

**Rate Rodeo**  
**A Case Study**  
**Cordova Electric Cooperative**

**Rural Energy Conference**  
**Fairbanks, Alaska**  
**September 25, 2014**



# Outline

## Utility Perspective - Rates

- Assure financial health
- Fairly allocate costs
- **Signal Customers**

## Customer Perspective - Rates

- Fee For a Product
- Fee For a Service

## **OTHER TOPICS**

- **Billing Statements**
- **Innovative CEC Rate Structures**

# The Challenges With Electricity

- Invisible, Mysterious Product
- Customers Pay Long After Use
- Bills are Difficult to Interpret
- Bills Don't Provide the Right Details

# Electricity – The Light Speed Commodity

- We know what it does
- We know when it works
- We don't know what it is
- We don't know how to measure it
- We don't know how it is produced or delivered
- We don't know how it works
- None of this is ever explained to us

**I owe you how much?**



ἀφίσταται ἀθήναισιν· καὶ πησάσων  
πρὸς αὐτὸν τοῖς ὀρλοῖσιν οὖσιν τὰ τέλη τῶν  
λαϊκῶν μορίων ὁμοσάτω αὐτὸν ἕξ  
πέντην, ἢ μὴν ἕσται ξημιάχου ἀν-  
τομόμοισιν ἀνπροσαλήται, οὕτω  
δύχονται τὸν ἀρῶν· καὶ οὕτω μὲν ὁ  
ἀθρον καὶ ἀγάρος ἀνδρῶν ἀποιμῶν  
ξωαπῶν· ταῦτα μὲν οὖν ἕξ τῶν ἕξ  
τούτων ἕξ τῶν· τοῦ δὲ ἀπὸ γιγνομένου  
χρόνου ὅσιν ἀρχομένου ὡς τὰ ἴω-  
ποια ἀπὸ καὶ δημοσίων ἀρῶν



# ELECTRIC BILL EXPLANATION





# CEO COMPENSATION



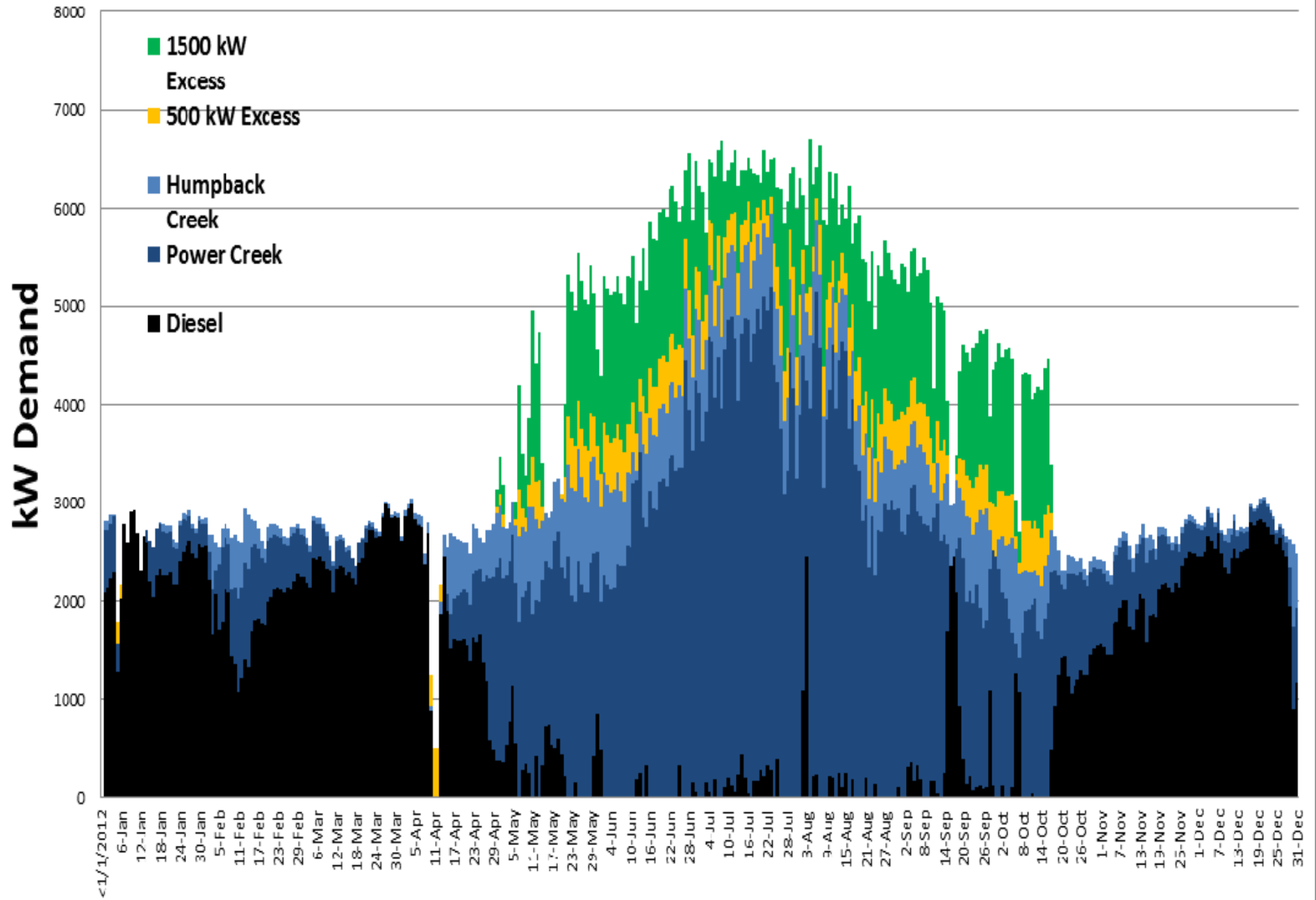
# What if Bills Looked Like This?

