

# COMMENTARY ON PROPOSED RATE ADJUSTMENTS

## Residential

The proposed adjustments to residential rate achieve the following objectives:

- Create a blended rate that can be used year-round
- Eliminate the summer rate that charges more as customer uses more in the summer months
- Adjust overall rate such that Residential category breaks even (0% margin)
- Increase fixed cost recuperation in residential rate by raising base charge
  - Fixed cost makes up 79% of the City's wholesale power costs
  - The current rate recoups about 6% of fixed cost versus 13% for proposed rate
  - For reference: the residential base charge is \$20 for Upson EMC and \$10 for Georgia Power

		CURRENT	PROPOSED	
<b>RESIDENTIAL</b>	<b>Base Charge</b>	\$6.50	\$14.50	per month
	<b>Energy Charges</b>			
<i>Summer (May - Oct)</i>	First 650 kWh	\$0.0944508		per kWh
	Next 350 kWh	\$0.1357899		per kWh
	Additional kWh	\$0.1388721		per kWh
<i>Winter (Nov - Apr)</i>	First 650 kWh	\$0.0944508		per kWh
	Next 350 kWh	\$0.0855971		per kWh
	Additional kWh	\$0.0847621		per kWh
<i>All Season</i>	First 650 kWh		\$0.09814	per kWh
	Next 350 kWh		\$0.09615	per kWh
	Additional kWh		\$0.09414	per kWh
	<b>plus applicable PCA</b>	see note	see note	

TABLE 1. Current and Proposed Rates: Residential.

KWH	SUMMER (no tax)		Proposed - Current		WINTER RATE (no tax)		PROPOSED - CURRENT	
	Current	Proposed	\$	%	Current	Proposed	\$	%
200	\$25.39	\$34.13	\$8.74	34%	\$25.39	\$34.13	\$8.74	34%
400	\$44.28	\$53.76	\$9.48	21%	\$44.28	\$53.76	\$9.48	21%
600	\$63.17	\$73.38	\$10.21	16%	\$63.17	\$73.38	\$10.21	16%
800	\$88.26	\$92.71	\$4.45	5%	\$80.73	\$92.71	\$11.98	15%
1,000	\$115.42	\$111.94	-\$3.48	-3%	\$97.85	\$111.94	\$14.09	14%
1,200	\$143.19	\$130.77	-\$12.42	-9%	\$114.80	\$130.77	\$15.97	14%
1,400	\$170.97	\$149.60	-\$21.37	-12%	\$131.76	\$149.60	\$17.84	14%
1,600	\$198.74	\$168.43	-\$30.32	-15%	\$148.71	\$168.43	\$19.72	13%
1,800	\$226.52	\$187.26	-\$39.26	-17%	\$165.66	\$187.26	\$21.59	13%
2,000	\$254.29	\$206.08	-\$48.21	-19%	\$182.61	\$206.08	\$23.47	13%
2,200	\$282.07	\$224.91	-\$57.15	-20%	\$199.57	\$224.91	\$25.34	13%
2,400	\$309.84	\$243.74	-\$66.10	-21%	\$216.52	\$243.74	\$27.22	13%
2,600	\$337.61	\$262.57	-\$75.05	-22%	\$233.47	\$262.57	\$29.10	12%
2,800	\$365.39	\$281.40	-\$83.99	-23%	\$250.42	\$281.40	\$30.97	12%
3,000	\$393.16	\$300.22	-\$92.94	-24%	\$267.38	\$300.22	\$32.85	12%
3,200	\$420.94	\$319.05	-\$101.89	-24%	\$284.33	\$319.05	\$34.72	12%
3,400	\$448.71	\$337.88	-\$110.83	-25%	\$301.28	\$337.88	\$36.60	12%
3,600	\$476.49	\$356.71	-\$119.78	-25%	\$318.23	\$356.71	\$38.47	12%
3,800	\$504.26	\$375.54	-\$128.73	-26%	\$335.19	\$375.54	\$40.35	12%
4,000	\$532.04	\$394.36	-\$137.67	-26%	\$352.14	\$394.36	\$42.23	12%
4,200	\$559.81	\$413.19	-\$146.62	-26%	\$369.09	\$413.19	\$44.10	12%
4,400	\$587.58	\$432.02	-\$155.57	-26%	\$386.04	\$432.02	\$45.98	12%
4,600	\$615.36	\$450.85	-\$164.51	-27%	\$403.00	\$450.85	\$47.85	12%
4,800	\$643.13	\$469.68	-\$173.46	-27%	\$419.95	\$469.68	\$49.73	12%
5,000	\$670.91	\$488.50	-\$182.40	-27%	\$436.90	\$488.50	\$51.60	12%

