

RESOLUTION NO. 12-13714

A RESOLUTION RATIFYING THE MOTION TO  
CHANGE ELECTRIC RATE SCHEDULES 3, 30,  
AND 33 AND UTILITY SERVICE  
REGULATIONS REGARDING 5 aMW CAP

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

Public Utility District No. 1 of Chelan County (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 the 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 purpose operation and maintenance of the public utility and all necessary repairs, replacements and renewals thereof.

In 2009, industrial customers requested that District staff consider options for changing the District's annual 5 average megawatt (aMW) cap in Electric Rate Schedules 3, 30, and 33. Industrial customers advocated for changes that would create more price certainty for energy used in excess of 5 aMW per year. During this same period, the Port of Chelan County expressed a strong interest in the District lifting its annual 5 aMW energy cap to spur economic development within the county by encouraging large energy users.

In 2010, the District's rate committee identified options and associated impacts for the Board of Commissioners' consideration. Staff presented these options to the Board during a series of public meetings. Public outreach efforts continued through 2010 and 2011.

On February 6, 2012, staff recommended to the Board that the 5 aMW cap be maintained as a limit for an annual average use by an industrial customer, but that the rate schedule be modified to provide for a fixed price for energy above 5 aMWs and up to 6 aMWs within a given billing period. The fixed price should be established using a market-based rate analysis, plus a 15% administrative fee. This fixed-price energy would allow industrial customers to exceed the 5 aMW cap within a billing period without being subject to market fluctuation of energy prices. This recommendation provides customers and the District with a higher level of certainty for energy planning. If an industrial customer utilizes energy above 6 aMW within a billing period or above 5 aMW as an annual average, then that industrial customer would be subject to Rate Schedule 4.

The 2012 fixed rate for energy should be set at \$0.0319/kWh. This fixed rate will be reviewed at least annually to ensure the rate reflects changing market conditions.

The Board waived the informational meetings required by Resolution No. 80-6286 due to the specific outreach efforts and meetings previously held with the industrial customers impacted by the proposed change. A public hearing on the proposal was held March 19, 2012. After the public hearing, the Board approved a motion to change Rate Schedules 3, 30 and 33 and the

Utility Service Regulations to implement staff's recommended changes. The changes are effective April 1, 2012. This resolution ratifies and approves the motion.

The recommended amendments to the Utility Service Regulations are attached as Exhibit A. The recommended amendments to Electric Rate Schedules are attached as Exhibit B.

### **ACTION**

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

Section 1. The informational meetings required by Resolution No. 80-6286 were waived due to the specific outreach efforts and meetings previously held with the industrial customers impacted by the proposed changes to Rate Schedules 3, 30 and 33. A public hearing was held on March 19, 2012 to further review staff's recommended changes to Rate Schedules 3, 30 and 33 and allow for additional public input. A motion was adopted and the board ratifies and confirms that motion as set forth in this resolution.

Section 2. The changes to the definitions in the Utility Service Regulations are set forth in Exhibit A attached hereto. These changes support the change in the rate schedules. All other sections remain in effect. The Utility Service Regulations, as amended, are effective April 1, 2012.

Section 3. The revised Electric Rate Schedules 3, 30 and 33 are set forth in Exhibit B attached hereto. Rate Schedules 3, 30 and 33 are determined to be fair, reasonable, necessary and non-discriminatory. The rates are effective April 1, 2012.

Section 4. The Electric Rate Schedules 3, 30 and 33 established by prior Commission actions are hereby rescinded and replaced by rates included in the attached Exhibit B.

Section 5. 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 6. 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 2nd day of April, 2012.

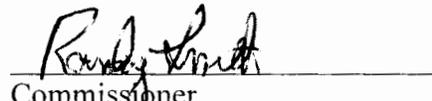
  
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President

ATTEST:

  
\_\_\_\_\_  
Vice President

  
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Secretary

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Commissioner

  
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Commissioner

**Utility Service Regulations**

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**2. DEFINITIONS**

Words and phrases are defined throughout these Utility Service Regulations. The following terms wherever used in any of these Utility Service Regulations, the District's Rate Schedules, the District's Policies and in any application or Contract for Electric, Telecommunication Infrastructure, Water or Wastewater Service, shall have the following meanings, unless otherwise clearly stated:

**Point of Delivery**

The rates of the District are based upon the supply of Electric Service to the Premises through a single delivery and metering point. See Section 31 for more information.

**Exhibit B**  
**Electric Rate Schedules**

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· PRIMARY POWER SERVICE

**RATE  
SCHEDULE  
3, 30 AND 33**

**Exhibit B**  
**Electric Rate Schedules**

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## **PRIMARY POWER SERVICE**

### **Schedules 3, 30 and 33**

#### **AVAILABILITY:**

These schedules apply to Customers with average electrical loads from 0.4 annual average megawatts (aMWs) up to and including 5 annual aMWs at a single Point of Delivery. These rate schedules are available throughout the District's service area with the exception of the Stehekin area. Service under Schedule 3, 30, and 33 may require a power sales contract between the Customer and the District prior to connection of service.

The Standard Service Rate, Schedule 3, is the basic rate which applies to all qualifying Customers. The Time of Use Rate, Schedule 30, requires an agreement between the Customer and the District. The Transitional Service Rate, Schedule 33, applies to those Customers identified under provisions described below in Option 1.

