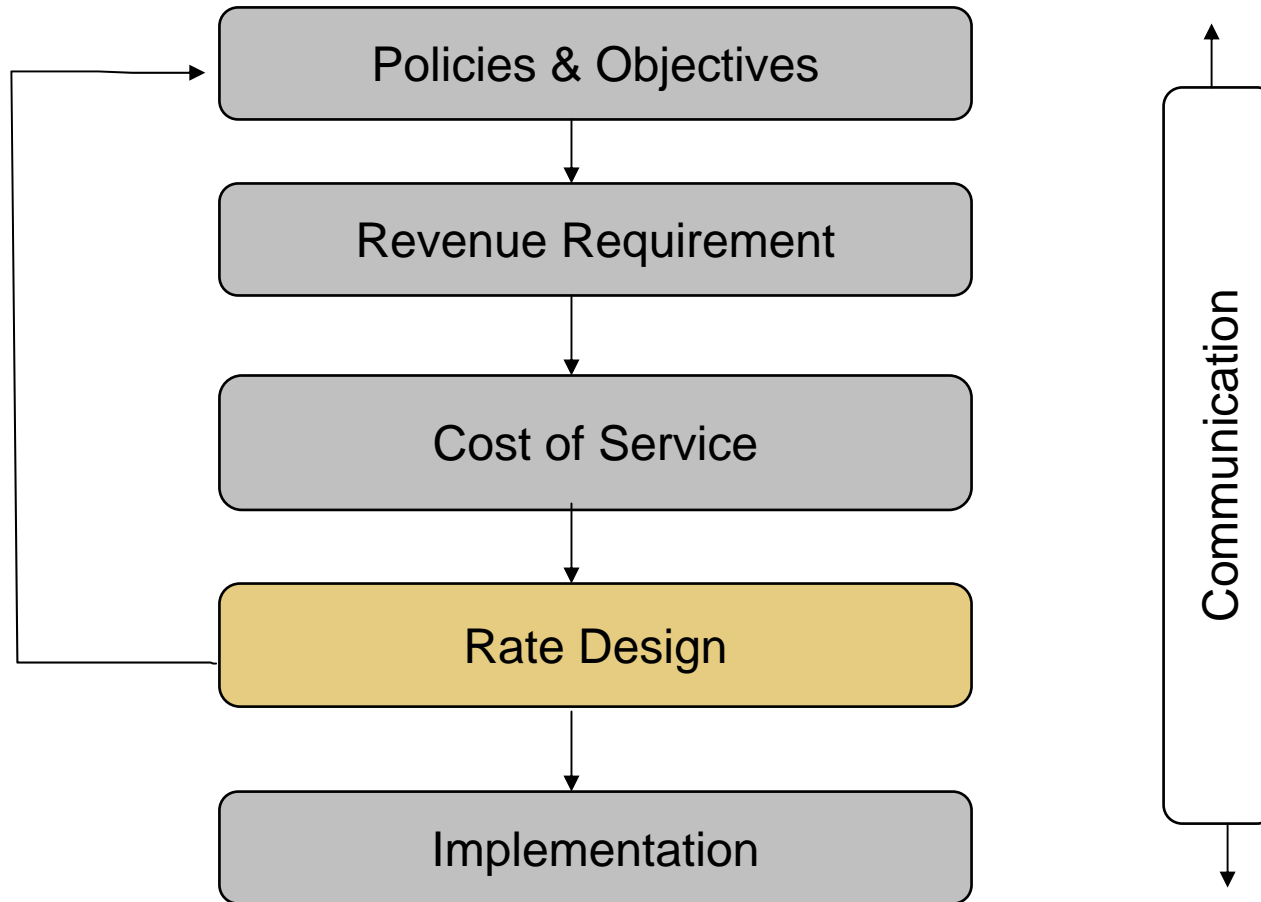
**Delivery**



**Customer**



# Overview of rate-setting process



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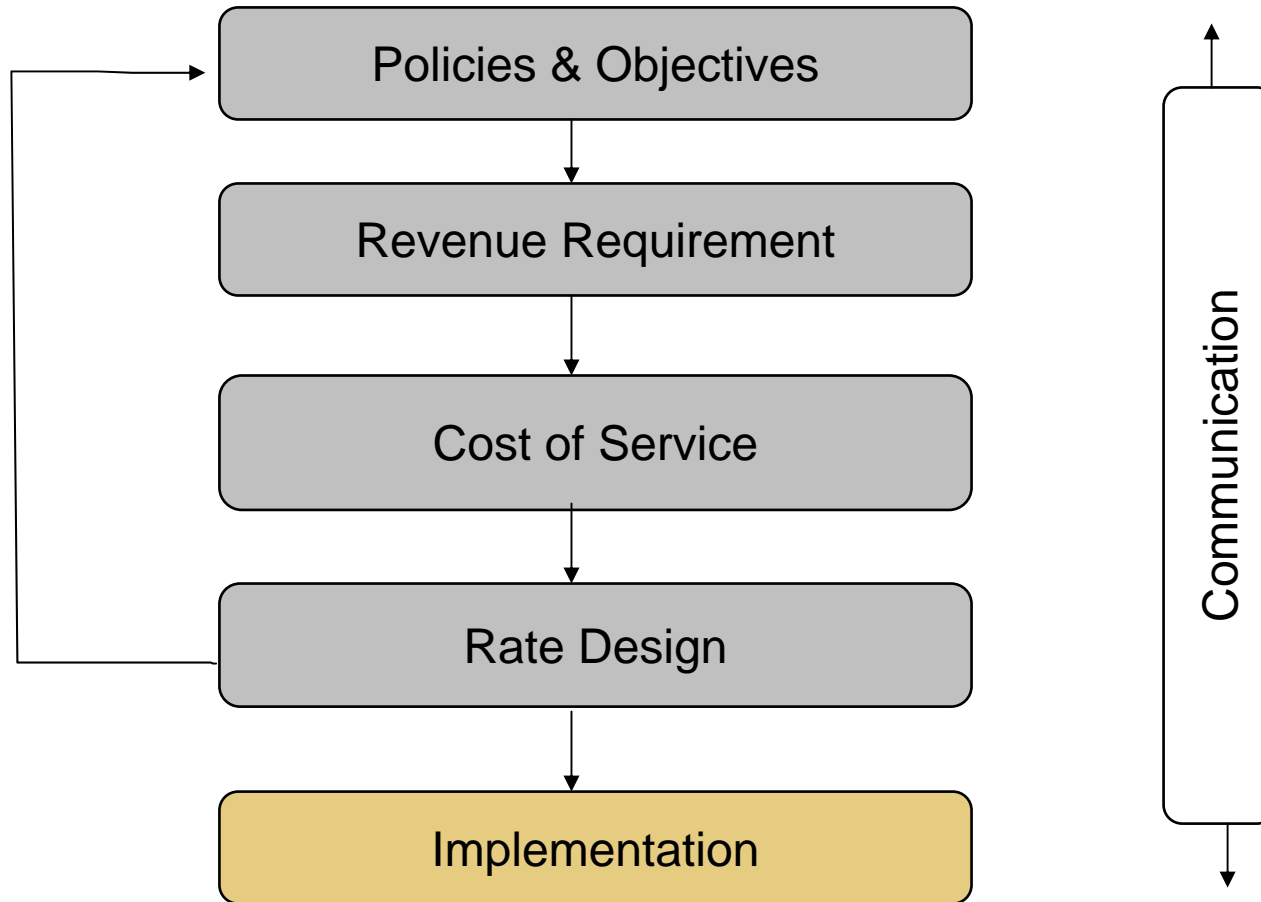
# What is “rate design”

The process of taking the cost of service results and applying any relevant policies, goals or objectives to the actual rates or rate components

## Why initiate a rate design?

- ❑ To ensure alignment with various policies and objectives
- ❑ To incorporate external requirements

# Overview of rate-setting process



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# Overview of rate-setting process

## Board of Commissioners

- Set policies and objectives with a long-term view
- Set rates

## Executive Management

- Apply policies and objectives to the process
- Provide information for Board decision-making

## Rates Committee

- Finance, Utility Engineering, Customer Service, Utility Services Business Office, Energy Planning and Trading, IT
- Develop required analyses