CUSTOMER PORTION		UTILITY PORTION	
Freezer	\$ 12.34	Distribution	\$ 25.87
Refrigerator	\$ 14.23	Underground Lines	\$ 23.01
Wash Machine	\$ 5.34	Diesel Fuel	\$ 164.67
Coffee Pot	\$ 14.37	Diesel Generation	\$ 64.32
Chevy Volt	\$ 45.23	Hydro Generation	\$ 37.23
Water Well	\$ 15.75	Administration	\$ 49.53
Water Softener	\$ 7.23	Sales Tax	\$ 21.88
Lights	\$ 34.67		
Electric Space Heater	\$ 113.56		
Aquarium	\$ 56.77		
Microwave	\$ 11.98		
Heat Tape	\$ 55.04		
<b>Total</b>	<b>\$ 386.51</b>	<b>Total</b>	<b>\$ 386.51</b>

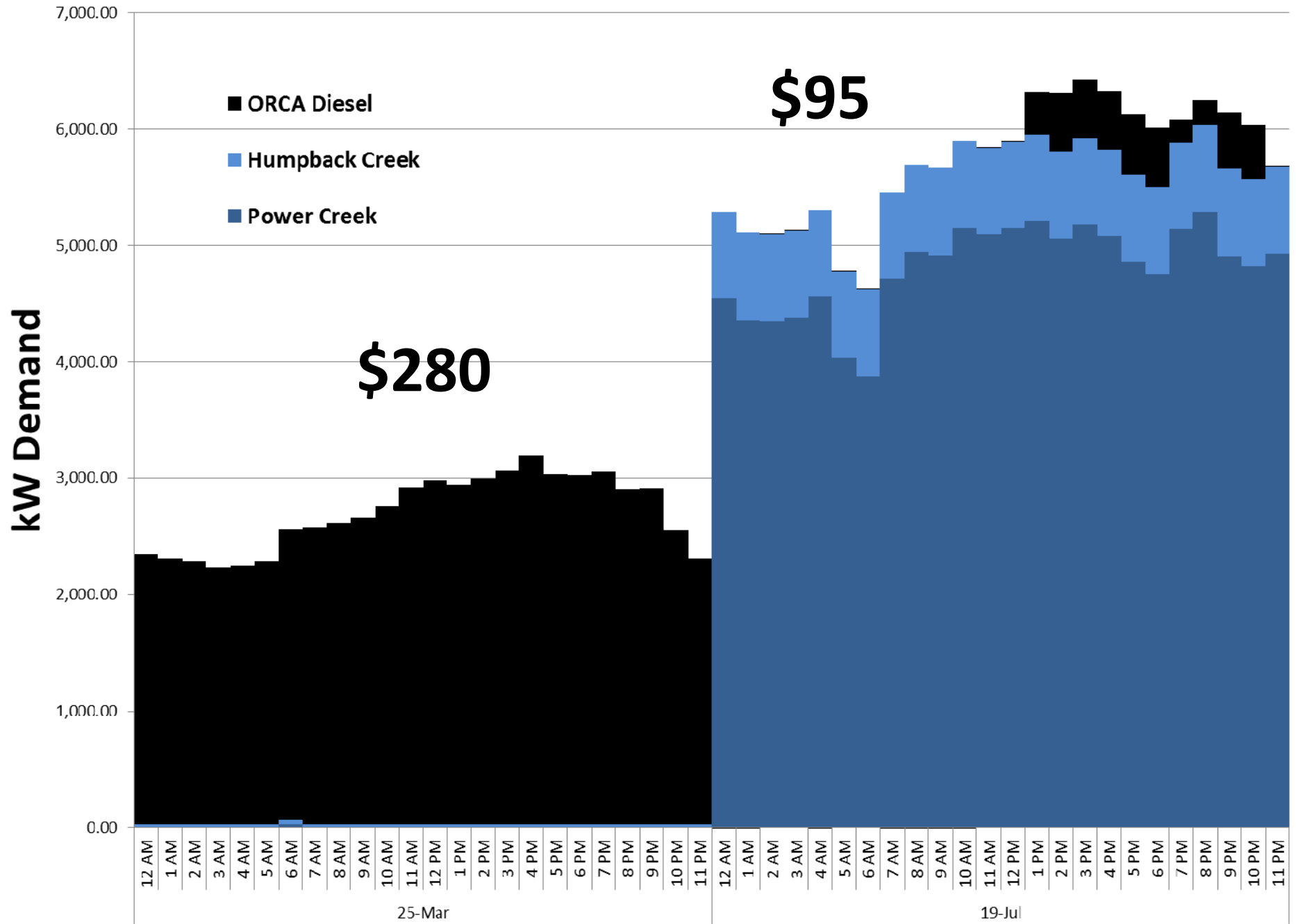
# SOME CEC CHALLENGES AND OPTIONS

- Schizophrenic Supply and Demand
- Signaling
- Wildly Fluctuating Bills
- Customer Expectations
- Diverging Rate Classes
- Primary Cost Driver – Economy of Scale
- Fuel Pass Through
- Seasonal Rates
- Budget Billing

# Avg Daily kW Load 2012 w/ Excess Hydro






### Avg Daily kW Load 25-MAR, 19-JUL 2012



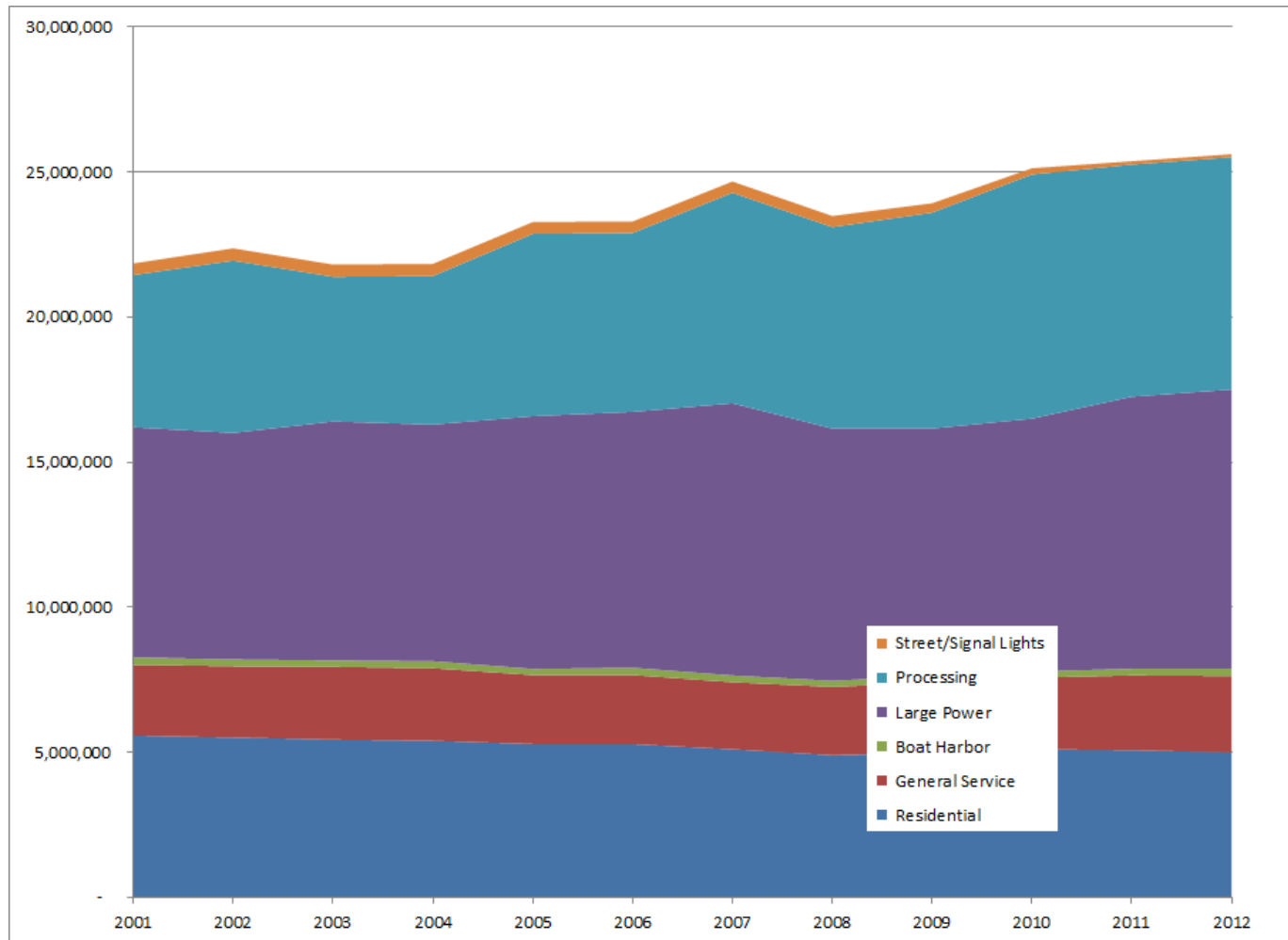
# Cordova Electric's "Clean Choice Green Power Program"