Customers subject to the terms and conditions of Schedules 3, 30 and 33 meet the following characteristics:

- Served at one Premise through a single Point of Delivery as defined in the District's Service Regulations
- In compliance with Chapter 296-46B WAC electrical safety standards, administration and installation
- Satisfactory Power Factor determined in Schedule 24

Customers with multiple locations and energy loads will not be aggregated for billing purposes unless the District, in its sole discretion, determines the Customer is circumventing the 5 aMW energy cap to meet the load requirements of a common Premise.

A Customer with measured loads greater than 5 annual aMWs will be required to be served under Rate Schedule 4 for a minimum of one (1) year. After the one-year period, the Customer may request a review of the customer's previous 12-month energy use to determine whether service should be provided under Rate Schedule 3/30. The request must be made to the District's Customer Service Manager in writing.

#### **DETERMINATION OF LOAD - NEW SERVICES**

A new service Customer must provide an engineering estimate of average loads, which supports the Customer's annual load from 0.4 aMWs up to and including 5 aMWs. The Customer's first 12-month period will be used to determine the Customer's average megawatt load. Once a Customer's load is determined to be greater than 0.4 annual aMWs but not exceeding 5 annual aMWs, the Customer will no longer be subject to the options listed below. No future reviews of load for the purpose of determining whether a Customer meets the minimum load requirement will be required once the Customer has met the 0.4 annual aMWs load requirement.

#### **LOADS DETERMINED TO BE BELOW 0.4 ANNUAL AMWS**

Customers with measured loads below 0.4 annual aMWs, as determined by the first 12-month review, must select one of the two rate options as detailed below.

**Electric Rate Schedules****Option 1: Switch to Rate Schedule 33**

Rate Schedule 33 is only open to Customers who have been previously served by Rate Schedules 3 or 30. Under Rate Schedule 33, Customers continue to own and be responsible for the operation and maintenance of their electrical service facilities. Customers must remain on Rate Schedule 33 for a minimum of one year and will only be allowed to switch back to Rate Schedule 3 or 30 after a full 12-month period of operating with a load of 0.4 annual aMWs or greater.

The Customer is responsible for requesting a District review of loads and will only be allowed to switch to Schedule 3 or 30 after submitting a written request for the review to the District's Customer Service Manager. Qualifying Customers will be switched to Schedule 3 or 30 on the next billing period date following completion of the load review.

**Option 2: Switch to Rate Schedule 2**

Under this option, the District will purchase the Customer's electrical service facilities for the present fair value of the facilities and switch the Customer to Schedule 2. The District will only purchase facilities that comply with existing District standards. If the electrical service facilities do not meet District standards, the Customer will be responsible for all costs necessary to ensure all facilities and equipment comply with District standards and provide satisfactory proof of such compliance.

**CHARACTER OF SERVICE:**

Three phase, sixty-hertz alternating current at the primary voltage available.

**SCHEDULE 3 IS NOTED AS THE STANDARD SERVICE RATE**

**SCHEDULE 30 IS NOTED AS THE TIME OF USE RATE**

**SCHEDULE 33 IS NOTED AS THE TRANSITIONAL RATE**

**ENERGY SURCHARGES**

Under schedule 3/30 the Customer's consumption must remain under 5 annual aMWs. However, Customers can periodically exceed 5 aMWs within a billing period. Customers exceeding 5 aMWs will be subject to energy surcharges as described below.

**Fixed Rate Energy Surcharge**

Fixed rate energy surcharges apply to the portion of energy use within billing periods in excess of 5 aMWs. Energy in excess of 5 aMWs and up to 6 aMWs within a billing period will be charged at a fixed rate which is reviewed by the District on at least an annual basis. The kWh fixed rate will be established using the 50th percentile forward price curve from the DowJones Mid-Columbia Electricity Index for the following year with a 15% administrative fee added.

Fixed Rate Energy Surcharge as of 4/1/2012:

Mid C Flat Index = \$0.02773 / kWh + 15% admin fee \$0.00416 = \$0.0319/kWh

**Market Rate Energy Surcharge**

When energy consumption exceeds 6 aMWs within a billing period, a Customer will be billed at the fixed rate as defined above or the current Mid-C flat market index, whichever is greater, for the excess energy used within that billing period above 5aMWs. If a Customer's energy consumption exceeds 6 aMWs within a billing period, the Customer

**Exhibit B**

**Electric Rate Schedules**

must submit a new 12-month forward energy consumption plan to the District within 10 days for review and approval by the District's Customer Service Manager.

**RATES**

	<b>Schedule 3</b>	<b>Schedule 30</b>
	<u><b>Standard</b></u>	<u><b>Time of Use</b></u>
<b>Basic Charge:</b>		
Per month per meter	\$ 125.00	\$ 125.00
<b>Energy Charge:</b>		
All KWH per month	1.35¢	
All KWH per month on peak (6 a.m. - 6 p.m.)		1.55¢
All KWH per month off peak (all other hours)		1.00¢
<b>Demand Charge:</b>		
All KW per month	\$ 3.23	
All KW per month		\$ 3.23

**SCHEDULE 33**

- Basic Charge:**.....\$ 25.35 per month per meter
- Demand Charge:**.....\$ 2.25 per KW for all demands
- Energy Charge:**..... All KWH per month @ 2.35¢ per KWh

**POWER FACTOR:**

Service under this schedule is subject to Power Factor Schedule 24.

**TAX ADJUSTMENT:**

The amount of any tax levied by any city or town in accordance with R.C.W 54.28.070 of the laws of the State of Washington, will be added to all charges for electricity sold within the limits of any such city or town.

**SERVICE POLICY:**

Service under this schedule is subject to the rules and regulations as defined in the District's Utility Service Regulations.

EFFECTIVE: **APRIL 1, 2012**