

Bryan Texas Utilities COS Results and Rate Recommendations



ECONOMICS

STRATEGY

STAKEHOLDERS

SUSTAINABILITY

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Agenda

- Overview of Ratemaking Process
- Rate Strategy and Principals Document
- Financial Planning Model
- Cost of Service Study
- Tariff Updates
- Rate Design
 - Class Consolidations
 - Rate Phase-in
 - Revenue from Proposed Rates

Overview of Rate Making Process

Rate Strategy and Principles Document

Framework and guide for cost of service, financial, and rate related decisions for BTU (vision, goals, metrics, etc.)

Financial Planning Model

Identify and run scenarios for future mix of capital, debt, and rate changes to calculate total BTU costs.

Cost of Service

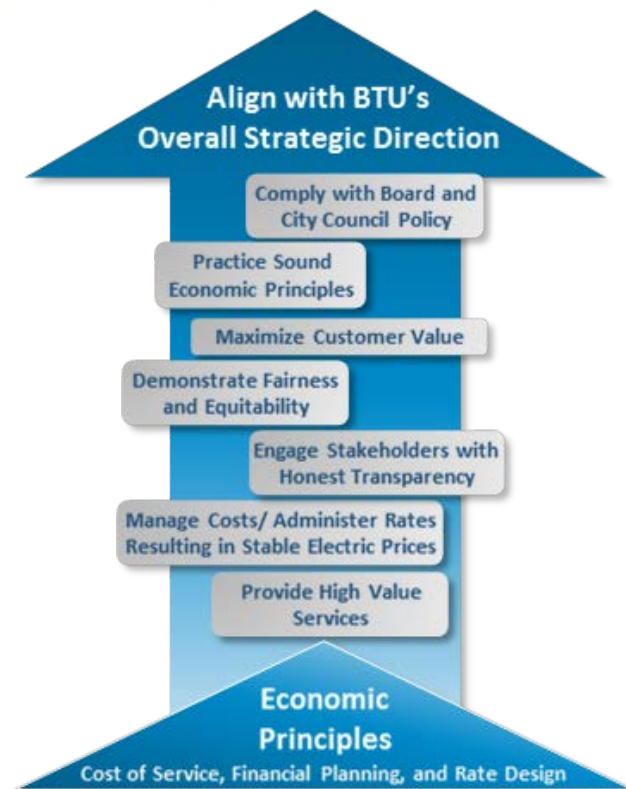
Results of Financial Model lead to the total costs to be recovered and calculation of cost of service.

Rate Design

Use the cost of service results, rate strategy document, and policy to guide rate design. Rates must fully recover all costs.

Rate Strategy and Principles Document

- Document developed at beginning of rate making process that serves to align the economic principals that are used throughout the rate study with BTU's values and strategic goals
 - Sets goals for key economic performance indicators
 - Debt Service Coverage Goal: 2.0 ratio
 - City Reserve Goal: 90 Days Operating Cash
 - Rural Reserve Goal: 45 Days Operating Cash
 - Defines rate policies
 - Minimize inter-class and intra-class subsidizations
 - Stabilize rates/phase-in of large rate changes
 - Others
 - Conveys BTU's values and strategic goals
 - See Figure



City System Financial Plan – 5 Years

- Five percent increase to base rates required
 - Base rate increase primarily due to increasing TMPA costs
- Base rate increase will be offset by a reduction in Power Supply Adjustment
 - Initial total system revenue impact is zero percent
 - Duration of Power Supply Adjustment offset dependent on future fuel prices
 - Total rate increase without Power Supply Adjustment offset: 2.4 percent
- Maintains 90 day operating cash reserve requirement
- Reaches goal full debt service coverage ratio of 2.0 within five years
 - Maintains required 1.5 debt service coverage throughout test period

