



PUBLIC MEETING MARCH 20, 2023

2022 RATE STUDY & TARIFF CHANGES



AGENDA

Tariff requirements

Tariff changes

Rate study team

Goals/objectives of a rate study

Proposed changes

Impact of proposed changes to members

Questions/comments

RATE STUDY TEAM

Travis Million, CEO

Jaime Matthews, CFO

Wayne McKinzey, COO

Sharon Scheidt, DOC

Jason Strong, CFC Rate Consultant

Kemppel, Huffman & Ellis – CVEA Counsel

TARIFF REQUIREMENT – SECTION 1.4

- DECISIONS ON TARIFF CHANGES SHALL BE BASED ON THE FOLLOWING STANDARDS:
 - RECORD DEVELOPED THROUGH MEMBER COMMENTS OR PUBLIC HEARINGS
 - FAIR AND NONDISCRIMINATORY TREATMENT OF ALL COOPERATIVE MEMBERS AND CUSTOMER CLASSES
 - RATES SHALL BE SET TO ENSURE THE FINANCIAL VIABILITY OF THE COOPERATIVE
 - STATEMENT BY GENERAL COUNSEL ON COMPLIANCE

PUBLIC HEARINGS

- THE PURPOSE IS TO PRESENT RESULTS, RECEIVE MEMBER COMMENTS AND ANSWER QUESTIONS PERTAINING TO THE PROPOSED CHANGES
 - COMMENTS WILL BE RECEIVED UNTIL MAY 8, 2023 AT 5PM
- THE CVEA BOARD OF DIRECTORS WILL CONSIDER COMMENTS WHEN A VOTE IS MADE
- THE CVEA BOARD OF DIRECTORS WILL ISSUE ITS DECISION WITHIN THIRTY (30) DAYS OF THE CLOSE OF THE PUBLIC HEARINGS OR ANY CONTINUANCE OF PUBLIC HEARINGS
 - MAY 18, 2023 BOARD MEETING

TARIFF CHANGES

- MINOR CHANGES
 - DEPOSITS
 - CLARIFIED LANGUAGE ON DEPOSIT REQUIREMENTS
 - REMOVED GUARANTEE INFORMATION
 - UPDATED LANGUAGE ON INTEREST RECEIVED TO MATCH HOW THE BILLING SYSTEM WORKS
 - LINE EXTENSIONS
 - ADDED CLARIFICATION ON LENGTH OF TIME COST ESTIMATES ARE VALID FOR
 - CHANGED PERMANENCY CRITERIA TO BE 12 MONTHS TO BE CONSISTENT WITH OTHER SECTIONS OF THE TARIFF
 - BILLING AND COLLECTIONS
 - CHANGED PAST DUE LANGUAGE TO BE CONSISTENT WITH THE BILLING SYSTEM
 - REMOVED BUDGET BILLING SECTION
 - NET METERING
 - REMOVED LIMITATION ON PARTICIPANTS
 - MODIFIED LANGUAGE ON WAITING SWITCH REQUIREMENTS
 - UPDATED INSURANCE LANGUAGE TO BE ANNUAL RATHER THAN SPECIFIC DATES

