

# Cost of Service Study 2011

2<sup>nd</sup> Phase

# October 2011

- In October of 2011 we completed a Cost of Service Study with the final revenue numbers suggesting an overall increase of
  - 6.1%
  - Or
  - \$2,018,399
- This increase will bring us into compliance with our Debt Service Coverage

- The study showed that the Base Charge should be increased in all rate classes. As of October 1, 2011 we increased the customer Base Charge \$5.00
- This increase generated approximately \$820,000 of the \$2,000,000 suggested by the Cost of Service Study.

# Phase 2

- The second part of this Cost of Service and Rate Study are the kWh and Demand charges.
- Based on April 2012 revenue numbers the study is showing a suggested rate increase for our Residential Customers and our Commercial – Large Service Demand Customers.
- For a total amount of \$1,200,000.

**This rate increase does not  
effect the Small Business or  
Irrigation Customers**

# Residential Rate

- The current Residential Rate is broken out into 3 Block Rates.
- Block one rate is the first 500 kWh and the rate is .0748
- Block two rate is the next 1500 kWh and the rate is .0852
- Block three rate is over 2000 kWh and the rate is .1000

# Proposed New Residential Rate

- Increase Block 1 and Block 2 by 4.5% for a total increase of \$511,000
- Block 1 rate from .0748 to .07812
- Block 2 rate from .0852 to .0890
- Block 3 rate no increase

# Commercial – Large Demand Rate

- Increase kWh and Demand Charge by 4.5% for a total increase of \$620,000
- kWh rate from .0655 to .06845
- Demand rate from \$8.62 to \$9.01



# Revenue Comparison Residential

## Current Rate                      4.5% Increase

■ Based on 1,200 kWh		■ Based on 1,200 kWh	
■ Base Charge = \$25.00		■ Base Charge = \$25.00	
■ Block 1 @ 0748            37.40		■ Block 1 @.07812            39.06	
■ Block 2 @ .0852            59.64		■ Block 2 @.0890            62.30	
• Total                      \$122.04		• Total                      \$126.36	

**Increase of \$4.32**  
**(average .080 per kWh)**

**Based on 2000 kWh**  
**Increase of \$5.70**  
**(average .086 per kWh)**

# Revenue Comparison Large General Service – Demand

**Current Rate**                      **4.5% Increase**  
Based on 100 kW/60%LF/43,200 kWh

■ Base Charge	\$ 35.00	■ Base Charge	\$35.00
■ Demand	\$ 517.20	■ Demand	\$ 540.60
■ Energy	\$2,829.60	■ Energy	\$2,957.04
• Total	\$3,381.80	• Total	\$3,532.64

# Residential Rate Comparison from other Utilities (1,200 kWh)

• NV Energy	\$147.96
• Valley Electric	\$146.86
• Overton Power*	\$126.36
• City of St George	\$101.14
• Lincoln County- Urban	\$149.48

■ \*Proposed rate

# Large General Demand Rate Comparison from other Utilities (100 kW/60%LF 43,200 kWh)

■ NV Energy	\$3,643.76
■ Valley Electric	\$4,130.44
■ Overton Power*	\$3,532.64
■ City of St George	\$2,765.75
■ Lincoln County – Urban	\$3,891.91

■ \*Proposed Rate