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# Rate-setting process initial results-Electric

## Step 1 – Policies and Objectives:

Affirmed rate design objectives at Feb. 19, 2008,  
Board meeting:

- Easy to understand and administer
- Fair, equitable and non-discriminatory
- Provide stable and predictable revenue
- Promote efficient use of resource
- Incorporates utility objectives

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# Initial results-Electric

## Step 1 – Policies and Objectives:

Reaffirmed strategic financial guidance at Feb. 19, 2008,  
Board Meeting:

- Target a combined positive Change in Net Assets (bottom line) by 2011
- Target an overall operating ratio of 80%-100% by 2011
- Limit the potential surcharge to 14% under unusual circumstances (10% probability of this outcome or worse in any year)
- Target a minimum debt coverage of 1.25 under unusual circumstances (10% probability of this outcome or worse in any year)
- The Water and Wastewater systems should move toward combined system “postage stamp rates” to reduce costs

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# Initial results-Electric

## Step 1 – Policies and Objectives:

Additional Board guidance from Feb. 19, 2008, Board meeting:

- Continue funding as an integrated utility
- Gaps between cost of service and current rates will vary widely by customer class, and an approach will need to be developed on how to close the gaps
- Desire public participation in each step of the process
- Request consultant review of staff cost of service analysis
- Request consultant assistance with rate design options
- Base periods for cost of service analysis are 2009-2010
- Multi-year analysis to be revisited annually

# Initial results-Electric

## Step 2 – Revenue Requirement

(Initial revenue requirement presented at March 24, 2008, Board meeting and has been updated as of May 6, 2008)

| <b>Electric System</b> (amounts in millions) | <b>2009</b>     | <b>2010</b>     |
|--|-----------------|-----------------|
| Rate Revenue                                 | \$ 50.7         | \$ 51.2         |
| Commodity Cost                               | \$(48.3)        | \$(52.1)        |
| Delivery Cost                                | \$(22.9)        | \$(24.7)        |
| Customer Cost                                | \$ (8.3)        | \$ (9.1)        |
| Gross Requirement                            | <u>\$(28.8)</u> | <u>\$(34.7)</u> |
| Percentage Requirement                       | 56.9%           | 67.6%           |

\* - does not include any wholesale benefits

# Initial results-Electric

## Step 2 – Revenue Requirement

(Initial revenue requirement presented at March 24, 2008, Board meeting and has been updated as of May 6, 2008)

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|--|-------------|-------------|
| Rate Revenue                                 | \$ 50.7     | \$ 51.2     |
| Commodity Cost                               | \$(48.3)    | \$(52.1)    |
| Delivery Cost                                | \$(22.9)    | \$(24.7)    |
| Customer Cost                                | \$ (8.3)    | \$ (9.1)    |
| Gross Operating Revenue Requirement          | \$(28.8)    | \$(34.7)    |
| Other Activity Inc/(Exp)                     | \$ 8.0      | \$ 8.2      |
| Risk Adjusted Wholesale Margin               | \$ 20.9     | \$ 22.3     |
| Net Rate Revenue Requirement                 | \$ 0.1      | \$ (4.2)    |
|  | 0.0%        | 8.2%        |

# Initial results-Electric

## Step 3 – Cost of Service

(process of taking costs and allocating them to customer classes)

| <b>ELECTRIC – 2009<br/>(000's)</b> | Gross Cost of<br>Service | Rate<br>Revenues | Gross Rev<br>Req |
|------------------------------------|--------------------------|------------------|------------------|
| Residential                        | \$41,287                 | \$23,865         | 73.0%            |
| Commercial                         | \$17,981                 | \$14,955         | 20.2%            |
| Industrial                         | \$11,432                 | \$6,536          | 74.9%            |
| Irrigation                         | \$1,961                  | \$1,182          | 65.9%            |
| Frost Protection                   | \$274                    | \$193            | 41.8%            |
| St Lights                          | \$240                    | \$286            | (15.8)%          |
| Inter-departmental                 | \$704                    | \$533            | 32.0%            |
| CTCI – 95/00                       | \$5,682                  | \$3,170          | 79.2%            |
| <b>TOTAL</b>                       | <b>\$79,561</b>          | <b>\$50,720</b>  | <b>56.9%</b>     |