TABLE 2. Current vs. Proposed Rates: Comparison of bill \$ (no tax) at various KWH's and season.

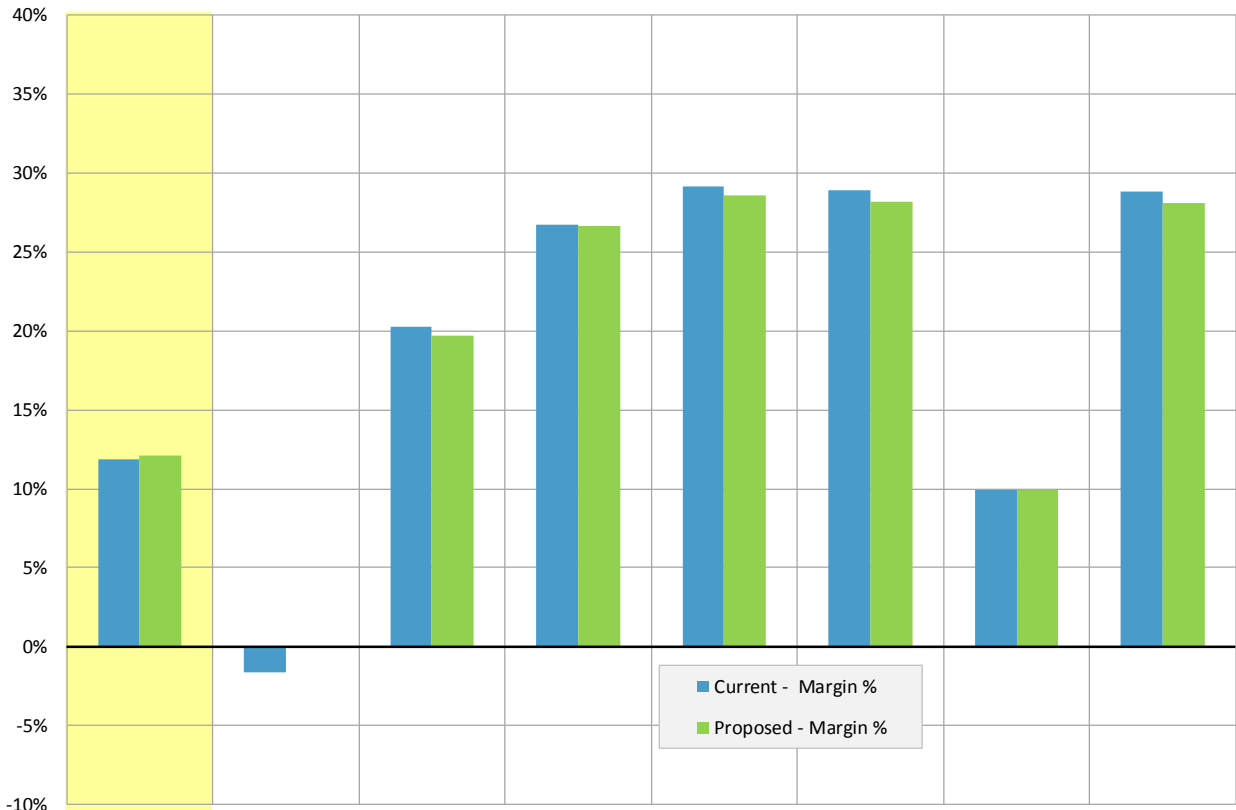
# COMMENTARY ON PROPOSED RATE ADJUSTMENTS

## Other Rates

The proposed adjustments to Residential rate enable this customer category to break even. An additional benefit is other customer categories – including Com Non-Demand, Small/Medium/Large Power and Flint River (school) – receive a rate reduction.

