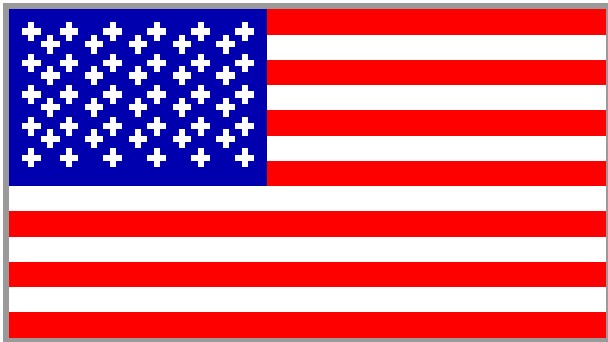
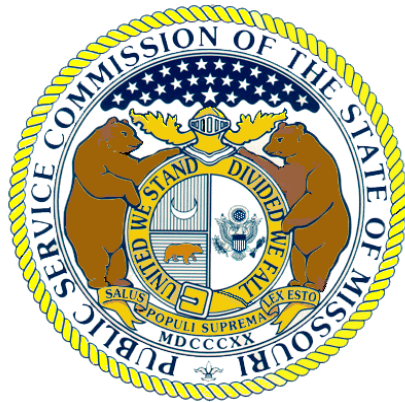


**Rwanda Utilities Regulatory Agency (RURA), National
Association of Regulatory Utility Commissioners (NARUC)
and Missouri Public Service Commission (MPSC)**

Regulatory Partnership Program



Sponsored by US Agency for International Development (USAID)

RURA and NARUC Partnership

Wednesday, October 27th, 10:45 to 12:00

**Rate Structures/Methodologies
continued**

Rate Structures/Methodologies

Types of Customer Classifications and Descriptions from a Missouri Utility's Tariff:

Residential Service – for residential service to single-family dwellings or to multi-family dwellings within a single building. This is not available for service through a single meter to two or more separate buildings each containing one or more dwelling units.

Rate Structures/Methodologies

General Service

Commercial Service – for any General Service customer whose electric load is not in excess of 40 kW.

Small Heating Service – for any General Service customer whose electric load is not in excess of 40 kW during the summer season and where the electric service supplied is the only source of space-heating.

Rate Structures/Methodologies

General Power Service – for any General Service customer who has a billed demand usage that is 40 kW or greater.

Large Power Service – for any General Service customer who has a billed demand usage that is 1000 kW or greater.

Rate Structures/Methodologies

Electric Furnace Primary Service –for service to electric furnaces on an interruptible basis.

Feed Mill and Grain Elevator Service – for electric service to any customer feed mill or grain elevator.

Total Electric Building Service – for any General Service customer for total electric service who has a billed demand usage that is 40 kW or greater.

Rate Structures/Methodologies

Special Transmission Service – for any General Service customer who has signed a service contract with the utility. This contract is basically a negotiated contract based on the specific needs of the customer.

Rate Structures/Methodologies

Special Service

Municipal Street Lighting Service – for municipalities served by the company under the provisions of an Electric Franchise having an original term of not less than ten years.

Private Lighting Service – for outdoor lighting service to any retail customer. These charges are based on the type of lights used.

Rate Structures/Methodologies

Special Lighting Service – for electric service to sport field lighting, holiday decorative lighting or similar nighttime temporary or seasonal use. Can only be used from dusk to dawn.

Miscellaneous Service – for electric service to signal systems or similar unmetered service and to temporary or seasonal use.

Rate Structures/Methodologies

Special Riders – Companies also allow special riders to accompany a service contract. Some examples of the riders that might be available are:

Special or Excess Facilities, Experimental Green Power, Interruptible Service, Average Payment Plan, Cogeneration Purchase Rate, Residential Conservation Service, Promotional Practices, Experimental Low-Income Program, Net Metering Rider, Optional Time of use Adjustment, and Empire's Action to Support the Elderly

Rate Structures/Methodologies

Rate Design - Goals of Rate Design:

→ Cost-Based

→ Costs are allocated to customer classes (Residential, Commercial, Industrial) based on their usage characteristics:

Maximum Demand on the System and
Total Usage

Rate Structures/Methodologies

In order to:

Avoid undue price discrimination among customers.

Create price signals that encourage efficient use of system capacity, leading to lower costs in the long-run.

Rate Structures/Methodologies

Stable and Predictable:

- Produce stable revenues for the utility.
- Provide stable price signals to customers, allowing them to reliably predict their bills.
- Changed gradually (i.e., avoid “rate shock”).