\* - does not include any wholesale benefits

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# Initial results-Electric

## **Risk adjusted wholesale margin and other**

- Wholesale surplus less allocated costs to generate
- Risk adjustment to limit potential surcharge to 14% or less 90% of the time
- Other activity primarily includes debt costs and interest income
- This is a category unique to our utility

## **Allocation methodologies**

- Between systems – gross operating margin/(deficit)  
“based on need while still closing the gaps”
- Between customer class – net margin/(deficit)

# Cost of service analysis – Electric

| <b>Electric<br/>2009<br/>(000's)</b> | <b>Current<br/>Revenue</b> | <b>Gross<br/>Cost of<br/>Service</b> | <b>Gross<br/>Rev.<br/>Req. %</b> | <b>Non<br/>Operating<br/>Activity</b> | <b>Risk<br/>Adjusted<br/>Wholesale</b> | <b>Net<br/>Revenue<br/>Req.</b> | <b>%</b>    |
|--------------------------------------|----------------------------|--------------------------------------|----------------------------------|---------------------------------------|--|---------------------------------|-------------|
| Residential                          | \$23,865                   | \$41,287                             | 73.0%                            | \$3,657                               | \$13,706                               | \$(59)                          | 0.2%        |
| Commercial                           | \$14,955                   | \$17,981                             | 20.2%                            | \$2,311                               | \$712                                  | \$(3)                           | 0.0%        |
| Industrial                           | \$6,536                    | \$11,432                             | 74.9%                            | \$990                                 | \$3,889                                | \$(17)                          | 0.3%        |
| Irrigation                           | \$1,182                    | \$1,961                              | 65.9%                            | \$178                                 | \$599                                  | \$(2)                           | 0.2%        |
| Frost Protection                     | \$193                      | \$274                                | 41.8%                            | \$29                                  | \$52                                   | \$(0)                           | 0.1%        |
| St Lights                            | \$286                      | \$240                                | (15.8)%                          | \$44                                  | \$0                                    | \$89                            | (31.3)%     |
| Inter-Dept                           | \$533                      | \$704                                | 32.0%                            | \$111                                 | \$59                                   | \$(0)                           | 0.0%        |
| CTCI – 95/00                         | \$3,170                    | \$5,682                              | 79.2%                            | \$662                                 | \$1,842                                | \$(8)                           | 0.2%        |
|                                      | <b>\$50,720</b>            | <b>\$79,561</b>                      | <b>56.9%</b>                     | <b>\$7,982</b>                        | <b>\$20,859</b>                        | <b>\$0</b>                      | <b>0.0%</b> |

- Not a recommendation for specific rate increases
- Cost of service analysis provides information for rate design, not only factor to consider

# Cost of service analysis – Electric

| <b>Electric<br/>2010<br/>(000's)</b> | <b>Current<br/>Revenue</b> | <b>Gross<br/>Cost of<br/>Service</b> | <b>Gross<br/>Rev.<br/>Req. %</b> | <b>Non<br/>Operating<br/>Activity</b> | <b>Risk<br/>Adjusted<br/>Wholesale</b> | <b>Net<br/>Revenue<br/>Req.</b> | <b>%</b>    |
|--------------------------------------|----------------------------|--------------------------------------|----------------------------------|---------------------------------------|--|---------------------------------|-------------|
| Residential                          | \$24,152                   | \$44,629                             | 84.8%                            | \$3,745                               | \$14,040                               | \$2,692                         | 11.1%       |
| Commercial                           | \$15,115                   | \$19,442                             | 28.6%                            | \$2,364                               | \$1,647                                | \$316                           | 2.1%        |
| Industrial                           | \$6,562                    | \$12,357                             | 88.3%                            | \$1,005                               | \$4,020                                | \$770                           | 11.7%       |
| Irrigation                           | \$1,209                    | \$2,116                              | 75.0%                            | \$183                                 | \$607                                  | \$117                           | 9.6%        |
| Frost Protection                     | \$198                      | \$295                                | 49.5%                            | \$30                                  | \$57                                   | \$10                            | 5.5%        |
| St Lights                            | \$292                      | \$262                                | (10.4)%                          | \$46                                  | \$0                                    | \$(76)                          | (26.1)%     |
| Inter-Dept                           | \$546                      | \$776                                | 42.2%                            | \$115                                 | \$97                                   | \$18                            | 3.4%        |
| CTCI – 95/00                         | \$3,170                    | \$6,029                              | 90.2%                            | \$668                                 | \$1,838                                | \$353                           | 11.1%       |
|                                      | <b>\$51,244</b>            | <b>\$85,906</b>                      | <b>67.6%</b>                     | <b>\$8,156</b>                        | <b>\$22,306</b>                        | <b>\$4,200</b>                  | <b>8.2%</b> |