RATE STUDY STEPS

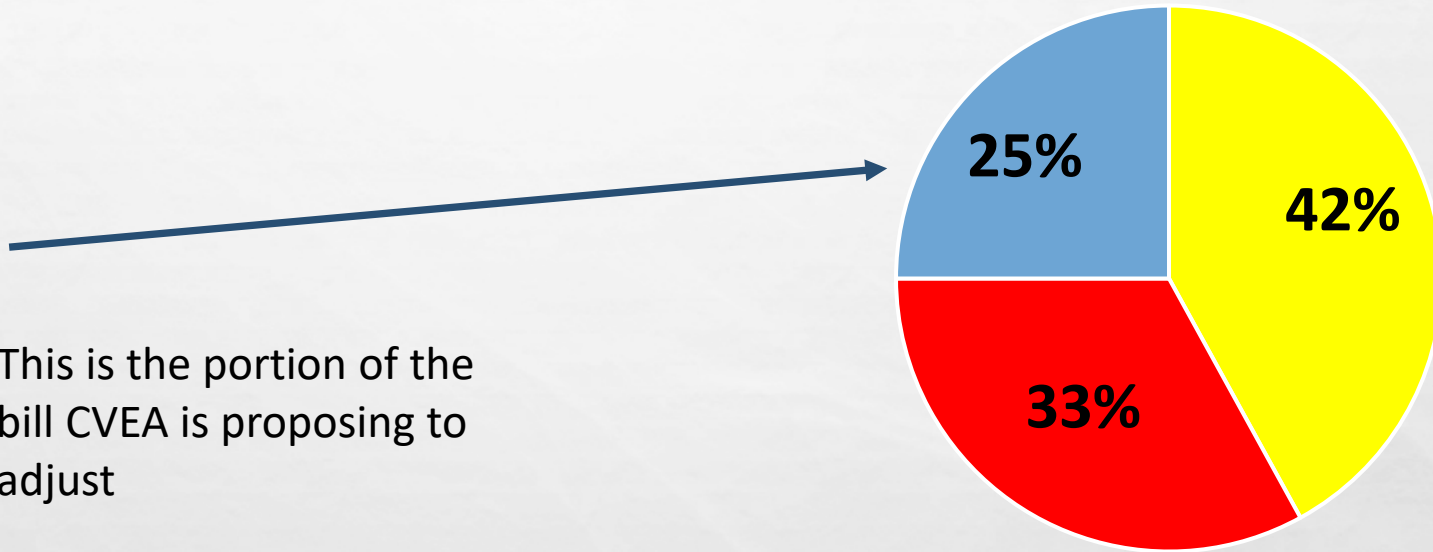


GOALS OF THE RATE STUDY

- MEET LONG TERM FINANCIAL AND OPERATIONAL NEEDS
 - (CASH)
- UNDERSTAND RATE CLASS EQUITABILITY
 - (MOVING CHARGES CLOSER TO COST OF SERVICE)
- EVALUATE UNIFIED RATES
- SIMPLE, EASY TO EXPLAIN TO MEMBERSHIP



COMPONENTS OF A MEMBER BILL



This is the portion of the bill CVEA is proposing to adjust

- G&T Charge
- Fuel Charge Less Heat Revenue Credit
- Customer Charge & Energy Charge

CVEA RATE STUDY HISTORY

(CUSTOMER &
ENERGY
CHARGE)

- RATE STUDY HISTORY
 - 1997
 - 2011
 - 2018
 - 2022
- WHY CVEA IS UPDATING THE RATE STUDY
 - AGING INFRASTRUCTURE
 - LONG TERM PLANNING
 - GROWTH/LOSS WITHIN CUSTOMER CLASSES