Rate Structures/Methodologies

Easily Applied:

→ Based on usage characteristics readily measurable for most customers.

Easily Measurable: Monthly usage.

Not as Easily Measurable: Usage during each hour of each day (“Real-Time” pricing).

Rate Structures/Methodologies

Understandable to Customers:

- Readily Understandable: Rates based on monthly usage.
- More Complex: Rates based on monthly usage AND maximum daily or hourly demand.

Rate Structures/Methodologies

Acceptable to Customers:

- Generally Accepted: Rates based on monthly usage.
- Not Yet Accepted: Residential rates based on time of usage (“Time-of-Day” pricing).

Rate Structures/Methodologies

What the Bills to Customers Contain (Customer Charge & Rates That Vary By Usage Block)

→ Customer charge.

→ Commodity or Usage charges. The rates for commodity charges typically have a different price for Summer and Winter seasons.

Rate Structures/Methodologies

The following are examples of what these charges look like from a Missouri Utility's tariff:

Residential Service:		
MONTHLY RATE:	Summer Season	Winter Season
Customer Charge	\$8.75	\$8.75
The first 600 kWh, per kWh	\$0.0719	\$0.0719
Additional kWh, per kWh	\$0.0719	\$0.0452

Rate Structures/Methodologies

Commercial Service:		
MONTHLY RATE:	Summer Season	Winter Season
Customer Charge	\$12.32	\$12.32
The first 700 kWh, per kWh	\$0.0838	\$0.0838
Additional kWh, per kWh	\$0.0838	\$0.0570

General Power Service:		
MONTHLY RATE:	Summer Season	Winter Season
Customer Charge	\$44.73	\$44.73
Demand Charge		
Per kW of Billing Demand	\$6.09	\$4.76
Energy Charge		
First 150 hours use of Metered Demand, per kWh	\$0.0626	\$0.0368
Next 200 hours use of Metered Demand, per kWh	\$0.0395	\$0.0355
Additional kWh, per kWh	\$0.0355	\$0.0346

Rate Structures/Methodologies

How a Rate Case Normally Proceeds

Instituting a Rate Case – Timing and Issues

- Can be on a Motion of the Commission, but normally the Utility files for the rate change.
- After the Utility files the rate case, the Commission must act on the case within 11 months of the application.

Rate Structures/Methodologies

Utility Filing Requirements – What should be in the filing

- The Utility has the burden of proof
- The Utility must supply three years of historical data with the filing
- The filing includes a historic test year and a forecast rate year (links must be provided if there are any changes between the two)

Rate Structures/Methodologies

→ The filing also must include testimony supporting the rate request as well as workpapers that support those rates.

Rate Structures/Methodologies

Rate Case Schedule – A general timeline

- Month 1 – Company Files Rate Case and Discovery Period Begins
- Month 4 – Staff and Intervenor Testimony Filed
- Month 5 – Company Rebuttal Testimony Filed
- Month 5 – Hearings Held

Rate Structures/Methodologies

- Month 6 – Brief and Reply Brief Filed
- Month 8 – Judge's Recommended Decision
- No Later Than Month 11 – Commission Opinion Issued

Rate Structures/Methodologies

Issues of a Rate Case – Other Items

- Rate Design and Revenue Allocation
- Performance Incentives
- Retail Access Incentives and Rules
- Economic Development Programs
- Low Income Programs

Rate Structures/Methodologies

Settlements – what are they made of?

- Usually the result of negotiations between the parties in the case
- Settlement can sometimes result in a better solution than the traditional fully litigated process
- Current practice is to begin discussions after staff and intervenor testimony is filed

Rate Structures/Methodologies

- Settlement aims to create multiyear plans, 3-5 years with reopeners
- Settlement is the most common outcome of rate cases
- Negotiations are confidential
- Exploratory discussions can take place between any two parties, but negotiations must be at meetings with all parties present

Rate Structures/Methodologies

- Settlement includes reopeners for items that cannot be reliably forecasted and are outside the control of the company
- Settlement usually includes protection for both sides if the outcome is very different than expected, both sides can seek Commission permission to reopen the plan
- Multi-party settlements are the goal

Rate Structures/Methodologies

What happens after settlement procedures?

- Hearings with supporting and opposing statements and often testimony
- The Judge's recommended decision is optional, usually the analysis goes directly to the Commission
- Commission may accept, modify, or deny the settlement
- If not accepted, parties have the right to withdraw their support.

Questions?

