

RESOLUTION NO. 11-13683

A RESOLUTION ESTABLISHING RATES FOR  
THE DISTRICT'S ELECTRIC ENERGY  
SERVICES

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The District, in compliance with RCW 54.24.080, is required to establish, maintain and collect rates or charges for electric energy and water and other services, facilities and commodities sold, furnished or supplied by the District. The rates and charges shall be fair, nondiscriminatory and shall be adequate to provide revenues sufficient for the payment of the principal of and interest on such revenue obligations for which payment has not otherwise been provided and all payments which the District is obligated to set aside in any special fund or funds created for such purpose, and for the proper operation and maintenance of the public utility and all necessary repairs, replacements and renewals thereof.

In 2006-2007, the District held a series of public meetings that focused on strategic planning and the District's finances. Financial policies were adopted that were designed to put the District on solid financial footing.

The adoption of the strategic financial policies led to a cost-of-service study. The 2008 cost-of-service study led to Board action on October 20, 2008, when the Board approved changes in rates designed to encourage power conservation and more closely align rates among different types of customers (referenced as "rate redesign"). The changes were targeted to take effect after the high-use winter season on April 1, 2009, but the changes were later postponed when the District found it necessary to adopt a 9-percent electric rate surcharge to cover the financial shortfalls in the 2009 budget.

When the surcharge was implemented by the Board, effective April 1, 2009, the rate redesign was put on hold so there would not be a double impact on any customers who might see increases from the rate redesign. When the surcharge was renewed in 2010 and 2011, the rate redesign was postponed.

The rate design committee reconvened in early 2011. The committee concluded that the 2008 cost-of-service analysis would keep the District in line with the financial policies adopted as part of strategic planning with the overall projected revenue requirement of 2.5 percent. It was determined that implementation of this revenue requirement would impact each electrical class of customers as follows: residential 3.2 percent; commercial 1.0 percent; industrial 3.2 percent; irrigation 3.3 percent; and frost protection 2.4 percent.

The rate committee considered various options related to residential rates. The tiered rate that was part of the 2008 rate redesign was reconsidered. The rate committee proposed that a flat rate of 2.7 cents per kWh be adopted, along with an increase in the discount for low-income senior and low-income disabled customers to \$9.25. The rate committee proposed that the 2008 rate design for residential customers be rescinded. Shifting to a single flat rate energy charge,

regardless of energy used, for residential customers is easier to administer, and leads to clearer understanding for customers of the cost of energy used. The District will continue to promote energy conservation through incentives and programs.

The committee further concluded that the following recommendations from the 2008 cost-of-service analysis should stay as stated: the minimum charge be eliminated and the base charge be adjusted for all classes; energy charge be adjusted for residential, commercial, irrigation and frost protection; demand charge be adjusted for commercial, industrial and frost protection; demand ratchet be eliminated for commercial and industrial classes; and the off season rate be eliminated for the irrigation class.

The proposed rate design and increases were presented on September 6, 2011 to the Board of Commissioners for their input and discussion of a plan for moving forward and receiving public comment. The Commission directed staff to set a public meeting schedule and communicate the impacts of the proposed rate design and rate revisions. Pursuant to Resolution No. 80-6286, public meetings were properly noticed in radio ads, newspaper ads, handouts, and the District website. Meetings were scheduled and held at 5:30 p.m. on September 21, 2011 in Leavenworth, September 26, 2011 in Wenatchee and September 27, 2011 in Chelan.

The proposed rates are attached as Exhibit A and, if adopted, would go into effect January 1, 2012. When the rates are published, staff recommends that the rates be consolidated as appropriate. Interdepartmental rates, which are not published, will be reviewed and adjusted to match the corresponding published rate as appropriate based on the character and nature of the service provided, also effective January 1, 2012.

A public hearing was held, October 17, to discuss rate design changes to the District rate structures for electric as reflected in staff's "Rates for 2012" presentation.

### **ACTION**

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO.1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. Requirements for meetings and notices as established by Resolution No. 80-6286 have been met.

Section 2. The nine percent (9%) electric surcharge expires December 31, 2011.

Section 3. The nine percent (9%) increase in the District's low-income assistance discounts expires December 31, 2011.