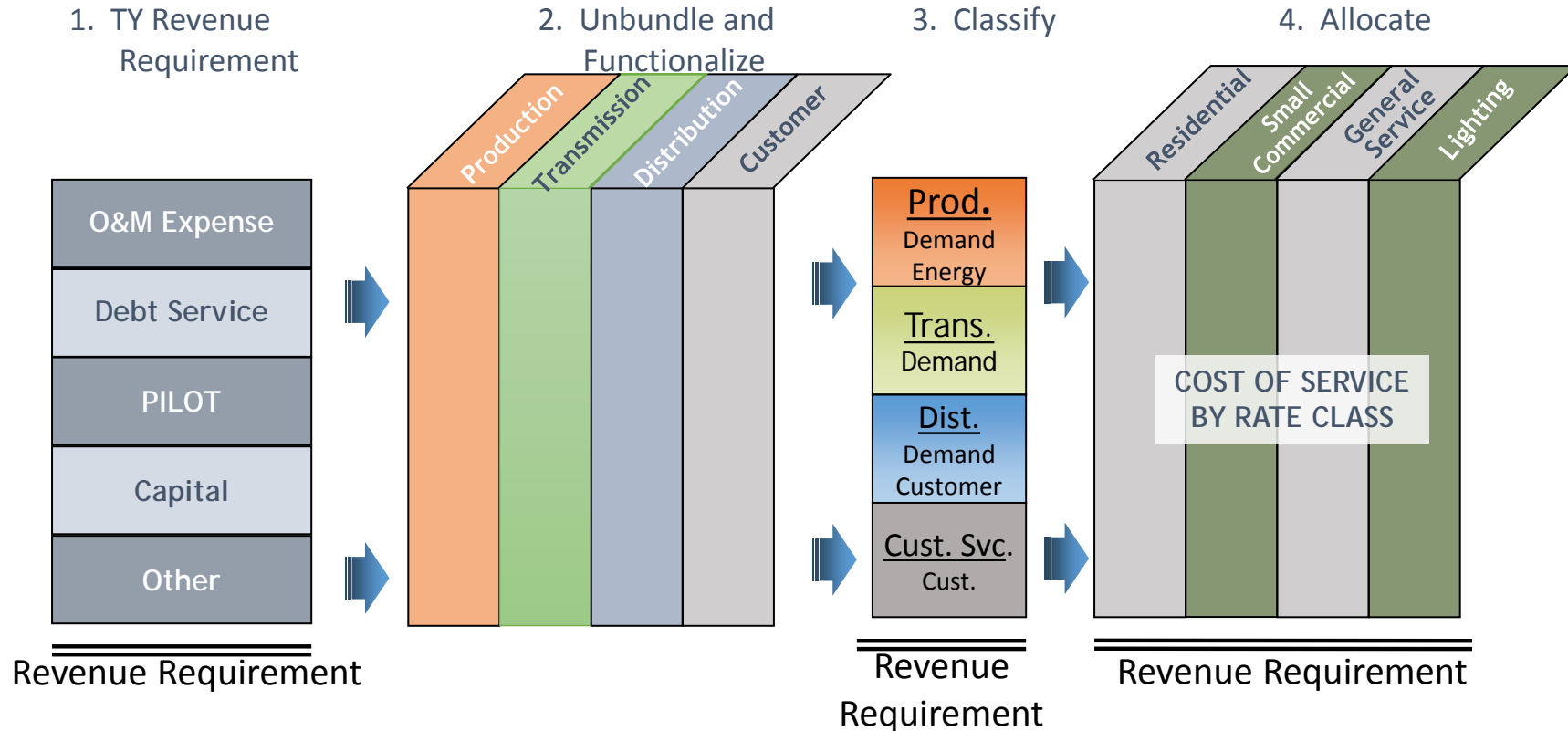
Rural System Financial Plan – 5 Years

- Base rate increase primarily due to
 - increase in Wholesale Power Costs (from COS results) driven by:
 - Assignment of all TCOS revenues to city customers
- Actual AMI load data showing rural system usage to be more on-peak than previously estimated

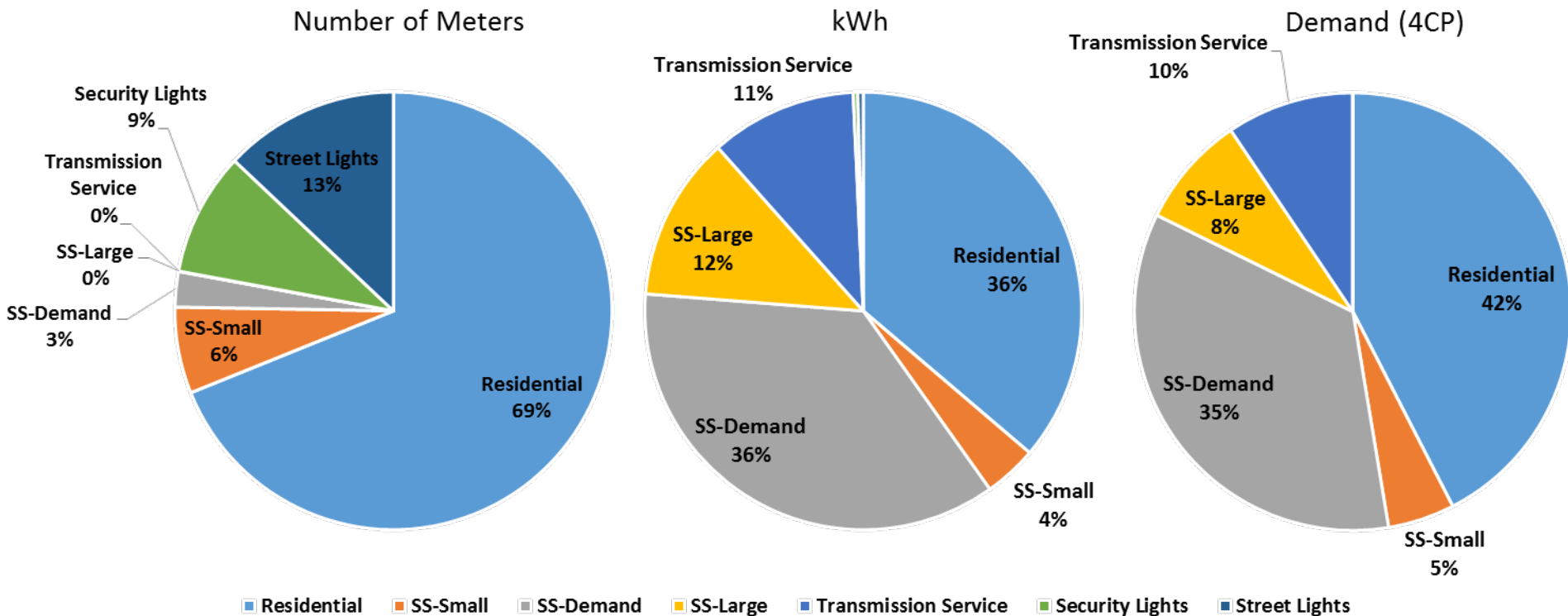
Rural System Financial Plan – 5 Years

- Base rate increase offset by return of Power Supply Adjustment over-recovery balance such that total average rural rate increase is seven percent
 - Power Supply Adjustment offset duration dependent on fuel prices
 - Total rate increase without Power Supply Adjustment offset: 10 percent
- Increased use of debt to fund CIP to reduce required rate increases
 - Increased percentage of projected CIP funding by debt to 50 percent
- Maintains 45 day operating cash reserve requirement
- Maintains goal full debt service coverage ratio of 2.0

