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Retail Rate Update for 2024

NPPD Board of Directors Meeting
President's Report
October 12, 2023

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Objectives

- Share proposed changes to 2024 retail rates
- Share proposed changes to retail rate schedule language and provisions
 - Proposed effective date for all rate schedules is January 1, 2024

2024 Retail Rates

- No overall retail base rate increase
 - Eleventh year in a row with no overall rate increase
 - However, will be proposing rate changes to individual customer classes
- Cost-of-Service (COS) study performed this year
 - Last study completed in 2020
 - 2023 study indicates the need for rate adjustments between customer classes
- Retail Production Cost Adjustment (PCA) credit
 - For 2024, phase out PCA credit for all classes except for Large Industrial Service (LIS)

Summary of Impacts of Proposed Rate Adjustments for Certain Classes

<u>Customer Class</u>	<u>Overall Class Rate Change Excl. PCA</u>	<u>Overall Class Rate Change Incl. PCA</u>	<u>Range of Annual Bill Impacts For Most Customers Incl. PCA</u>
(A)	(B)	(C)	(D)
1 Residential *	(0.8%)	0.8%	(0.2%) - 2.0%
2 Small Commercial	0.0%	1.7%	1.0% - 4.3%
3 Large Commercial	0.4%	2.8%	0.5% - 3.3%
4 Industrial (HTS)	1.5%	4.6%	3.3% - 5.4%
5 Industrial (LIS)	0.8%	(3.1%)	(3.1%)
6 Heating			
a. Separately Metered	3.3%	5.1%	2.5% - 6.7%
b. Comm Elec Space Htg	1.7%	3.8%	3.2% - 4.2%
7 Municipal Pumping	(2.5%)	(0.6%)	(2.2%) - 0.4%

* Includes Residential Time-of-Use (TOU) rates

Proposed Irrigation Rate Adjustments

- Includes four (4) irrigation rate subclasses with varying load control options

Rate	No. of Customers	Current Annual Revenue	Class % Change Excl. PCA	Class % Change Incl. PCA	Summer Range for Most Customers Incl. PCA
(A)	(B)	(C)	(D)	(E)	(F)
No Control	414	\$ 1,569,000	(6.8%)	(5.8%)	-6.1% to -5.8%
Time-of-Use	31	126,000	(3.1%)	(1.9%)	-2.9% to -2.0%
2-Day Control	146	766,000	(4.8%)	(3.5%)	-3.8% to -3.6%
Anytime Control	205	663,000	(3.3%)	(1.8%)	-2.4% to -1.7%
Total Irrigation	796	\$ 3,124,000	(5.4%)	(4.2%)	

NOTE: Column E includes summer and winter whereas column F includes summer only.

- Proposed increase in the Conversion Fee from \$20 to \$80

Proposed Lighting Rate Adjustments

- Individual lighting rate changes will vary depending upon the type and size of the light

Lighting Rate Class	Lighting Description	Current Annual Revenue	Class Avg Incr/(Decr)	Range for Individual Lights (\$/Month)	Number of Lights
(A)	(B)	(C)	(D)	(E)	(F)
M-1 / M-2	Municipal Streetlighting	\$ 2,509,000	5.5%	\$ 0.11 - \$ 2.11	22,647
M-3 / M-5	Highway, Roadway & Alley	91,000	7.3%	\$ 0.05 - \$ 2.25	609
ADL	Area/Directional	903,000	3.8%	(\$ 3.58) - \$ 1.12	6,672
GS-3	General Service Lighting (Energy Only)	94,000	7.5%	7.4%	1,362
Total Lighting:		\$ 3,597,000	5.1%		31,290

Proposed Miscellaneous Municipal (MM) Service Rider Rate Adjustments

- MM-Rider provides for up to a 33-1/3% discount to local & state tax supported agencies. This discount has been in place since 1955.
- Includes a floor price to ensure recovery of average production, transmission, and subtransmission costs
- Floor prices in ¢/kWh recalculated to reflect changes in wholesale power costs

	<u>Current</u>	<u>Proposed</u>	<u>% Incr./ (Decr.)</u>
Summer	7.6 ¢	7.3 ¢	(3.9%)
Winter	6.4 ¢	6.6 ¢	3.1%

- Approximately 2,000 customer accounts plus municipal street lighting currently qualify for this discount
 - Schools, courthouses, police & fire, etc.
- Total annual discount approximately \$3.2 million

Proposed Electric Vehicle (EV) Public Charging Station Rate Adjustments

- Proposal to change EV public charging rate structure from an elapsed time-based rate to a \$/kWh rate
- NEVI funding opportunity under the IIJA intends to strategically deploy EV charging stations and to establish an interconnected network to facilitate data collection, access, and reliability
 - Provides grants up to 80% of project costs
 - Requires \$/kWh pricing to be in place to receive funding for service provided after February 28, 2024

