

Class Cost Of Service Study Results

Line	Formula	TOTAL	Residential	Small General Service	Large General Service	Large Volume
1	O & M Expenses	\$ 97,861,971	\$ 66,487,767	\$ 23,125,859	\$ 1,170,057	\$ 7,078,288
2	Depreciation and Amortization Expenses	\$ 29,688,581	\$ 22,661,019	\$ 4,943,704	\$ 244,310	\$ 1,839,548
3	Taxes	\$ 23,398,589	\$ 17,014,541	\$ 4,492,042	\$ 262,815	\$ 1,629,190
4	TOTAL - Expenses and Taxes	(a) \$ 150,949,141	\$ 106,163,327	\$ 32,561,606	\$ 1,677,182	\$ 10,547,026
5						
6	Current Revenue					
7	Rate Revenue	\$ 183,013,016	\$ 131,062,754	\$ 35,889,208	\$ 2,122,169	\$ 13,938,884
8	Other Revenue	\$ 4,789,682	\$ 3,430,078	\$ 939,266	\$ 55,540	\$ 364,798
9	TOTAL - Current Revenues	(b) \$ 187,802,698	\$ 134,492,832	\$ 36,828,474	\$ 2,177,709	\$ 14,303,682
10	Current Revenue Percentage	100.00%	71.61%	19.61%	1.16%	7.62%
11						
12	OPERATING INCOME	(c) = (b) - (a) \$ 36,853,557	\$ 28,329,505	\$ 4,266,868	\$ 500,528	\$ 3,756,656
13						
14	TOTAL RATE BASE	(d) \$ 619,181,554	\$ 452,323,805	\$ 118,368,335	\$ 7,390,611	\$ 41,098,804
15						
16	Current Rate Of Return	(e) = (c) ÷ (d) 5.95%	6.26%	3.60%	6.77%	9.14%
17						
18	Operating Income Needed To Equalize Class Returns	(f) = 5.95 × (d) \$ 36,853,557	\$ 26,922,218	\$ 7,045,259	\$ 439,888	\$ 2,446,192
19						
20	Revenue Percentage Needed To Equalized Class Returns	(g) = (f) ÷ (a) \$ 187,802,698	\$ 133,085,546	\$ 39,606,864	\$ 2,117,069	\$ 12,993,218
21		100.00%	70.86%	21.09%	1.13%	6.92%
22						
23	Rev. Neutral Shift to Equalize Class ROR	(h) = (g) - (b) \$ (1,407,287)	\$ (1,407,287)	\$ 2,778,390	\$ (60,640)	\$ (1,310,464)
24	Rev. Neutral Shift Percentage to Equalize Class ROR		-1.05%	7.54%	-2.78%	-9.16%
25						
26	Recommended Revenue Neutral Shift = 1/2 Indicated Shift	(i) = (h) ÷ 2 ← \$ (703,643)	\$ (703,643)	\$ 1,389,195	\$ (30,320)	\$ (655,232)
27	OPC Recommended Revenue Neutral Shift Percentage		-0.54%	3.87%	-1.43%	-4.70%
28	Class Revenue Percentages After Rec. Rev. Neutral Shift		71.24%	20.35%	1.14%	7.27%

Example of Class Revenue Adjustments

Line		TOTAL	Residential	Small General Service	Large General Service	Large Volume
1	Current Revenue	\$ 187,802,698	\$ 134,492,832	\$ 36,828,474	\$ 2,177,709	\$ 14,303,682
2	Current Class Revenue Percentages		71.61%	19.61%	1.16%	7.62%
3						
4	COS Indicated Class Revenue Percentages		70.86%	21.09%	1.13%	6.92%
5	Revenue Neutral Shifts to Equalize Class Rates of Return (ROR)	\$ -	\$ (1,407,287)	\$ 2,778,390	\$ (60,640)	\$ (1,310,464)
6	Percentage Revenue Change to Equalize Class ROR		-1.05%	7.54%	-2.78%	-9.16%
7						
8	OPC's Recommended Revenue Neutral Shifts = 1/2 the Shift Required to Equalize Returns		\$ (703,643)	\$ 1,389,195	\$ (30,320)	\$ (655,232)
9	Revenue Percentages Including 1/2 Revenue Neutral Shift		71.24%	20.35%	1.14%	7.27%
10						
11	Rate Design Example- \$15M Revenue Requirement Increase					
12	Spread of Revenue Requirement Increases Based on OPC Recommended Revenue Percentages	\$ 15,000,000	\$ 10,685,884	\$ 3,052,486	\$ 171,514	\$ 1,090,116
13						
14	Combined Impact of Revenue Increase and OPC's Revenue Neutral Shift		\$ 9,982,241	\$ 4,441,681	\$ 141,194	\$ 434,884
15	Class Share of Combined Impact		66.55%	29.61%	0.94%	2.90%
16						
17						
18	<u>Adjustments to the Combined Impact</u>					
19	Combined Impact of Revenue Increase and OPC's Revenue Neutral Shift		\$ 9,982,241	\$ 4,441,681	\$ 141,194	\$ 434,884
20	Adjusted to Ensure No Class Receives A Reduction If Another Class Receives an Increase		\$ -	\$ -	\$ -	\$ -
21	Adjusted Combined Increase		\$ 9,982,241	\$ 4,441,681	\$ 141,194	\$ 434,884
22	Class Share of Adjusted Increase		66.55%	29.61%	0.94%	2.90%
23						
24	Resulting Revenue	\$ 202,802,698	\$ 144,475,073	\$ 41,270,155	\$ 2,318,903	\$ 14,738,567
25	Resulting Revenue Percentage		71.24%	20.35%	1.14%	7.27%