Cost of Service Process



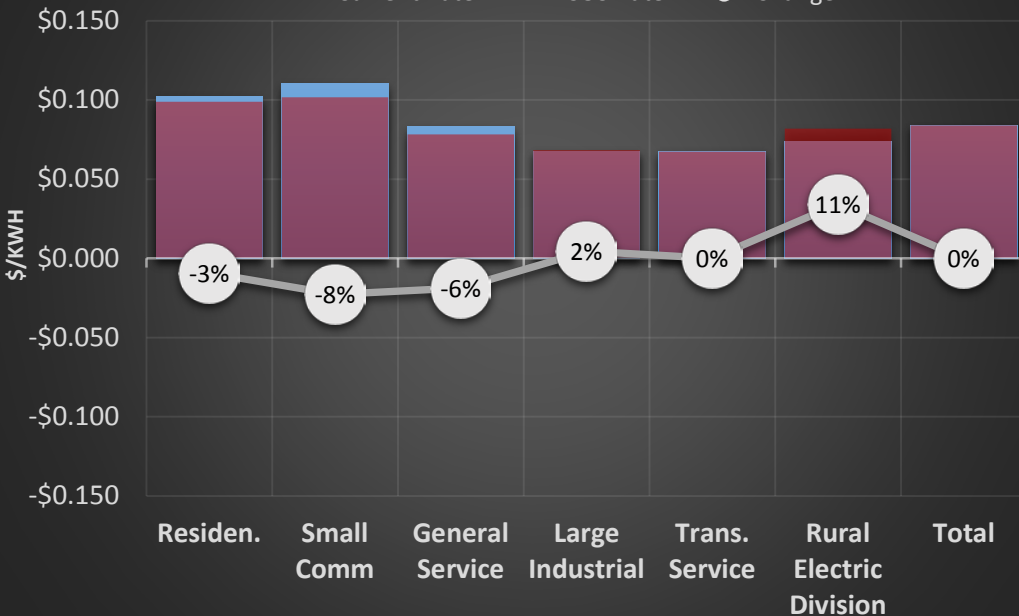
Common Allocators – City System Example



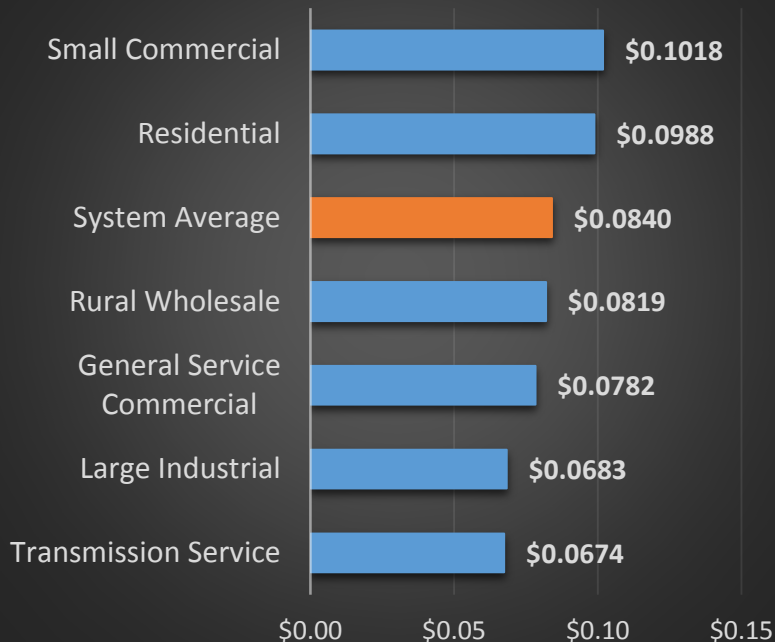
Cost of Service Results - City

City Cost of Service Rate vs. Current Rate
(\$/kWh and Percentage Change)

Current Rate COS Rate Change



COS by Class (\$/kWh)



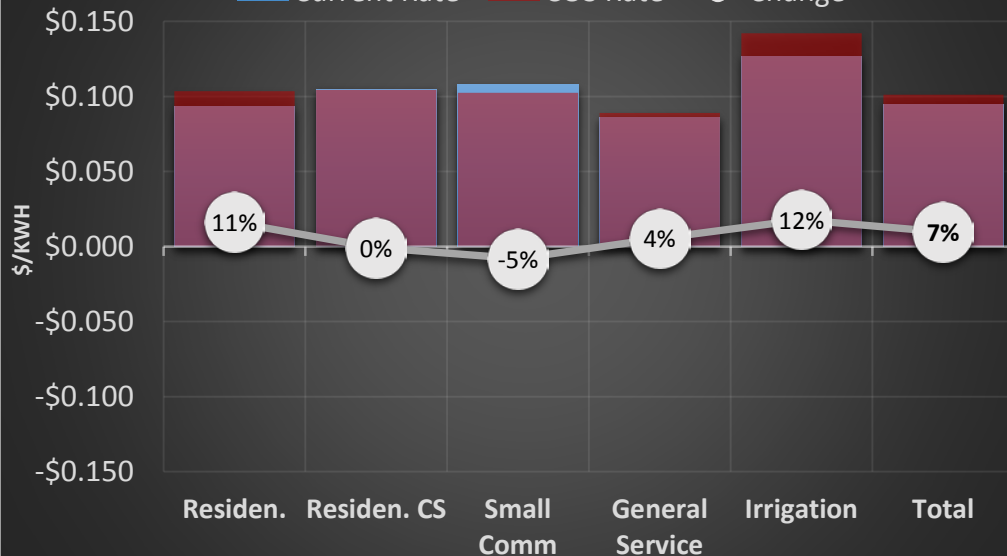
Note: COS rates include return of Power Supply Adjustment over-recovery

