Electric Cost of Service Methodology

ELECTRIC ONLY TECHNICAL WORKSHOP
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Guiding Principles

Available data should be utilized and balanced by need for accurate results

Costs should be directly assigned whenever possible - not just when it is convenient

Calculations should balance how the system is operated for customers with how it is engineered

Simplicity and consistency are hallmarks of good methodologies

Administrative & General
General Plant

Proposed method for classification/allocation

- Property insurance follows allocated plant
- Pensions and employee insurance follows salary and wages
- FERC fees follows energy sales
- Revenue based fees uses follows revenue

Principles

- Direct assignment of costs
- Simplicity and consistency

Customer Service/Billing

Proposed method for classification/allocation

- Direct assignment of billing costs to large accounts
- All other costs assigned by weighted customer counts

Principles

- Direct assignment of costs
- Balance of actual operations versus engineered

Intangible Plant

Proposed method for classification/allocation

- Staff would like to see each type of intangibles and amortization in a separate account allocated using customer factors

Principles

- Simplicity and consistency

Meters

Proposed method for classification/allocation

- Average installed cost for new meters multiplied by customer count relative to average installed cost of all meters

Principles

- Simplicity and consistency

Service Lines

Proposed method for classification/allocation

- Relative ratio of secondary voltage customers

Principles

- Direct assignment of costs
- Simplicity and consistency

Distribution Line Transformers

Proposed method for classification/allocation

- Primary and secondary customers directly assigned wherever possible
- All remaining costs use maximum non-coincident peak weighted by coincidence factor

Principles

- Data availability
- Direct assignment of costs
- Balance of actual operations versus engineered

Distribution Substation

Proposed method for classification/allocation

- Direct assignment to large customer classes based on load ratio share of substations they are fed from
- All other classes use the average of the twelve monthly non-coincident peaks (12 NCP) for each class

Principles

- Data availability
- Direct assignment of costs
- Balance of actual operations versus engineered

Distribution Poles and Wires

Proposed method for classification/allocation

- Primary Voltage Customers are allocated the in the same way as Distribution Substations
- Secondary Voltage Customers are allocated the in the same way as Line Transformers

Principles

- Direct assignment of costs
- Simplicity and consistency

Generation Classification

Proposed method for classification/allocation

- Peak and average method

Principles

- Balance of actual operations versus engineered

Generation Allocation

Proposed method for classification/allocation

- Demand uses top 100 winter hours and top 100 summer hours
- Energy based on retail sales

Principles

- Data availability
- Balance of actual operations versus engineered

Transmission Classification & Allocation

Proposed method for classification/allocation

- Same as Generation

Principles

- Simplicity and consistency

Thank you for coming