



LAKEVIEW, OHIO

---

2022  
ELECTRIC RATE  
AND  
COST OF SERVICE  
STUDY

January 18, 2022

Courtney & Associates



# SCOPE OF SERVICES

---

- Revenue Requirements Analysis
- Cost of Service Analysis
- Rate Review
- Develop New Rates
- Present Results



# REVENUE REQUIREMENTS ANALYSIS

---

1. Project Energy Sales
2. Project Power Supply Requirements and Costs
3. Project Revenues at Current Rates
4. Project Revenue Requirements
5. Determine Overall Revenue Adjustment



# PROJECTED ENERGY SALES (kWh)

---

|             | <u>2022</u>      | <u>2023</u>      | <u>2024</u>      | <u>2025</u>      |
|-------------|------------------|------------------|------------------|------------------|
| Residential | 6,786,000        | 6,786,000        | 6,786,000        | 6,786,000        |
| Commercial  | 1,399,200        | 1,399,200        | 1,399,200        | 1,399,200        |
| Large Power | <u>1,638,000</u> | <u>1,638,000</u> | <u>1,638,000</u> | <u>1,638,000</u> |
| Totals      | 9,823,200        | 9,823,200        | 9,823,200        | 9,823,200        |



# PROJECTED POWER SUPPLY REQUIREMENTS & COSTS

---

| <u>Year</u> | <u>kWh(1)</u> | <u>Amount(2)</u> | <u>\$/kWh</u> |
|-------------|---------------|------------------|---------------|
| 2022        | 11,556,700    | \$ 950,000       | \$ 0.0822     |
| 2023        | 11,556,700    | 939,600          | 0.0813        |
| 2024        | 11,556,700    | 957,800          | 0.0829        |
| 2025        | 11,556,700    | 973,400          | 0.0842        |

(1) Includes unbilled losses of 15%.

(2) Based on projections provided by AMP



# PROJECTED REVENUES AT CURRENT RATES \*

---

|             | <u>kWh</u>       | <u>\$/kWh*</u>  | <u>Amount</u>       |
|-------------|------------------|-----------------|---------------------|
| Residential | 6,786,000        | \$ 0.150        | \$ 1,020,800        |
| Commercial  | 1,399,200        | 0.150           | 210,500             |
| Large Power | 1,638,000        | 0.129           | 212,000             |
| Totals      | <u>9,823,200</u> | <u>\$ 0.147</u> | <u>\$ 1,433,300</u> |

\* Includes a PCA = \$(0.01058) per kWh.

# PROJECTED REVENUE REQUIREMENTS

|                          | <u>2022</u>     | <u>2023</u>     | <u>2024</u>     | <u>2025</u>     |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| Personal Services        | \$ 312,000      | \$ 324,480      | \$ 337,459      | \$ 350,958      |
| Contractual Services     | 103,000         | 106,090         | 109,273         | 112,551         |
| Power Supply             | 949,961         | 939,560         | 957,820         | 973,421         |
| Supplies and Materials   | 20,600          | 21,218          | 21,855          | 22,510          |
| Outside kWh Tax          | 13,500          | 13,500          | 13,500          | 13,500          |
| Inside kWh Tax           | 35,000          | 35,000          | 35,000          | 35,000          |
| Capital Outlay           | 133,900         | 137,917         | 142,055         | 146,316         |
| Other Income             | <u>(12,000)</u> | <u>(12,000)</u> | <u>(12,000)</u> | <u>(12,000)</u> |
| Net Revenue Requirements | \$1,555,961     | \$1,565,765     | \$1,604,961     | \$1,642,256     |