- Not a recommendation for specific rate increases
- Cost of service analysis provides information for rate design, not only factor to consider

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# Rate-setting process initial results-Water and Wastewater

**Same process performed for Water and  
Wastewater**

# Cost of service analysis – Water

| <b>Water<br/>2009<br/>(000's)</b> | Current Revenues | Gross Cost of Service | Gross Rev. Req. % | Non Operating Activity | Risk Adjusted Wholesale | Net Revenue Req. | %           |
|-----------------------------------|------------------|-----------------------|-------------------|------------------------|-------------------------|------------------|-------------|
| Residential                       | \$2,754          | \$2,917               | 5.9%              | \$(199)                | \$145                   | \$217            | 7.9%        |
| Commercial                        | \$1,344          | \$1,510               | 12.4%             | \$(95)                 | \$104                   | \$157            | 11.7%       |
|                                   | <b>\$4,098</b>   | <b>\$4,427</b>        | <b>8.0%</b>       | <b>\$(294)</b>         | <b>\$249</b>            | <b>\$374</b>     | <b>9.1%</b> |

| <b>Water<br/>2010<br/>(000's)</b> | Current Revenues | Gross Cost of Service | Gross Rev. Req. % | Non Operating Activity | Risk Adjusted Wholesale | Net Revenue Req. | %            |
|-----------------------------------|------------------|-----------------------|-------------------|------------------------|-------------------------|------------------|--------------|
| Residential                       | \$2,850          | \$3,191               | 12.0%             | \$(375)                | \$240                   | \$476            | 16.7%        |
| Commercial                        | \$1,380          | \$1,643               | 19.1%             | \$(177)                | \$148                   | \$292            | 21.2%        |
|                                   | <b>\$4,230</b>   | <b>\$4,834</b>        | <b>14.3%</b>      | <b>\$(552)</b>         | <b>\$388</b>            | <b>\$768</b>     | <b>18.1%</b> |

- Not a recommendation for specific rate increases
- Cost of service analysis provides information for rate design, not only factor to consider

# Cost of service analysis – Wastewater

| <b>Wastewater<br/>2009<br/>(000's)</b> | <b>Current<br/>Revenues</b> | <b>Gross<br/>Cost of<br/>Service</b> | <b>Gross<br/>Rev.<br/>Req. %</b> | <b>Non<br/>Operating<br/>Activity</b> | <b>Risk<br/>Adjusted<br/>Wholesale</b> | <b>Net<br/>Revenue<br/>Req.</b> | <b>%</b>     |
|--|-----------------------------|--------------------------------------|----------------------------------|---------------------------------------|--|---------------------------------|--------------|
| Residential                            | \$291                       | \$593                                | 103.9%                           | \$(16)                                | \$225                                  | \$93                            | 32.2%        |
| Commercial                             | \$122                       | \$151                                | 23.7%                            | \$(7)                                 | \$25                                   | \$11                            | 8.6%         |
| Industrial                             | \$28                        | \$53                                 | 88.4%                            | \$(2)                                 | \$19                                   | \$8                             | 27.6%        |
|  | <b>\$441</b>                | <b>\$797</b>                         | <b>80.7%</b>                     | <b>\$(25)</b>                         | <b>\$269</b>                           | <b>\$112</b>                    | <b>25.4%</b> |