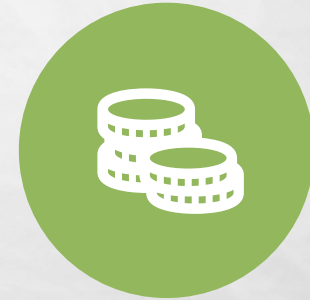
RESULTS OF THE COST OF SERVICE STUDY



\$190,000 REVENUE
SHORTFALL



COS LOW FOR
RESIDENTIAL AND SMALL
COMMERCIAL



FUTURE COST
CONSIDERATIONS



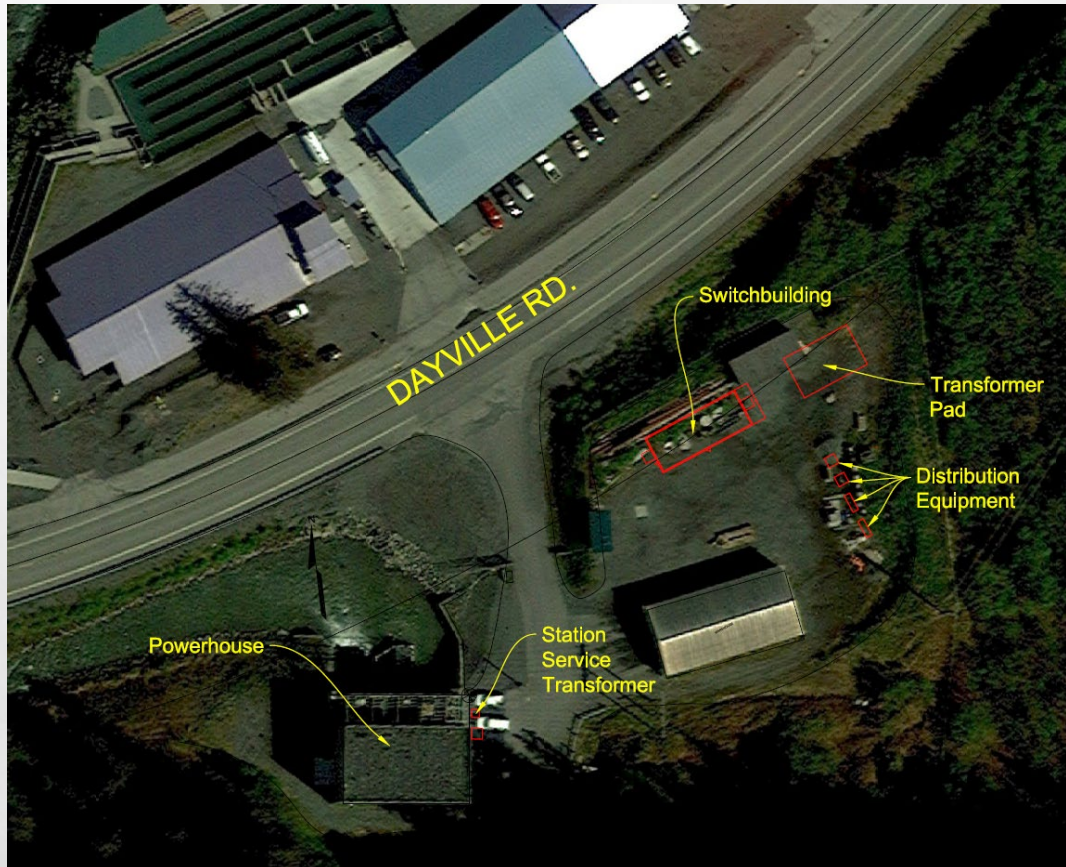
SUSTAINABILITY

- SUSTAINING THE COOPERATIVE FINANCIALLY WHILE MAINTAINING AN AGING INFRASTRUCTURE IS THE PRIMARY REASON FOR ADJUSTING RATES