January 18, 2022

Courtney & Associates



# DETERMINATION OF OVERALL REVENUE ADJUSTMENT

---

|      | <u>Revenues at<br/>Current Rates</u> | <u>Revenue<br/>Requirement</u> | <u>Revenue Adjustment<br/>Amount</u> | <u>%</u> |
|------|--------------------------------------|--------------------------------|--------------------------------------|----------|
| 2022 | \$ 1,443,208                         | \$ 1,555,961                   | \$ 112,753                           | 7.8%     |
| 2023 | 1,433,041                            | 1,565,765                      | 132,724                              | 9.3%     |
| 2024 | 1,450,889                            | 1,604,961                      | 154,071                              | 10.6%    |
| 2025 | 1,466,140                            | 1,642,256                      | 176,116                              | 12.0%    |



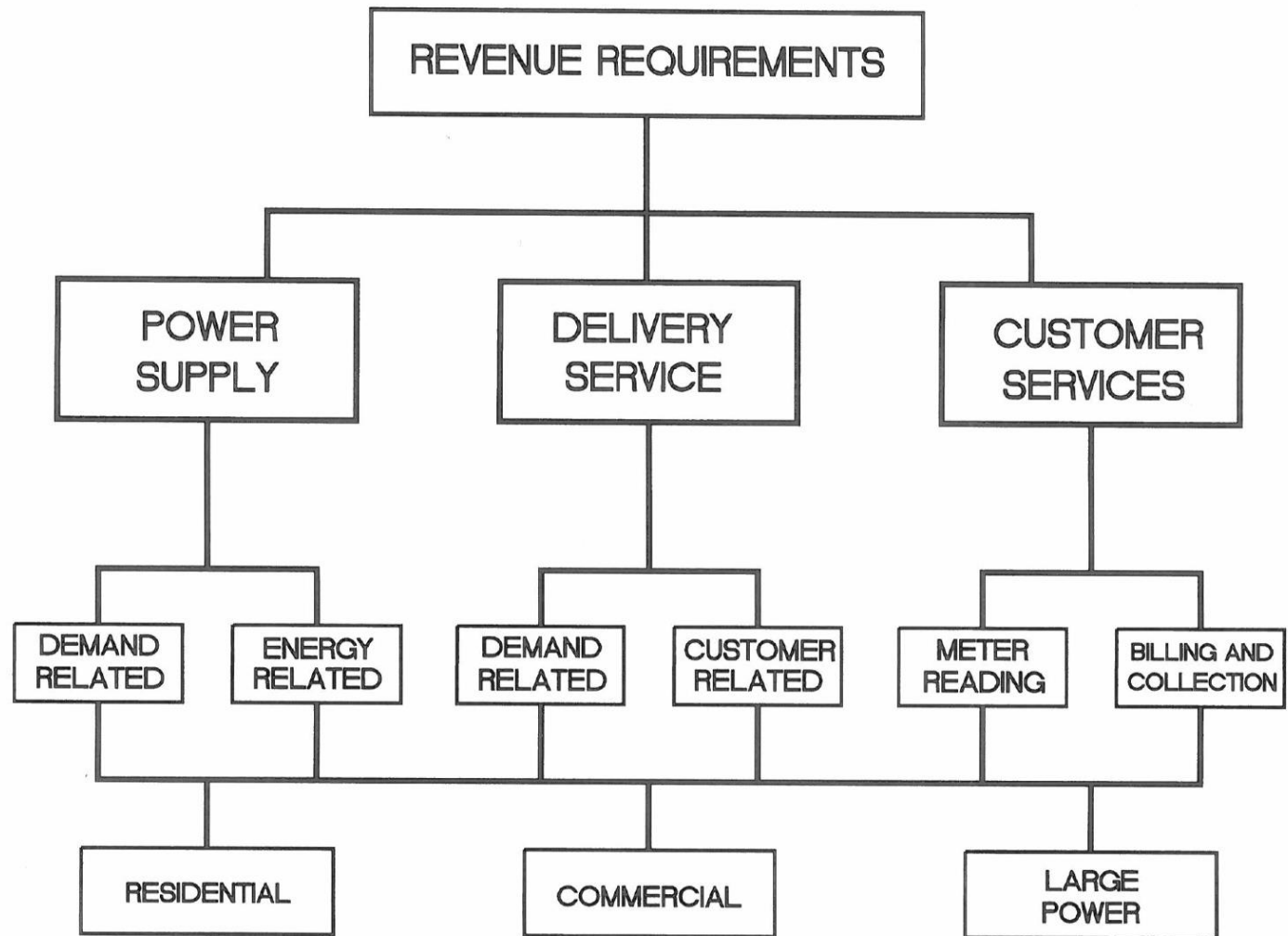


# CONCLUSIONS & RECOMMENDATIONS

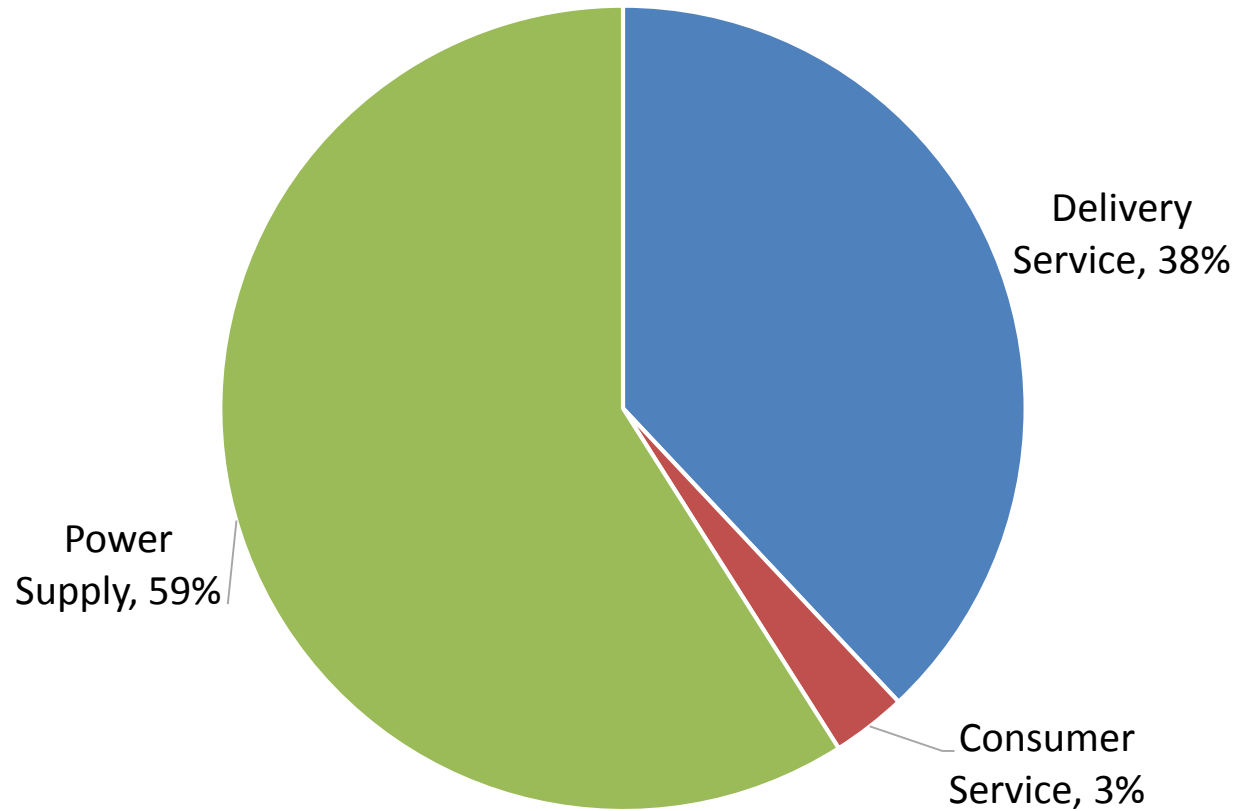
---

- Revenues at Current Rates are **NOT** Sufficient to Meet Future Revenue Requirements
- Revenues Need to be Increased Approximately 12% in Order to Meet the Projected 2025 Revenue Requirements