| <b>Wastewater<br/>2010<br/>(000's)</b> | <b>Current<br/>Revenues</b> | <b>Gross<br/>Cost of<br/>Service</b> | <b>Gross<br/>Rev.<br/>Req. %</b> | <b>Non<br/>Operating<br/>Activity</b> | <b>Risk<br/>Adjusted<br/>Wholesale</b> | <b>Net<br/>Revenue<br/>Req.</b> | <b>%</b>     |
|--|-----------------------------|--------------------------------------|----------------------------------|---------------------------------------|--|---------------------------------|--------------|
| Residential                            | \$294                       | \$611                                | 107.8%                           | \$(25)                                | \$199                                  | \$143                           | 48.6%        |
| Commercial                             | \$124                       | \$153                                | 23.8%                            | \$(11)                                | \$23                                   | \$17                            | 13.6%        |
| Industrial                             | \$28                        | \$54                                 | 91.6%                            | \$(3)                                 | \$17                                   | \$12                            | 41.9%        |
|  | <b>\$446</b>                | <b>\$818</b>                         | <b>83.4%</b>                     | <b>\$(39)</b>                         | <b>\$239</b>                           | <b>\$172</b>                    | <b>38.5%</b> |

- Not a recommendation for specific rate increases
- Cost of service analysis provides information for rate design, not only factor to consider

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# Consultant review of COSA

Gary Saleba, EES Consulting

- Reviewed cost of service study prepared by staff
- Study complies with industry practice

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# Board discussion

Part 1 – Board discussion

Will have another discussion period in Part 2

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# Public comment

Part 1 - Public comment

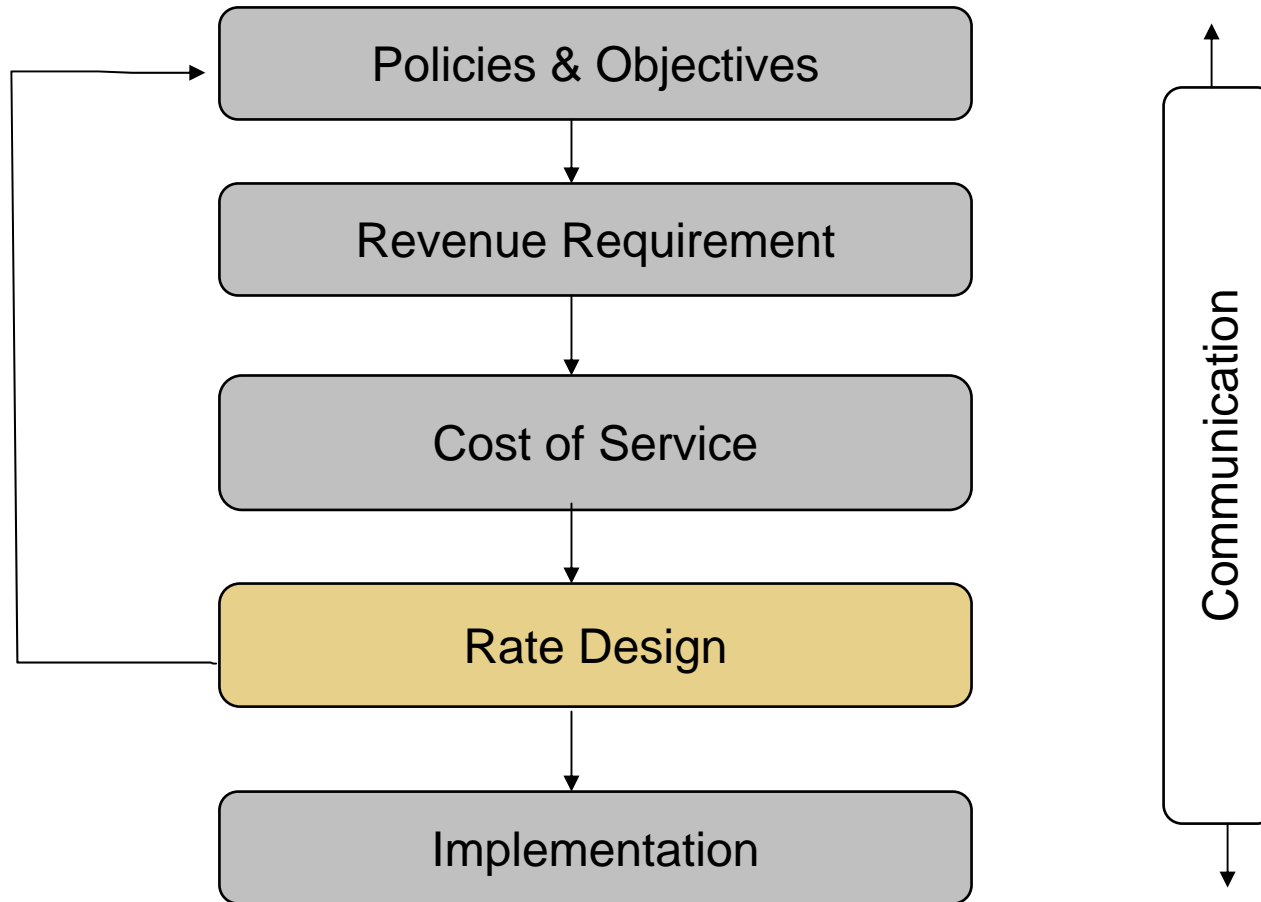
Will have another comment period in Part 2