Table 3 illustrates that the margin of current versus proposed rates. Under proposed rates, residential category makes 0% margin which helps alleviate margin requirement for other customer categories.

**CY2017 ELECTRIC MARGIN:  
Current v. Proposed**



	TOTAL	RESDL	COM ND	SP	MP	LP	IND	FLINTRIVER
Current - Margin %	11.9%	-1.6%	20.2%	26.8%	29.2%	28.9%	9.9%	28.8%
Proposed - Margin %	12.1%	0.0%	19.7%	26.6%	28.6%	28.2%	9.9%	28.1%

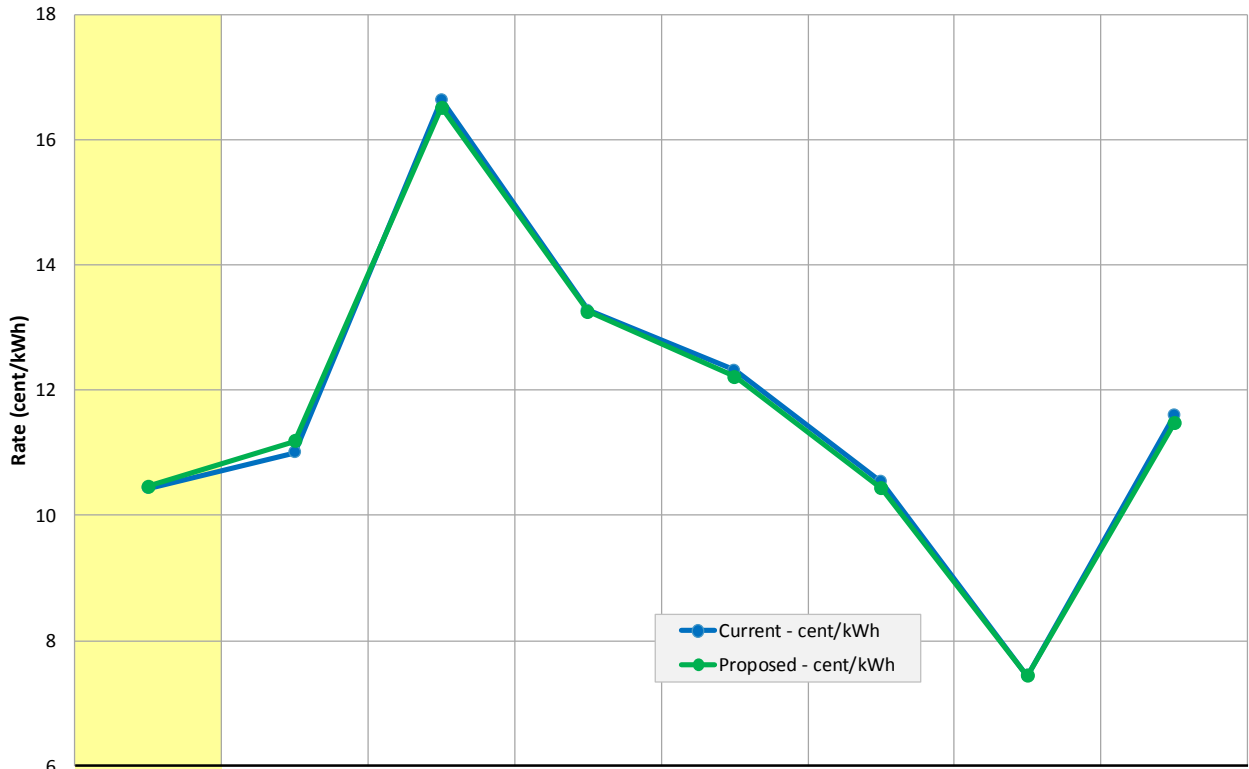
**TABLE 3.** Current vs. Proposed Rates: Margin Percentage.