# "UNBUNDLED" COST OF SERVICE ANALYSIS



# FUNCTIONALIZATION OF REVENUE REQUIREMENTS 2025 TEST YEAR



# UNIT COST OF SERVICE

---

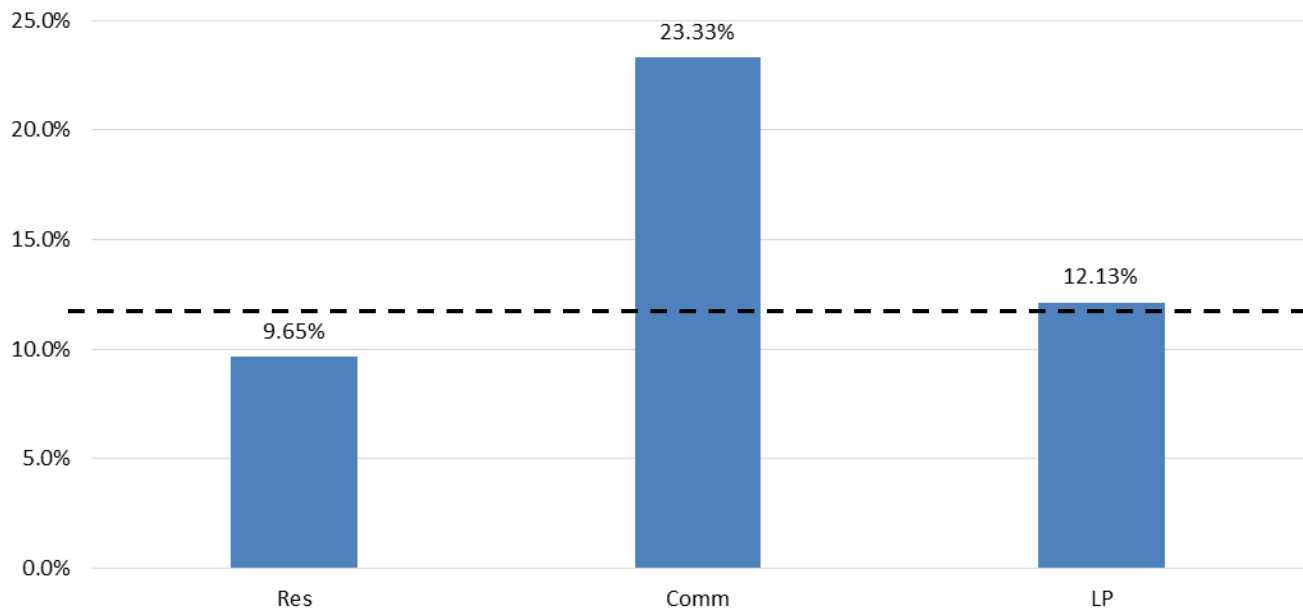
- Divide Funtionalized Costs by Units of Service
- Power Supply - Demand - \$24.03 / kW-Mo.
- Power Supply - Energy - \$ 0.0167 / kWh
- Delivery Service - Demand - \$ 10.09 / Delivered kW-Mo.
- Delivery Service - Customer - \$ 18.16 / Wt. Customer/Mo.
- Consumer Service - Meter reading - \$ 1.51 / Wt. Meter/Mo.
- Consumer Service - Billing - \$ 2.72 / Customer/Mo.

