



## Rate Case Study

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- This analysis breaks the costs of providing service into functional categories
  - production
  - transmission
  - distribution
  - general administrative
- These costs are allocated to the different rate classes based on how much it costs to serve them

## Rate Case Study

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- How do you calculate a rate?
  - Multiply current rate times the Kilowatt Hours used by that customer class
  - Compare that amount with the cost to serve that customer class
  - If it costs more to serve that class than you generate in revenue, the differential is the amount you raise rates

## Rate Case Study

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- Proposed rate changes for electric
  - FY08: 9%
  - FY09: 12.5%
  - FY10: 4.5%
  - FY11: 4.5%
- Proposal is in line with staff recommendations
- V.K. first proposed a 12% rate increase for FY08

## Rate Case Study

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- Leveling out the rate increases over the next four years will effect cash reserve amounts
- Cash reserves:
  - Important to bond rating
  - Used for emergencies
  - Funds capital expenditures

## Rate Case Study

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- Recommended rate changes for water
  - FY08: 8%
  - FY09: 8%
  - FY10 8%
  - FY11 4.5%
- Proposal is in line with staff recommendations
- The suggested rate increases include the estimated revenue needed to cover the proposed bond issue in 2008



## Integrated Resource Plan

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- An IRP is a comprehensive approach to securing a future power supply
- Will give us the information we need to provide reliable, cost-effective and environmentally sensitive energy
- Study will take 18 weeks
- Power Supply Task Force will help guide the process and advise Council
- Opportunities for public input throughout study



## Integrated Resource Plan

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### Scope of the IRP

- Review/update load forecast
- Review previous power supply studies
- Evaluate future power supply options with considerations for environmental impact, transmission constraints, renewable requirements and fuel supply
- Consider impact of Demand Side Management programs
- Evaluate local power plant options



## Integrated Resource Plan

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- W&L staff interviewed 4 engineering firms
  - Energy & Environmental Economics: \$143,140
  - R.W. Beck: \$160,000
  - Black and Veatch: \$174,790
  - Burns & McDonnell: \$200,000



## Integrated Resource Plan

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- W&L Advisory Board is recommending Council select Burns and McDonnell
  - Experience with studies of this size and scope
  - Favorable approach and analytical tools
  - Integrated approach for adding efficiency measures to the study
  - Familiar with our system, conservation programs, community and public process
  - Completed the 1992 IRP for Columbia