Table 4 shows that an increase of 1.68% on Residential category leads to multiple reductions of rates for other customer categories:

- 0.67% on Commercial Non-Demand
- 0.18% on Small Power
- 0.80% on Medium Power
- 0.95% on Large Power
- 1.03% on Flint River (School)

# COMMENTARY ON PROPOSED RATE ADJUSTMENTS

**CY2017 ELECTRIC RATES: AVERAGE RATE IN CENT/KWH**  
Current v. Proposed



	TOTAL	RESDL	COM ND	SP	MP	LP	IND	FLINTRIVER
Current - cent/kWh	10.44	11.00	16.63	13.28	12.32	10.53	7.44	11.59
Proposed - cent/kWh	10.46	11.19	16.52	13.26	12.22	10.43	7.44	11.47
Change (Prop - Curr) %	0.26%	1.68%	-0.67%	-0.18%	-0.80%	-0.95%	0.00%	-1.03%

**TABLE 4.** Current vs. Proposed Rates: Change to Average Rate (cent/kWh).

## Commercial Non-Demand

Includes mom & pop business, real estate office with usage less than 10,000 kWh.

KWH	Com Non-Demand		Proposed - Current		KWH	Com Non-Demand		Proposed - Current	
	Current	Proposed	\$	%		Current	Proposed	\$	%
200	\$43.93	\$49.19	\$5.26	12%	4,000	\$622.22	\$603.72	-\$18.50	-3%
400	\$74.37	\$78.37	\$4.01	5%	4,500	\$698.31	\$676.69	-\$21.63	-3%
600	\$104.80	\$107.56	\$2.76	3%	5,000	\$774.41	\$749.65	-\$24.76	-3%
800	\$135.24	\$136.74	\$1.51	1%	5,500	\$850.50	\$822.62	-\$27.88	-3%
1,000	\$165.68	\$165.93	\$0.25	0%	6,000	\$926.59	\$895.58	-\$31.01	-3%
1,200	\$196.11	\$195.12	-\$1.00	-1%	6,500	\$1,002.68	\$968.55	-\$34.13	-3%
1,400	\$226.55	\$224.30	-\$2.25	-1%	7,000	\$1,078.77	\$1,041.51	-\$37.26	-3%
1,600	\$256.98	\$253.49	-\$3.50	-1%	7,500	\$1,154.86	\$1,114.48	-\$40.39	-3%
1,800	\$287.42	\$282.67	-\$4.75	-2%	8,000	\$1,230.95	\$1,187.44	-\$43.51	-4%
2,000	\$317.86	\$311.86	-\$6.00	-2%	8,500	\$1,307.04	\$1,260.41	-\$46.64	-4%
2,500	\$393.95	\$384.83	-\$9.12	-2%	9,000	\$1,383.14	\$1,333.37	-\$49.77	-4%
3,000	\$470.04	\$457.79	-\$12.25	-3%	9,500	\$1,459.23	\$1,406.34	-\$52.89	-4%
3,500	\$546.13	\$530.76	-\$15.38	-3%	10,000	\$1,535.32	\$1,479.30	-\$56.02	-4%

**TABLE 5.** Current vs. Proposed Rates: Commercial Non-Demand.

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## Small Power

Includes food mart, small gas station, small restaurants which typically fall in the 20% to 60% load factor.

KW	Load Factor	SMALL POWER		Proposed - Current	
		Current	Proposed	\$	%
25	10%	\$323.63	\$420.18	\$96.55	30%
25	20%	\$627.82	\$644.52	\$16.70	3%
25	30%	\$868.55	\$827.21	-\$41.34	-5%
25	40%	\$951.90	\$920.29	-\$31.62	-3%
25	50%	\$1,035.25	\$1,013.36	-\$21.89	-2%
25	60%	\$1,115.35	\$1,100.74	-\$14.61	-1%
25	70%	\$1,192.44	\$1,182.86	-\$9.58	-1%
25	80%	\$1,269.54	\$1,264.99	-\$4.55	0%
25	90%	\$1,344.78	\$1,341.41	-\$3.37	0%
25	100%	\$1,419.50	\$1,416.24	-\$3.27	0%

TABLE 6. Current vs. Proposed Rates: Small Power

## Medium Power

Includes convenient-size grocers, dollar stores, and government buildings, ranging from 20% to 80% load factor.