Cost of Service Results - Rural

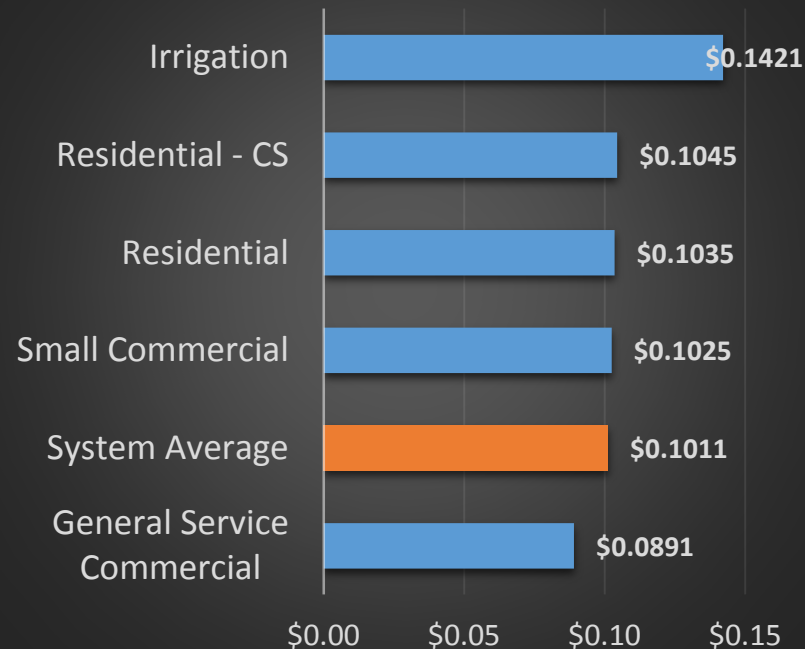
Rural Cost of Service Rate vs. Current

Rate (\$/kWh and Percentage Change)

Current Rate COS Rate Change



COS by Class (\$/kWh)



Note: COS rates include return of Power Supply Adjustment over-recovery

Rate Design

- Retail rates designed to reach cost of service for all classes in three phases
- Rate increases initially offset by decrease to Power Supply Adjustment
 - Power Supply Adjustment offset duration dependent on future fuel costs
- Maintain Regulatory Charge pass through in Rate Structure

Tariff Changes

- New Rate Definitions\Titles
 - Rates renamed to COS based titles
 - Small Commercial – Secondary Service Small
 - General Service – Secondary Service Demand
 - Large Industrial – Secondary Service Large
 - Secondary Service Small defined to allow customers below 25kW
 - Secondary Service Demand defined to allow customers from 25kW-999kW

Tariff Changes

- New Rate Categories
 - Primary Service Large (City and Rural)
 - Transmission Service (City Only)
 - New Time-of-Use options
 - Secondary Service TOU (City and Rural)
 - Secondary Service Large TOU (City and Rural)
 - Transmission Service TOU (City Only)
- Consolidation of rates
 - Interdepartmental and School classes consolidated into Secondary Service Small and Secondary Service Demand as appropriate

Basic Rate Structure

Rate Structure and Corresponding Recovery of Costs

| Rate Component | Production – Non-Fuel ¹ | Production – Fuel | Transmission - Non-TCOS | Transmission - TCOS | Distribution ² | Customer Service/Accounting |
|----------------------------|---------------------------------------|----------------------|----------------------------|------------------------|---------------------------|--------------------------------|
| Customer Charge | | | | | ✓ | ✓ |
| Energy Charge | ✓ | | | | | |
| Delivery Charge | | | | | ✓ | |
| Demand Charge ³ | ✓ | | ✓ | | | |
| Regulatory Charge | | | | ✓ | | |
| Power Supply Adjustment | | ✓ | | | | |

1. Demand related production costs are collected through demand charges; variable production costs are collected through energy charges.
2. Costs of distribution system related to number of customers (e.g., meters, service drops, etc.) are collected through customer charges. All other distribution costs are collected through delivery charge.
3. If retail rate does not have demand component (i.e. Residential and Small Commercial) then demand related charges are included in energy charge.

Pass Through Rates

Pass Through Rates – City Residential Only

| Rate | Current Rates | October 1, 2014 Rate Implementation | Test Period (2015-2019) Projected Average ³ |
|------------------------------------|---------------------------|-------------------------------------|--|
| Power Supply Adjustment Adjustment | \$0.0330/kWh ¹ | \$0.0301/kWh ¹ | \$0.0405/kWh |
| Regulatory Charge | \$0.0129/kWh | \$0.0120/kWh ² | \$0.0134/kWh |

1. In proceeding rate comparison slides, all current rates are shown with current Power Supply Adjustment. Unless otherwise indicated, proposed rates are shown with projected fuel rate for October 1, 2015 which is the current Power Supply Adjustment with discount for return of Power Supply Adjustment Adjustment over-recovery balances.
2. For purposes of rate comparisons, the regulatory charge used to calculate rates is the same in all periods and is equal to the projected regulatory charge as of October 1, 2015.
3. Test period pass through rates are forecasted rates only and are subject to change based on actual market conditions. These rates are not used in rate comparison slides.