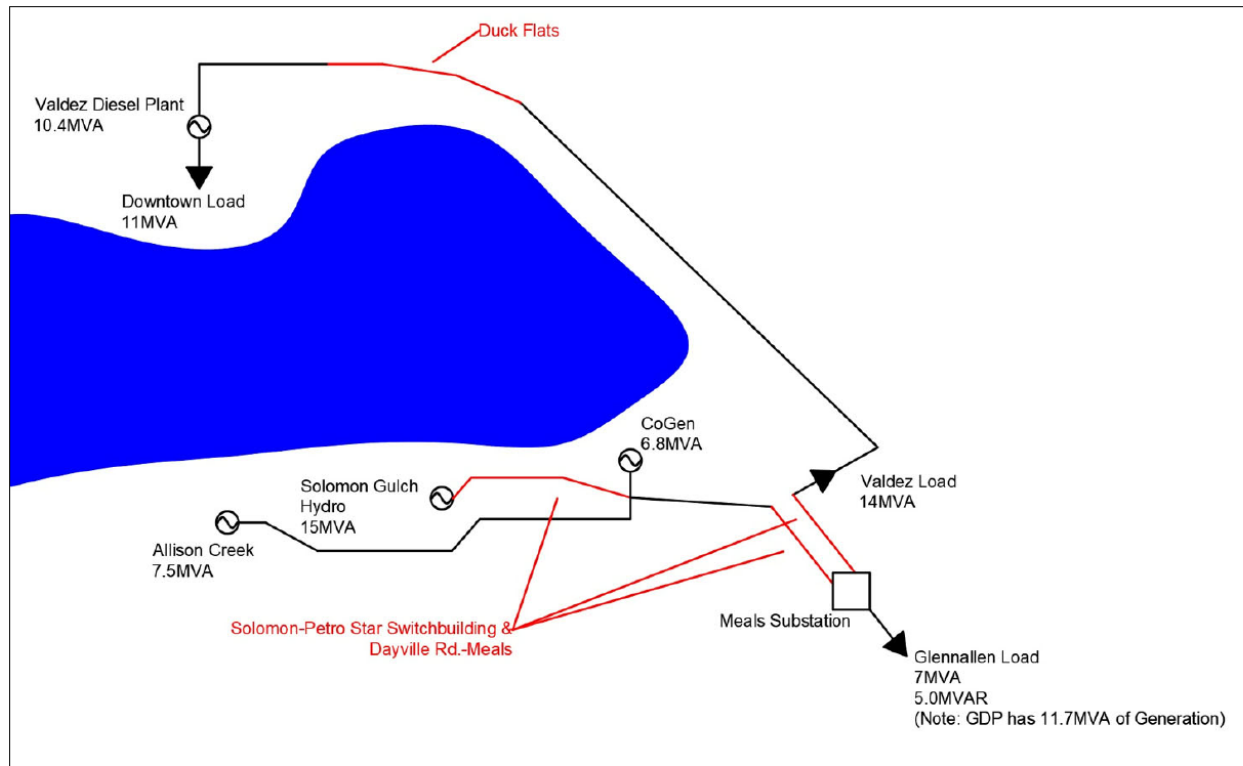
FUTURE COSTS: CAPITAL WORK PLAN

- DOLLARS TO MAINTAIN CVEA'S AGING INFRASTRUCTURE
 - ESTIMATED 6 MILLION PER YEAR
- WILL HIGHLIGHT MAJOR IMPACTS
 - RELOCATION OF SOLOMON SUBSTATION
 - DUCK FLATS AND DAYVILLE DISTRIBUTION REBUILDS
 - COGEN OVERHAUL
 - MATERIAL COSTS

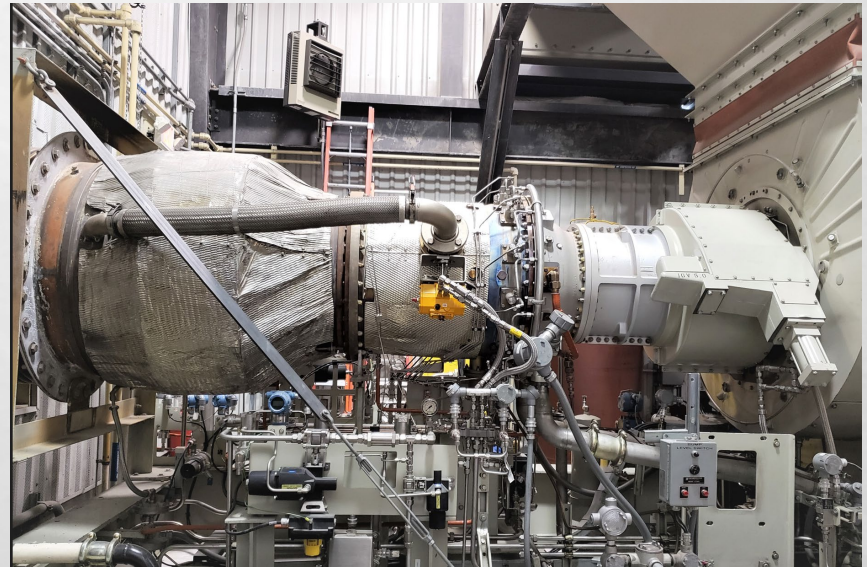
RELOCATE SOLOMON GULCH SUBSTATION \$5 MILLION



