



Memo

To: David Plyman

From: Barbara Bell

Date: 12/8/2016

Re: Update Rider 1 – Power Cost Adjustment Clause (PCA)

The power cost adjustment (PCA) allows for changes in power supply and transmission to be recovered from customers without rate adjustments. A base amount of energy costs are included in the rates for each customer class. When energy costs exceed the base, an additional amount is included in the customer's charges. It is billed to customers through a KWh charge called the PCA. Currently, the previous three months of power costs are used to calculate the PCA.

In September 2016, a Cost of Service and Rate Design Study was completed by Utility Financial Solutions, LLC. One of their recommendations is to use the previous twelve months of power costs to calculate the PCA. Changing to a twelve month rolling average will minimize the impact on customers by limiting significant month to month fluctuations.

I recommend adopting the ordinance to update Rider 1 – Power Cost Adjustment Clause (PCA)