Proposed Rates

City Residential

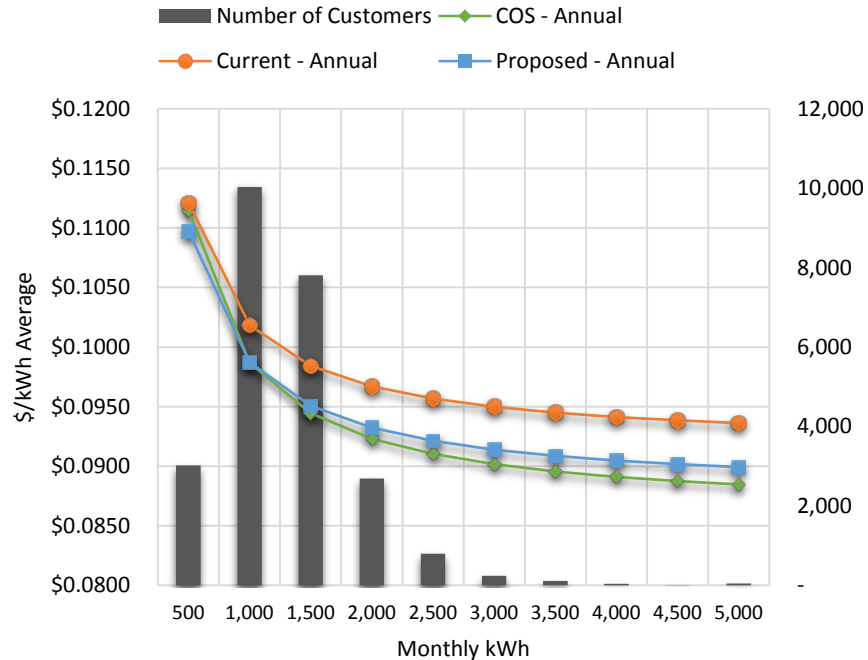
| Item/Rate | Current Rate | Proposed Rate All Phases |
|----------------------------------|--------------|-----------------------------|
| Customer (\$/Month) | \$10.28 | \$11.00 |
| Summer Energy (\$/kWh) | \$0.0316 | \$0.0383 |
| Non-Summer Energy (\$/kWh) | \$0.0190 | \$0.0256 |
| Delivery (\$/kWh) | \$0.0198 | \$0.0122 |
| Regulatory (\$/kWh) | \$0.0120 | \$0.0120 |
| Power Supply Adjustment (\$/kWh) | \$0.0330 | \$0.0301 |
| Average Monthly Bill | \$101.11 | \$98.03 |
| Average Rate (\$/kWh) | \$0.1019 | \$0.0988 |
| Difference (%) | | -3.0% |

City Residential Class Size (FY2015 Projections)

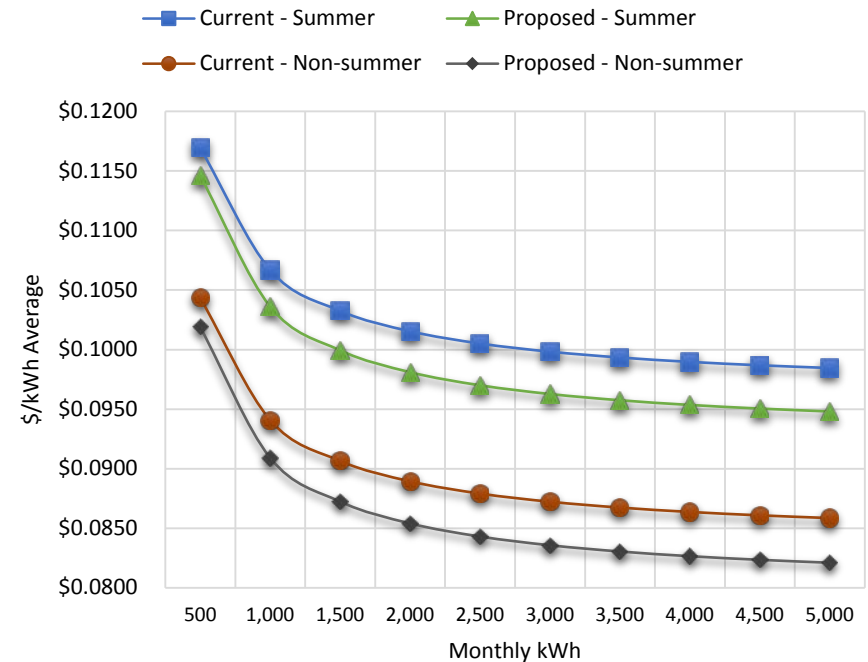
| | |
|-----------------------------|-------------|
| Class Meters | 31,904 |
| Average Monthly Sales (kWh) | 992 |
| Class Annual Sales (kWh) | 379,764,208 |