DUCK FLATS AND DAYVILLE DISTRIBUTION REBUILDS - \$1.9 MILLION



COGENERATION PLANT OVERHAUL \$1.5 MILLION



MATERIAL PURCHASES

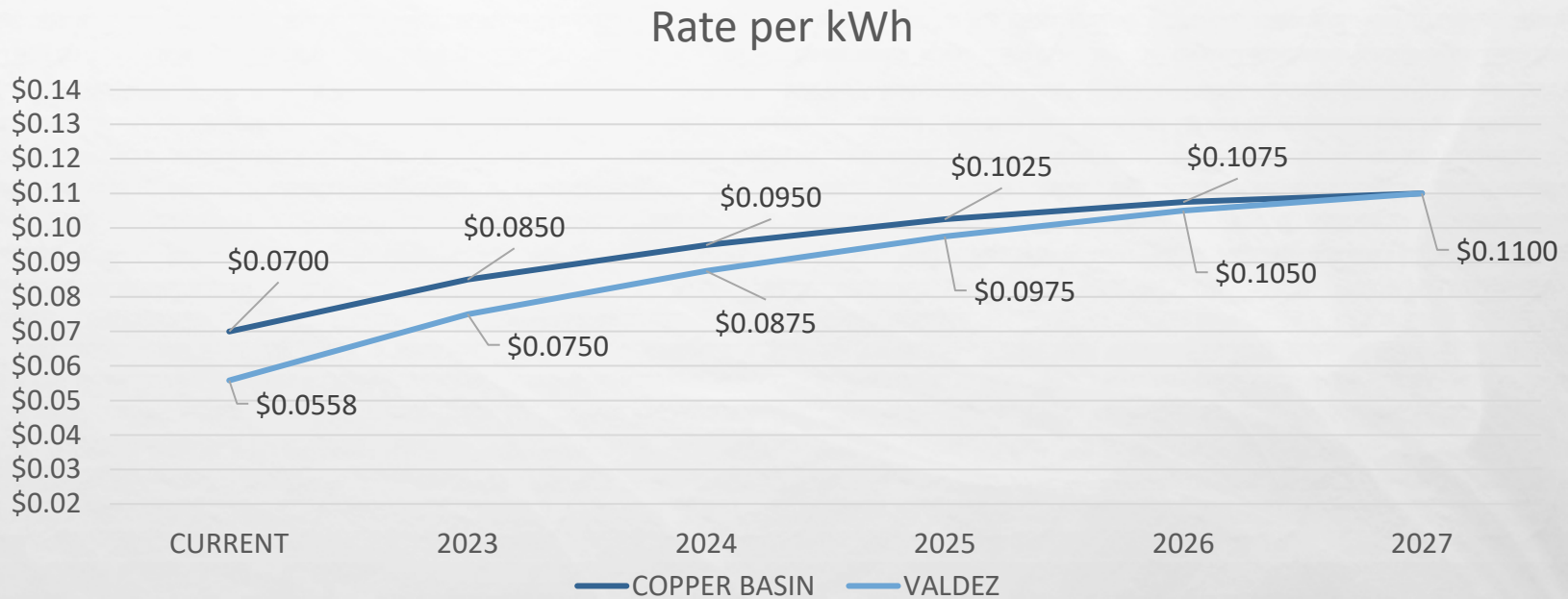
\$1.1 MILLION



UNIFIED RATES

- SUPPORTS THE COOPERATIVE MODEL
 - OTHER UTILITY EXAMPLES
 - CVEA DOES NOT CHARGE DIFFERENT CONSTRUCTION RATES
- TRANSITION OVER A 5 YEAR PERIOD WITH A RATE STUDY TO BE CONDUCTED AROUND YEAR 4
 - NON- DISTRICT RATES
 - ALL RESIDENTIAL AND SMALL COMMERCIAL MEMBERS WILL BE TRANSITIONED TO 11¢ PER KWH

WHAT IS PROPOSED? RESIDENTIAL



Average member impact = \$5-\$10 / month depending on district and usage in year 1

Note average usage: 370 kWh month Copper Basin, 493 kWh month Valdez

WHAT IS PROPOSED? SMALL COMMERCIAL

Rate per kWh



Average member impact = \$9-\$21 / month depending on district and usage in year 1

Note average usage: 1,355 kWh month Copper Basin, 1,851 kWh month Valdez

INDIVIDUAL IMPACT

- WHAT DOES THIS ALL MEAN TO YOUR ACCOUNT?
 - EACH MEMBER IS DIFFERENT DUE TO YOUR USAGE
 - CONTACT CUSTOMER SERVICE AT CUSTOMERSERVICE@CVEA.ORG AND YOUR INDIVIDUAL ANALYSIS CAN BE PROCESSED

Rate Study Draft Changes

Member:

Usage from January 2022-December 2022

Testing 1 year of the impact (rates would be implemented in June)

Rate Class: Copper Basin Residential

	kWh Usage	Bill Before Changes	Bill After Changes	Total Change	
January	735	\$ 334.04	\$ 345.07	\$ 11.03	
February	642	\$ 289.21	\$ 298.84	\$ 9.63	
March	393	\$ 177.38	\$ 183.27	\$ 5.90	
April	432	\$ 198.81	\$ 205.29	\$ 6.48	
May	407	\$ 128.40	\$ 134.51	\$ 6.11	
June	454	\$ 109.53	\$ 116.34	\$ 6.81	
July	482	\$ 115.05	\$ 122.28	\$ 7.23	
August	456	\$ 109.92	\$ 116.76	\$ 6.84	
September	414	\$ 101.64	\$ 107.85	\$ 6.21	
October	418	\$ 102.43	\$ 108.70	\$ 6.27	
November	563	\$ 224.59	\$ 233.04	\$ 8.45	
December	545	\$ 201.84	\$ 210.02	\$ 8.17	
	5,941	\$ 2,092.85	\$ 2,181.97	\$ 89.12	4.3%

Note: Same COP & G&T rates based on 2023 budget

SAMPLE ANALYSIS

IMPORTANT DATES

- ACCEPT MEMBER COMMENTS THROUGH 5PM ON MONDAY, MAY 8
- BOARD WILL VOTE ON MAY 18
- IF ADOPTED BY THE CVEA BOARD OF DIRECTORS, CHANGES WILL BE EFFECTIVE WITH THE JUNE 20, 2023 BILLING

QUESTIONS/COMMENTS?



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