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# 10 Minute Break

10 minutes  
10 minutes  
10 minutes  
10 minutes  
10 minutes

# Next step – rate design



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# Requested Board guidance

**Board decisions that will guide rate-design options:**

## **Rate design philosophies**

- Small, incremental increases over time?
- Phase in rate alignment between customer classes over time?
- Move toward postage stamp concept for Water and WW?
- Modify low-income, senior and disabled discount program?
- Promote conservation?
- Implementation date – January 1 or April 1?

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# Requested Board guidance

**Board decisions that will guide rate-design options:**

## **Possible modifications (independent of rate increase decisions):**

- Eliminate minimum charge?
- Eliminate demand ratchet?
- Modify irrigation season?
- Streamline methodology for Water and Wastewater rates?
- Streamline interdepartmental rates?
- Modify tiered rates to encourage more conservation?

# Rate design philosophies- Electric

| <b>ELECTRIC</b>    | 2009 Rev.<br>Req. | 2010 Rev.<br>Req. |
|--------------------|-------------------|-------------------|
| Residential        | 0.2%              | 11.1%             |
| Commercial         | 0.0%              | 2.1%              |
| Industrial         | 0.3%              | 11.7%             |
| Irrigation         | 0.2%              | 9.6%              |
| Frost Protection   | 0.1%              | 5.5%              |
| St Lights          | (31.3)%           | (26.1)%           |
| Inter-departmental | 0.0%              | 3.4%              |
| CTCI – 95/00       | 0.2%              | 11.1%             |
| <b>TOTAL</b>       | <b>0.0%</b>       | <b>8.2%</b>       |

- Small, incremental increases over time?
- Phase in rate alignment between customer classes over time?
- Modify low-income, senior and disabled discount program?
- Implement Jan. 1 or April 1?

- Cost of service analysis provides information for rate design
- Not the only factor to consider (also consider policies, goals, and objectives)
- Not a recommendation for specific rate increases

# Rate design philosophies- Water

| <b>WATER</b> | 2009 Rev.<br>Req. | 2010 Rev.<br>Req. |
|--------------|-------------------|-------------------|
| Residential  | 7.9%              | 16.7%             |
| Commercial   | 11.7%             | 21.2%             |
| <b>TOTAL</b> | <b>9.1%</b>       | <b>18.1%</b>      |

- Small, incremental increases over time?
- Phase in rate alignment between customer classes over time?
- Modify low-income, senior and disabled discount program?
- Implement Jan. 1 or April 1?