City Residential – Cost Curve

Cost Curves - City Residential

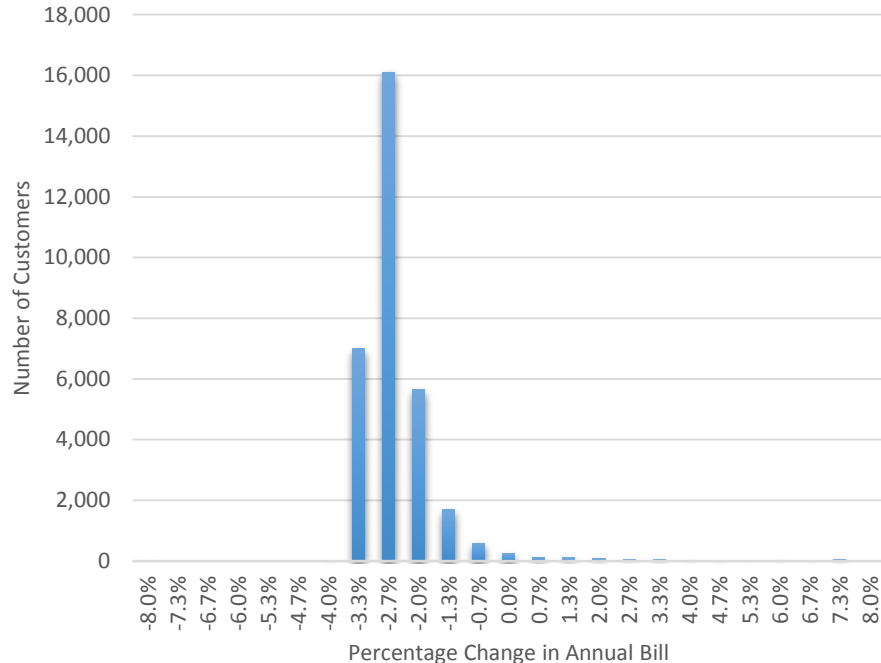


Cost Curves - City Residential

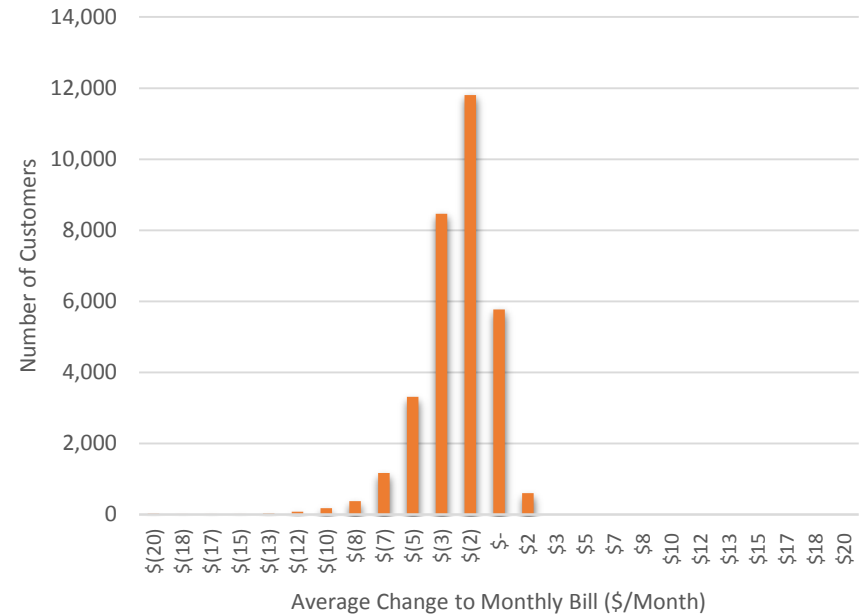


City Residential – Billing Impacts

City Residential
Percentage Change to Annual Bills



City Residential
Change to Bills (\$/Month Average)



Rural Residential

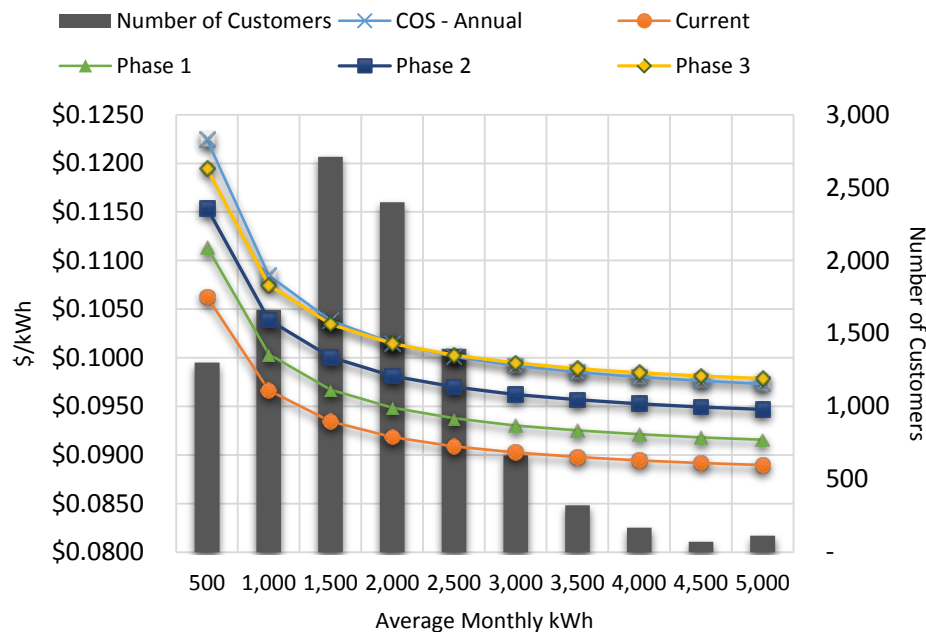
| Item/Rate | Current Rate | Proposed Rate Phase 1 | Proposed Rate Phase 2 | Proposed Rate Phase 3 |
|----------------------------------|--------------|--------------------------|--------------------------|--------------------------|
| Customer(\$/Month) | \$9.61 | \$11.00 | \$11.50 | \$12.00 |
| Summer Energy (\$/kWh) | \$0.0300 | \$0.0394 | \$0.0429 | \$0.0465 |
| Non-Summer Energy (\$/kWh) | \$0.0177 | \$0.0263 | \$0.0287 | \$0.0311 |
| Delivery (\$/kWh) | \$0.0185 | \$0.0150 | \$0.0150 | \$0.0150 |
| Regulatory (\$/kWh) | \$0.0104 | \$0.0104 | \$0.0104 | \$0.0104 |
| Power Supply Adjustment (\$/kWh) | \$0.0335 | \$0.0303 | \$0.0303 | \$0.0303 |
| Average Monthly Bill | \$141.48 | \$146.39 | \$151.46 | \$156.62 |
| Average Rate (\$/kWh) | \$0.0934 | \$0.0966 | \$0.1000 | \$0.1034 |
| Average Difference (%) | | 3.4% | 3.3% | 3.3% |

Rural Residential Class Size (FY2015 Projections)