Proposed Electric Vehicle Public Charging Station Rates (cont'd)

	<u>Level 2</u>	<u>DCFC</u>
1 Charging Station Investment	\$ 21,000	\$ 215,000
2 Beneficial Electrification Incentives	\$ (18,900)	\$ (193,500)
3 Net Investment	\$ 2,100	\$ 21,500
4 Annual Energy (kWh)	3,600	24,000
5 \$/kWh for Capital Recovery	\$ 0.07	\$ 0.11
6 \$/kWh for Energy	\$ 0.09	\$ 0.12
7 Total \$/kWh	\$ 0.16	\$ 0.23
8 Equivalent \$/Gallon Gas	\$ 1.48	\$ 2.06
9 Idle Fee (Level 2 - \$/hour ; DCFC - \$/minute)	\$ 1.25	\$ 0.25

	<u>Level 2</u>	<u>62.5 kW</u>	<u>125 kW</u>
	<u>(\$/Hour)</u>	<u>DCFC</u>	<u>DCFC</u>
		<u>(\$/Minute)</u>	<u>(\$/Minute)</u>
Current Rates	\$ 0.50	\$ 0.09	\$ 0.18
Proposed Rates - Equivalent \$/Hr or \$/Min*	\$ 1.16	\$ 0.24	\$ 0.24

*Assumes maximum charging level for the entire time period. Actual equivalent rate may be less as it will depend on actual usage which varies based on factors such as the state of charge.

General Customer Service Charges (CS Rate Schedule)

- Cost-of-service study indicates increases needed for some charges due to increase in labor and material costs

	Charge	Current Charges	Full Cost of Service	Proposed Charges	Percent Inc/(Decr)	Annual Number of Charges
	(A)	(B)	(C)	(D)	(E)	(F)
1	Connect	\$ 15.00	\$ 14.00	\$ 15.00	0%	16,039
2	Landlord Connect (w/o notice)	\$ 5.00	\$ 5.00	\$ 5.00	0%	1,599
3	Landlord Connect (w/ notice)	\$ 10.00	\$ 10.00	\$ 10.00	0%	2,664
4	Reconnect	\$ 30.00	\$ 37.00	\$ 35.00	17%	9,688
5	Collection	\$ 70.00	\$ 83.00	\$ 85.00	21%	20
6	Insufficient Funds Check	\$ 25.00	\$ 28.00	\$ 30.00	20%	3,844
7	Late Payment	> of \$15 or 3%	N/A	> of \$15 or 3%	N/A	90,112
8	Temporary Service	\$ 245.00	\$ 297.00	\$ 300.00	22%	186
9	Advanced Metering Opt-Out Program:					
10	One-Time Meter Replacement	\$ 175.00	\$ 203.00	\$ 205.00	17%	1
11	Monthly Opt 1 - Customer Reads Meter	\$ 25.00	\$ 32.00	\$ 30.00	20%	144
12	Monthly Opt 2 - NPPD Reads Meter	\$ 60.00	\$ 70.00	\$ 70.00	17%	0

Other Proposed Retail Rate Changes

- Revise rate schedules that are based on or pass-through the proposed 2024 wholesale rates and/or provisions
 1. Large Industrial Service (LIS)
 2. Interruptible Service Rider (INT-Rider)
 3. Market-Based Rate Rider (MKT-Rider)
 4. Interruptible Market-Based Rate Rider (IMB-Rider)
 5. Standby Service Rider (ST-Rider)
 6. Simultaneous Buy/Sell Service Rider (SI-Rider)
 7. Net Metering Service Rider (NM-Rider)
- Simultaneous Buy/Sell Service Rider (SI-Rider)
 - Raise the per-customer-site limit from 25 to 100 kW for qualifying and non-qualifying renewable customer generation to be paid the stated rate

Other Proposed Retail Rate Changes (cont'd)

- Demand Waiver Rider (DW-Rider) administrative charge proposed to increase from \$150 to \$190 per month
- Modify transmission line billing provisions for new customers on certain rate schedules
 - NPPD billed for transmission based on prior calendar-year loads by Southwest Power Pool (SPP)
 - In the LIS, INT-Rider, MKT-Rider, IMB-Rider, and ST-Rider Rate Schedules, new customers are not charged for this in their initial year of operation
 - If/when such customer ceases operation, SPP will still bill NPPD for associated service in the following year, with costs covered by remaining retail customers
 - Address this issue by billing new customers for transmission service immediately based on 90% of their expected full load
- Add/clarify language and provisions as needed in other rate schedules

Schedule for Retail Rate Adjustments

- July - Retail cost-of-service study results shared with Board
- July-September
 - On-going communication with customers
 - Complete detailed rate designs
- October 12 - Proposed retail rates complete and shared with Board
- November 9 - Board agenda item for consideration of proposed retail rates
- January 1, 2024 - Proposed effective date



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Questions

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