Section 4. The electric rates set forth in Exhibit A attached hereto are determined to be fair, reasonable, necessary and non-discriminatory. The rates set forth in Exhibit A are effective January 1, 2012.

Section 5. When the rates set forth in Exhibit A are published, District staff is authorized to consolidate the rates as appropriate.

Section 6. The electric service rates established by prior Commission actions are hereby rescinded and replaced by rates included in the attached Exhibit A.

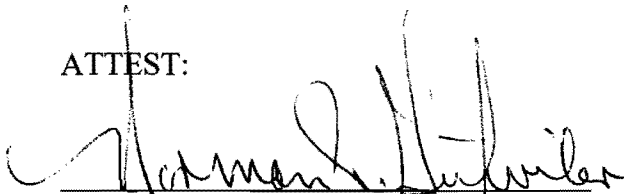
Section 7. The interdepartmental rates will be reviewed by District staff and adjusted to match the corresponding published rate, as appropriate, based on the character and nature of the service provided.

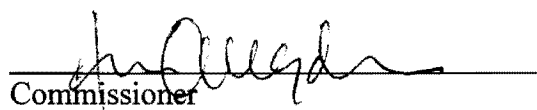
Section 8. The adoption of this rate resolution is not a major action under the State Environmental Policy Act, and as such is categorically exempt under S.E.P.A. guidelines, W.A.C., Ch 197-11-800(15)(i).

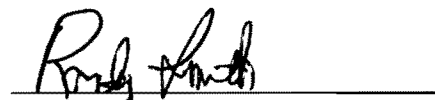
Section 9. This resolution rescinds and supersedes prior resolutions and Commission actions that are inconsistent with this resolution and exhibits. This resolution shall not render invalid any previous action by this Commission regarding rates, service regulations, policies, fees, charges or agreements except as specifically included in this resolution and exhibits.

DATED this 17<sup>th</sup> day of October 2011.

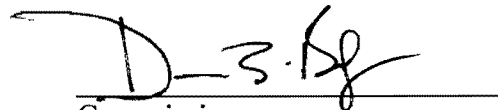
ATTEST:

  
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Vice President

  
\_\_\_\_\_  
Commissioner

  
\_\_\_\_\_  
President

  
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Secretary

  
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Commissioner

Seal

<b>Exhibit A - Electric Proposed Rates 2012 Rate Comparison Effective January 1, 2012</b>	<b>Current w/o Surcharge</b>	<b>Effective Jan. 1, 2012</b>	<b>Unit</b>
<b>( 1 ) Residential Electric</b>			
0 - 1,000 KWH	0.0229	0.0270	<i>¢ KWH</i>
1,001 - 2,000 KWH	0.0284	0.0270	<i>¢ KWH</i>
> 2,000 KWH	0.0299	0.0270	<i>¢ KWH</i>
Basic Charge (1 phase)	\$7.20	\$7.70	<i>\$ Cust/Mo</i>
Basic Charge (3 phase)	\$13.35	\$13.35	<i>\$ Cust/Mo</i>
Senior/Disabled Discount	\$(8.25)	\$(9.25)	<i>\$ Cust/Mo</i>
Minimum Charge	\$12.85	-	<i>\$ Cust/Mo</i>
<b>( 2 A-2 ) General Service - Part A-2</b>			
Energy Charge (0-39 kW)	0.0248	0.0270	<i>¢ KWH</i>
Energy Charge (40+ kW)	0.0244	0.0235	<i>¢ KWH</i>
Demand Charge (40+ kW)	\$2.31	\$2.40	<i>\$ KW</i>
Basic Charge 1 phase (0-39KW)	\$16.90	\$16.90	<i>\$ Cust/Mo</i>
Basic Charge 1 phase (40+ KW)	\$10.20	\$16.90	<i>\$ Cust/Mo</i>
Basic Charge 3 phase (0-39KW)	\$25.35	\$25.35	<i>\$ Cust/Mo</i>
Basic Charge 3 phase (40+ KW)	\$15.25	\$25.35	
Minimum Charge	\$26.95	-	<i>\$ Cust/Mo</i>
<b>( 2 B-23 ) General Service - Part B-23</b>			
KWH Charge	0.0210	0.0235	<i>¢ KWH</i>
Demand Charge	\$2.25	\$2.25	<i>\$ KW</i>
Basic Charge 3 phase	\$14.85	\$25.35	<i>\$ Cust/Mo</i>
Minimum Charge	\$26.25	-	<i>\$ Cust/Mo</i>
<b>( 2-CASCDN ) Gen Svc - Cascadian Apts Mstr</b>			
Energy Charge	0.0248	0.0270	<i>¢ KWH</i>
Demand Charge	\$2.31	\$2.40	<i>\$ KW</i>