All CEC members can now participate in Cordova Electric's "Clean Choice Green Power Program" by enrolling with our Partners: Sterling Planet and the City of Cordova. Proceeds from Power Creek Green Power Sales are restricted for promoting energy efficiency, renewable and alternate energy sources, and energy conservation. Examples of projects are a Wind Study with NVE, our LED Street Light Conversion project, and Compact Fluorescent Bulb Coupons. Enrollment Forms are available here at the meeting.

	<p>Cordova Electric Cooperative, Inc. has launched <b>Clean Choice Green Power Program</b>, a new program that provides you an opportunity to support renewable energy from the Power Creek Hydroelectric Project.</p>			
<p>Your enrollment in the program supports the city of Cordova's designation as an EPA Green Power Community and 100% of program derived revenues will be reinvested in the Cordova Electric Fund. The Cordova Electric Fund supports many projects in our pipeline including wind energy assessment, a dam-storage project, electric vehicle deployment, efficiency communication, an EPA (Environmental Protection Agency) Green Power Community Partnership in cooperation with the City of Cordova and the EPA, LED street-lighting retrofit, a partnership with the Native Village of Eyak to develop renewable energy projects, and Cordova Electric Cooperative facility efficiency.</p>	<p><b>Here's how it works:</b></p> <ul style="list-style-type: none"> <li>As a Cordova Electric Coop customer you can enroll in a monthly program to support clean, renewable energy by purchasing 500kWh blocks of renewable electricity. The average CEC residential customer uses 500 kWh per month.</li> <li>Each 500 kWh block costs \$5, or \$0.01 per kWh.</li> <li>After you enroll, you will receive a separate quarterly statement from Sterling Planet for renewable energy. As the Sterling Planet website is enhanced in the next few months, you will be contacted about transitioning to credit card enrollment.</li> <li>You pay a consistent flat monthly fee based on the number of blocks you choose to purchase which will be billed to you on a quarterly basis.</li> <li>You can change or cancel your enrollment at any time.</li> </ul> <p>Simply indicate your level of participation, complete the information below and return this form via mail, fax or email to Sterling Planet, our renewable energy partner.</p>			
				
	<p>Sterling Planet Utility Enrollment 3295 River Exchange Drive, Suite 300 Norcross, GA 30092</p> <p>Email: <a href="mailto:customerservice@sterlingplanet.com">customerservice@sterlingplanet.com</a> Phone: 1 (877) 457-2306 Fax: (678) 325-3174</p>			
<p style="text-align: center;"><b>Select One: (Check appropriate box)</b></p> <p>You choose how "green" you want to go - buy enough to cover the electricity use of a small, medium or large house or apartment:</p>				
<p>100% Cordova, AK made Renewable Energy</p>	<p>1 block =500 kWh Small Apt or House</p> <p><input type="checkbox"/></p>	<p>2 blocks =1000 kWh Medium House</p> <p><input type="checkbox"/></p>	<p>3 blocks =1500 kWh Large House or Small Business</p> <p><input type="checkbox"/></p>	<p>Custom # of 500kWh Blocks</p> <p>_____ X \$5 <input type="checkbox"/></p>
NAME		DATE		
BUSINESS NAME (if applicable)				
MAILING ADDRESS				
CITY, STATE, ZIP				
TELEPHONE				
EMAIL				
SIGNATURE				
<p><a href="http://www.sterlingplanet.com">www.sterlingplanet.com</a></p>				