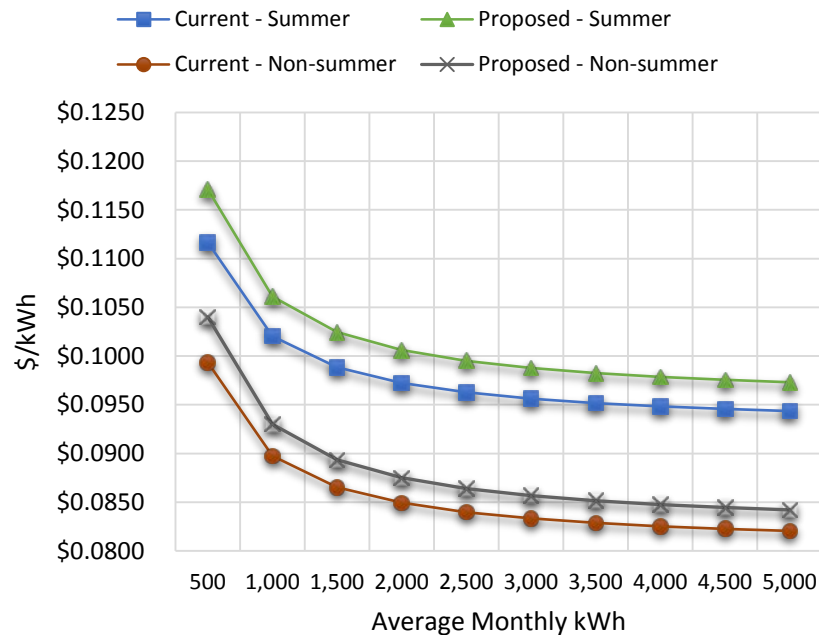
| | |
|-----------------------------|-------------|
| Class Meters | 12,988 |
| Average Monthly Sales (kWh) | 1,515 |
| Class Annual Sales (kWh) | 236,087,550 |