<b>Exhibit A - Electric Proposed Rates 2012 Rate Comparison Effective January 1, 2012</b>	<b>Current w/o Surcharge</b>	<b>Effective Jan. 1, 2012</b>	<b>Unit</b>
Basic Charge 1 phase (0-39KW)	\$16.90	\$16.90	\$ Cust/Mo
Basic Charge 1 phase (40+KW)	\$10.20	\$16.90	\$ Cust/Mo
Basic Charge 3 phase (0-39KW)	\$25.35	\$25.35	\$ Cust/Mo
Basic Charge 3 phase (40+KW)	\$15.25	\$25.35	\$ Cust/Mo
Minimum Charge	\$26.95	-	\$ Cust/Mo
<b>( 3 ) Standard Primary Power Service</b>			
0 - 5 aMW Energy Charge	0.0126	0.0135	¢ KWH
Demand Charge	\$3.23	\$3.23	\$ KW
Basic Charge	\$62.10	\$125.00	\$ Cust/Mo
<b>( 5 ) Irrigation Service</b>			
October Energy Charge	0.0143	-	¢ KWH
Inter-Season Energy Charge	0.0322	-	¢ KWH
Irrig Season Energy Charge	0.0143	0.0165	¢ KWH
Irrig Season Demand Charge	\$3.52	\$3.52	\$ HP
Irrig Basic Charge (1 phase)	\$9.15	\$9.50	\$ Cust/Mo
Irrig Basic Charge (3 phase)	\$14.05	\$14.50	\$ Cust/Mo
Irrig Season Min Charge Adj	\$4.55	-	\$ HP
<b>( 6 ) Frost Protection (Seasonal)</b>			
Energy Charge	0.0244	0.0240	¢ KWH
Demand Charge	\$2.31	\$2.40	\$ KW
Basic Charge	\$15.25	\$21.00	\$ Cust/Mo
Minimum Charge	\$26.95	-	\$ Cust/Mo
<b>( 30 ) Time of Use Primary Power Svc</b>			
0 - 5 aMW (Off-Peak KWH)	0.0090	0.0100	¢ KWH
0 - 5 aMW (On-Peak 6am-6p KWH)	0.0141	0.0155	¢ KWH

<b>Exhibit A - Electric Proposed Rates 2012 Rate Comparison Effective January 1, 2012</b>	<b>Current w/o Surcharge</b>	<b>Effective Jan. 1, 2012</b>	<b>Unit</b>
On-Peak Demand Charge	\$3.23	\$3.23	\$ KW
Off-Peak Demand Charge	\$1.69	\$3.23	\$ KW
Basic Charge	\$84.75	\$125.00	\$ Cust/Mo
Minimum Charge	Ratchet	-	\$ Cust/Mo
<b>( 101 ) Residential Stehekin</b>			
0 - 400 KWH	0.0407	0.0420	¢ KWH
401 - 750 KWH	0.0565	0.0580	¢ KWH
> 751 KWH	0.1129	0.1160	¢ KWH
Basic Charge	\$11.35	\$11.70	\$ Cust/Mo
Senior/Disabled Discount	\$(8.25)	\$(9.25)	\$ Cust/Mo
<b>( 102 ) General Service Stehekin</b>			
Energy Charge 0-400 (KW <= 5)	0.0407	0.0420	¢ KWH
Energy Charge 401-750 (KW <= 5)	0.0565	0.0580	¢ KWH
Energy Charge 751+ (KW <= 5)	0.1129	0.1160	¢ KWH
Energy Charge (KW > 5)	0.0971	0.1000	¢ KWH
Demand Charge	\$9.03	\$9.30	\$ KW
Basic Charge (KW <= 5)	\$11.35	\$11.50	\$ Cust/Mo
Basic Charge 2 (KW > 5)	\$22.65	\$23.00	\$ Cust/Mo