# COS vs. CURRENT RATES (1)

| <u>Rate Class</u> | <u>Revenue<br/>at Current<br/>Rates</u> | <u>COS<br/>Results</u> | <u>Under(Over)Recovery</u> |          |
|-------------------|---|------------------------|----------------------------|----------|
|                   |   |                        | <u>\$</u>                  | <u>%</u> |
| Residential       | \$ 1,036,592                            | \$ 1,136,660           | \$ 100,068                 | 9.65%    |
| Commercial        | 213,734                                 | 263,606                | 49,872                     | 23.33%   |
| Large Power       | 215,814                                 | 241,990                | 26,176                     | 12.13%   |
| Totals            | <u>\$ 1,466,140</u>                     | <u>\$ 1,642,256</u>    | <u>\$ 176,116</u>          | 12.01%   |

(1) Reflects 2020 Revenues and Test Year.

Village of Lakeview, Ohio  
Electric Rate and Cost of Service Study  
RATE INCREASE (DECREASE) REQUIRED  
TO MEET COST OF SERVICE RESULTS



Overall Increase  $\approx$  12%



# CONCLUSIONS & RECOMMENDATIONS

---

- The Cost of Service Analysis Indicates that the Commercial Class is Being Subsidized by the Residential Class.
- Future Rate Adjustments Should Move Revenue Distribution Towards Cost of Service Results.
- Continue to Monitor Cost of Service and Adjust Rates as Needed.



# RATE REVIEW

---

- Review Existing Rates
- Compare Existing Rates to Cost of Service
- Identify Concerns
- Develop New Rates





# RESIDENTIAL

---

- Effective 1/1/21
- Customer Charge: \$12.00/Month
- Energy Charge:  
All kWh \$ 0.140/kWh
- PCA Charge:  
All kWh \$ \*
- kWh Tax:  
All kWh \$ \*\*

\* Adjusted Monthly Based on Power Supply Costs.

\*\* As per Ohio Revised Code Section 5727.81.



# COMMERCIAL

---

- Effective 1/1/21
  - Customer Charge: \$ 20.00/Month
  - Energy Charge:  
All kWh \$ 0.135/kWh
  - PCA Charge:  
All kWh \$ \*
  - kWh Tax:  
All kWh \$ \*\*
- Adjusted Monthly Based on Power Supply Costs.
  - \*\* As per Ohio Revised Code Section 5727.81.



# COMMERCIAL-DEMAND

---

- Effective 1/1/21
- Customer Charge: \$ 20.00/Month
- Energy Charge:  
All kWh \$ 0.120/kWh
- Demand Charge:  
All kW \$ 4.00/kW
- PCA:  
All kWh \$ \*
- kWh Tax:  
All kWh \$ \*\*

\* Adjusted Monthly Based on Power Supply Costs.

\*\* As per Ohio Revised Code Section 5727.81.

# LARGE POWER

---

- Effective 1/1/21
- Customer Charge: \$ 45.00
- Energy Charge:
  - First 100 kWh per kW of Demand \$ 0.125/kWh
  - Next 100 kWh per kW of Demand 0.115/kWh
  - All Additional kWh 0.109/kWh
- Demand Charge:
  - All kW \$ 4.00/kW
- PCA Charge:
  - All kWh \$ \*
- kWh Tax:
  - All kWh \$ \*\*

\* Adjusted Monthly Based on Power Supply Costs.

\*\* As per Ohio Revised Code Section 5727.81.



# POWER COST ADJUSTMENT (PSCA)

---

$$\text{PSCA} = (\text{PSC/kWh} - \$ 0.09140) \times 1.15$$

PSC = Running 12-Month Power Supply Costs  
kWh = Running 12-Month Energy Requirements



# RATE CONCERNS & RECCOMENDATIONS

---

- Customer Charges are Below the Cost of Service Results
- Demand Charges are Below the Cost of Service Results
- Increase Customer Charges to Move Towards Cost of Service Results



# PROPOSED RATE ADJUSTMENTS

---

## RESIDENTIAL

- Increase Customer Charge by \$1.00 Each Year for Next 5 Years.

## COMMERCIAL

- Increase Customer Charge by \$2.00 Each Year for Next 5 Years.

## LARGE POWER

- Increase Customer Charge by \$5.00 Each Year for Next 5 Years.