- Cost of service analysis provides information for rate design
- Not the only factor to consider (also consider policies, goals and objectives)
- Not a recommendation for specific rate increases

# Rate design philosophies- Wastewater

| <b>WASTEWATER</b> | 2009 Rev.<br>Req. | 2010 Rev.<br>Req. |
|-------------------|-------------------|-------------------|
| Residential       | 32.2%             | 48.6%             |
| Commercial        | 8.6%              | 13.6%             |
| Industrial        | 27.6%             | 41.9%             |
| <b>TOTAL</b>      | <b>25.4%</b>      | <b>38.5%</b>      |

- Small, incremental increases over time?
- Phase in rate alignment between customer classes over time?
- Modify low-income, senior and disabled discount program?
- Implement Jan. 1 or April 1?

- Cost of service analysis provides information for rate design
- Not the only factor to consider (also consider policies, goals and objectives)
- Not a recommendation for specific rate increases

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# Eliminate minimum base charge

- Typically associated with some base usage
- Electric residential example (base-\$7.20 min-\$12.85)
- Counter to conservation goals
- Confusing for customers
- Less than ½% of the retail revenues
- ~4,000 charges < \$1.00 & ~500 charges < \$0.10

Consideration – Eliminate the monthly minimum charge from the electric rate schedules

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# Modify irrigation season

- Seasonal rates designed to match billing with the actual use of the service
- Billing and collection activity limited to a smaller period reducing cost to the end user
- Current design reduces advantage of seasonal rate by extending the need to continue the billing process in October and initiating it prior to May

Consideration – Limit the season to May-September with any incidental demand or usage during the off season billed during the initial period of the season

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# Modify tiered rate structure

- Current tiered rate structure implemented 10 years ago to promote conservation
- Top tier rate of less than 3 cents is minimal incentive for conservation
- Tiers can also benefit low income households

Consideration – Adjust tiered design to enhance support of conservation, low-income customers and provide basis for allocation of wholesale benefits to the residential class

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# Streamline water and wastewater rates

- Currently multiple rates for each class (by location)
- Increases complexity and administrative burden
- Not aligned in an integrated fashion
- Key component of ability to control future costs and improve future flexibility of rate design

Consideration – Move to a common “postage stamp” rate concept for water and wastewater services regardless of specific location

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# Eliminate demand ratchet

- Industrial and commercial rates have an additional demand charge component called a “ratchet”
- The demand ratchet is a way of factoring in the highest demand that occurs during the year
- The demand ratchet is currently applied in two different ways, to two classes of customers

Consideration – Remove demand ratchet and bill based on the actual demand for the period

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# Streamline interdepartmental rates

- Needed for tracking purposes
- Used to determine full costing by system and programs
- Opportunity to simplify and streamline

Consideration – Pursue opportunities to simplify and streamline rates used for internal District charges

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# Board discussion

## Part 2 – Board discussion

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# Public comment

## Part 2 - Public comment

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# Did we accomplish our goals for tonight?

- Shared results of cost of service analysis (COSA)
- Discussed possible rate modifications
  - Independent of rate increase decisions
- Provided time for Board discussion
- Listened to public comment

# Next steps

| Process Step  | Targeted Timeline                      |
|---|--|
| <input checked="" type="checkbox"/> Step 1 - Policies & Objectives Identified                                   | Feb. 19, 2008                          |
| <input checked="" type="checkbox"/> Step 2 - Revenue Requirements (Electric, Water & WW)                        | Mar. 24, 2008                          |
| <input checked="" type="checkbox"/> Step 3 - Cost of Services Performed (Electric, Water, WW)                   | Jun. 2, 2008                           |
| <input type="checkbox"/> Step 4a - Rate Design Options (Electric, Water, WW)<br>➤ <b>Initial Board Guidance</b> | May – June 2008<br><b>June 9, 2008</b> |
| <input type="checkbox"/> Step 4b - Public Comment   | June – Aug. 2008                       |
| <input type="checkbox"/> Step 4c - Final Adjustments  | July – Aug. 2008                       |
| <input type="checkbox"/> Step 5 – Board Decision  | Aug. 2008                              |
| <input type="checkbox"/> Step 6 - Testing & Implementation  | Sep. – Dec. 2008                       |
| <input type="checkbox"/> Communication  | Ongoing                                |

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# Thank you for attending!

- Make plans to attend future board meetings
- Visit our Web site [www.chelanpud.org](http://www.chelanpud.org) for further comment