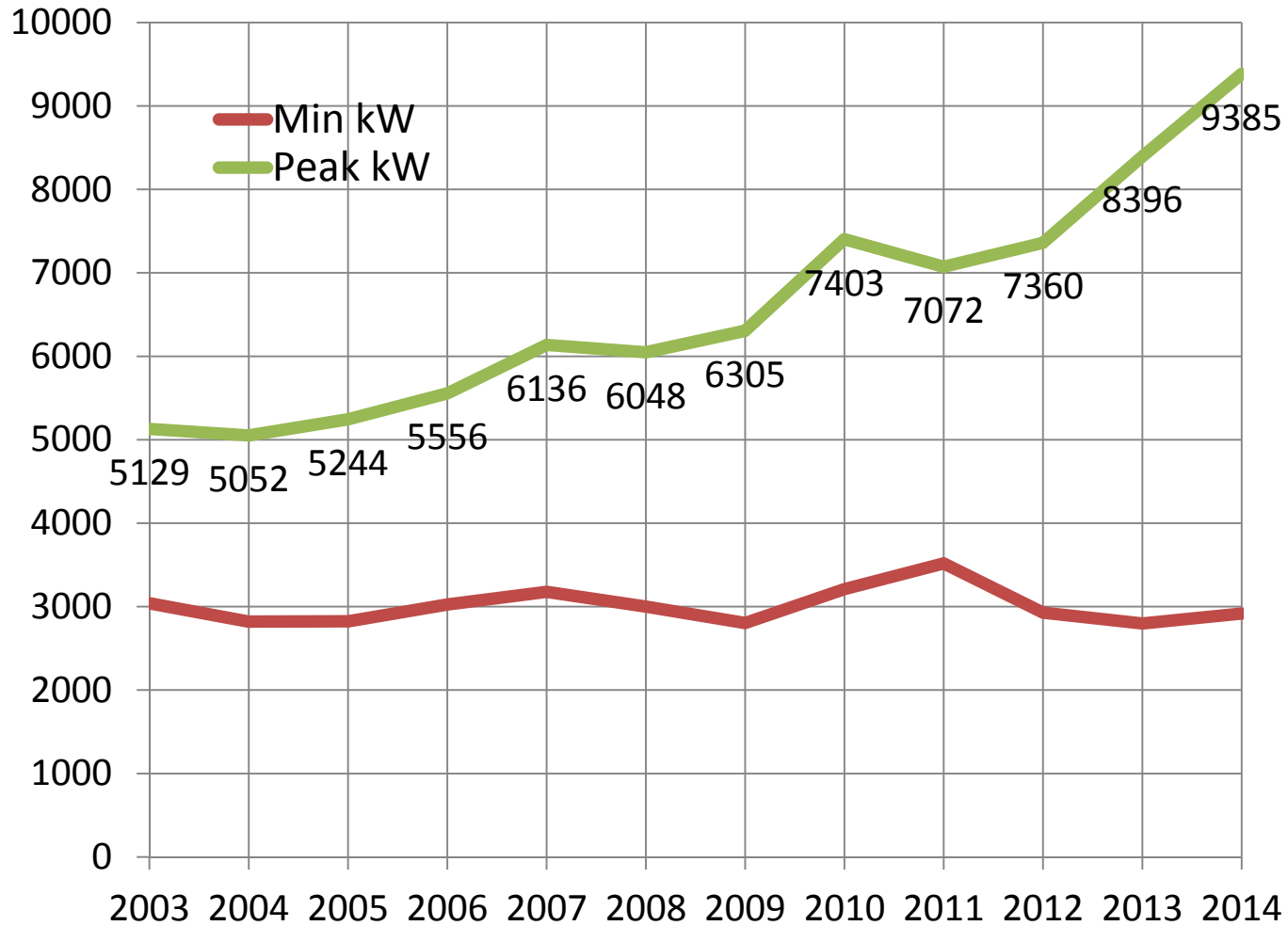
Enrollment Form

# Annual Energy Requirements



# CEC Load Growth

## CEC Minimum and Max kW System Loads





**QUESTIONS?**