KW	KWH	MEDIUM POWER		Proposed - Current	
		Current	Proposed	\$	%
250	10%	\$3,049	\$4,039	\$990	32%
250	20%	\$5,847	\$6,198	\$351	6%
250	30%	\$8,156	\$8,037	-\$118	-1%
250	40%	\$9,070	\$8,968	-\$102	-1%
250	50%	\$9,985	\$9,899	-\$86	-1%
250	60%	\$10,865	\$10,773	-\$93	-1%
250	70%	\$11,714	\$11,594	-\$120	-1%
250	80%	\$12,562	\$12,415	-\$147	-1%
250	90%	\$13,390	\$13,179	-\$211	-2%
250	100%	\$14,212	\$13,928	-\$285	-2%

TABLE 8. Current vs. Proposed Rates: Medium Power

## Industrial

Industrial customers that typically ranges from 50% to 80% load factor.

KWH	KWH	INDUSTRIAL		Proposed - Current	
		Current	Proposed	\$	%
3,000	10%	\$30,610	\$53,064	\$22,454	73%
3,000	20%	\$55,663	\$66,204	\$10,541	19%
3,000	30%	\$76,400	\$77,919	\$1,519	2%
3,000	40%	\$84,869	\$85,584	\$715	1%
3,000	50%	\$93,339	\$93,249	-\$90	0%
3,000	60%	\$101,438	\$100,800	-\$638	-1%
3,000	70%	\$109,194	\$108,246	-\$948	-1%
3,000	80%	\$116,950	\$115,692	-\$1,258	-1%
3,000	90%	\$124,121	\$122,796	-\$1,325	-1%
3,000	100%	\$131,126	\$129,804	-\$1,322	-1%

TABLE 10. Current vs. Proposed Rates: Industrial

## Large Power

Include big high school, hospital, and Walmart, ranging from 30% to 80% load factor

KW	Load Factor	LARGE POWER		Proposed - Current	
		Current	Proposed	\$	%
750	10%	\$9,294	\$13,128	\$3,834	41%
750	20%	\$18,293	\$19,846	\$1,553	8%
750	30%	\$25,692	\$25,528	-\$164	-1%
750	40%	\$28,545	\$28,266	-\$279	-1%
750	50%	\$31,397	\$31,003	-\$394	-1%
750	60%	\$34,148	\$33,570	-\$578	-2%
750	70%	\$36,804	\$35,979	-\$826	-2%
750	80%	\$39,461	\$38,388	-\$1,073	-3%
750	90%	\$41,956	\$40,626	-\$1,331	-3%
750	100%	\$44,407	\$42,816	-\$1,591	-4%

TABLE 7. Current vs. Proposed Rates: Large Power

## Flint River

Flint River hovers around 40% - 50% load factor.

KWH	Load Factor	FLINT RIVER		Proposed - Current	
		Current	Proposed	\$	%
550	10%	\$6,741	\$9,439	\$2,697	40%
550	20%	\$13,178	\$13,869	\$691	5%
550	30%	\$18,399	\$17,690	-\$709	-4%
550	40%	\$20,167	\$19,778	-\$389	-2%
550	50%	\$21,934	\$21,866	-\$68	0%
550	60%	\$23,624	\$23,828	\$204	1%
550	70%	\$25,243	\$25,675	\$432	2%
550	80%	\$26,862	\$27,522	\$660	2%
550	90%	\$28,359	\$29,259	\$900	3%
550	100%	\$29,821	\$30,966	\$1,144	4%

TABLE 9. Current vs. Proposed Rates: Flint River