Rural Residential – Cost Curves

Cost Curves - Rural Residential

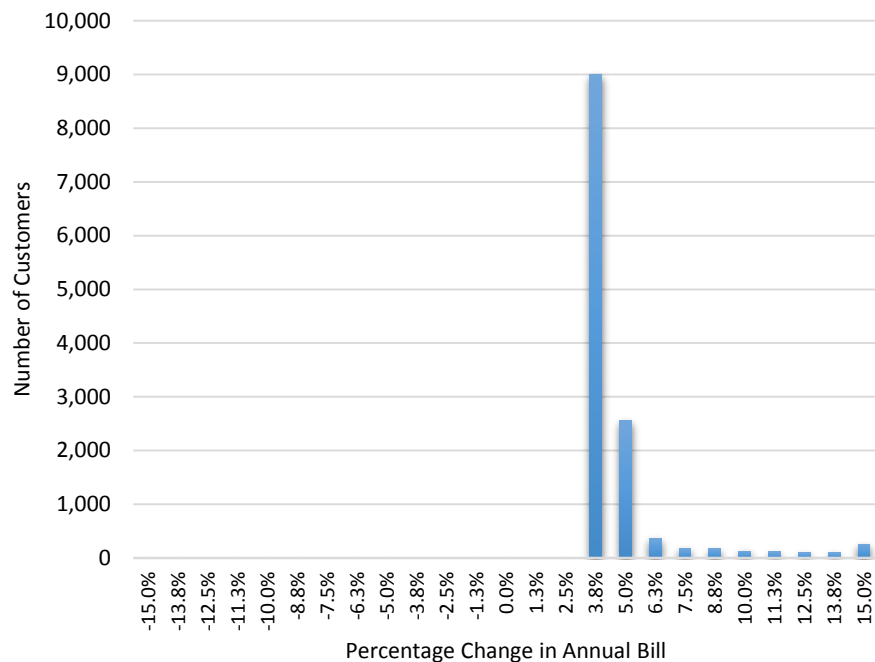


Cost Curves - Rural Residential Phase 1

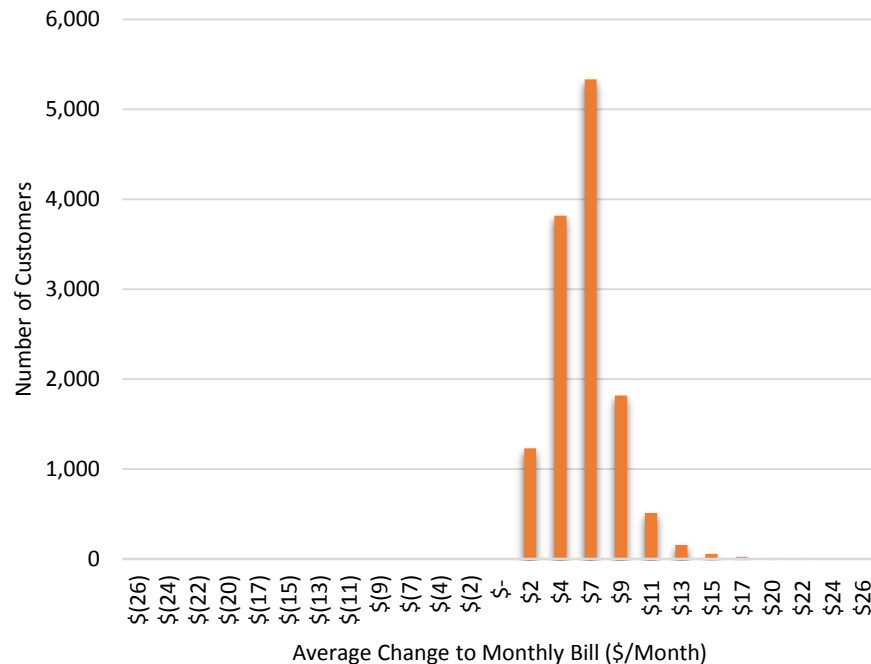


Rural Residential – Phase 1 Billing Impacts

**Rural Residential
Percentage Change to Bills**

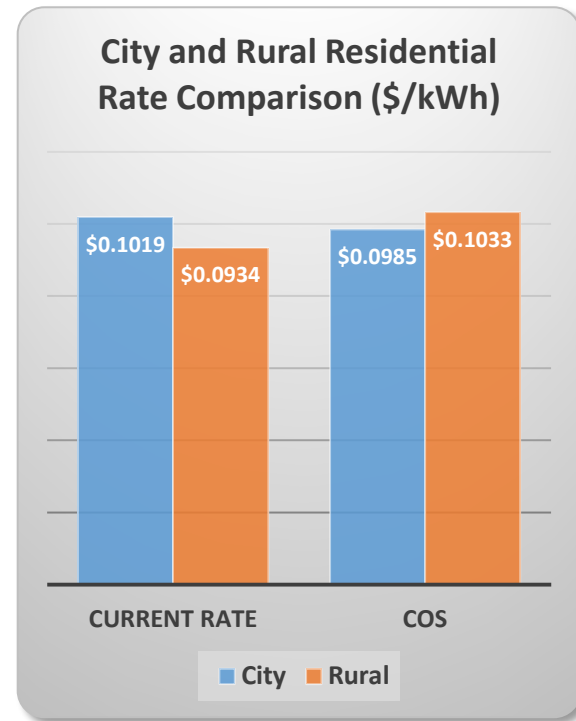


**Rural Residential
Change to Bills (\$/Month Average)**



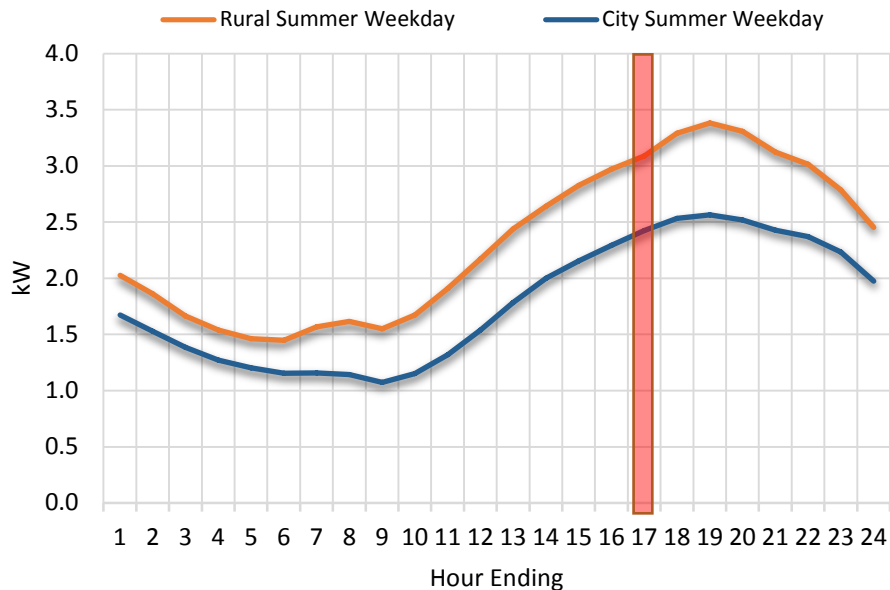
Residential Differences (City/Rural)

- City System electric rates offset by TCOS revenues generated from City System transmission investments
- Distribution system for both systems are accounted for separately and each service a unique demographic:
 - Rural System customers use on average 55 percent more energy per year per customer
 - Average monthly load factor:
 - City 23.3%
 - Rural 20.0%
 - Rural System customers have higher geographic diversity and range
 - Loss factor for Rural System is approximately two percent higher than City System

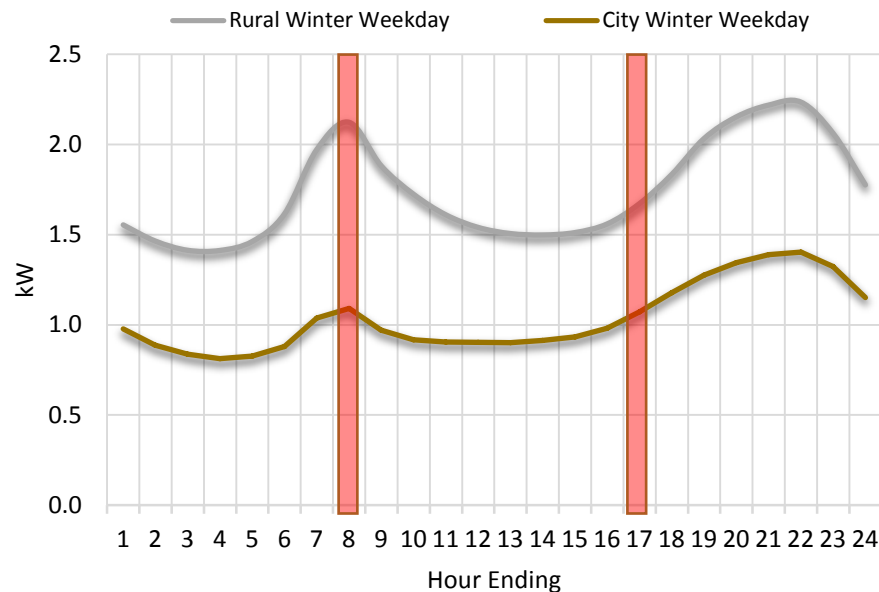


Residential Load Profiles

Customer Average Load Profiles June-September Residential



Customer Average Load Profiles October-May Residential



College Station - Residential

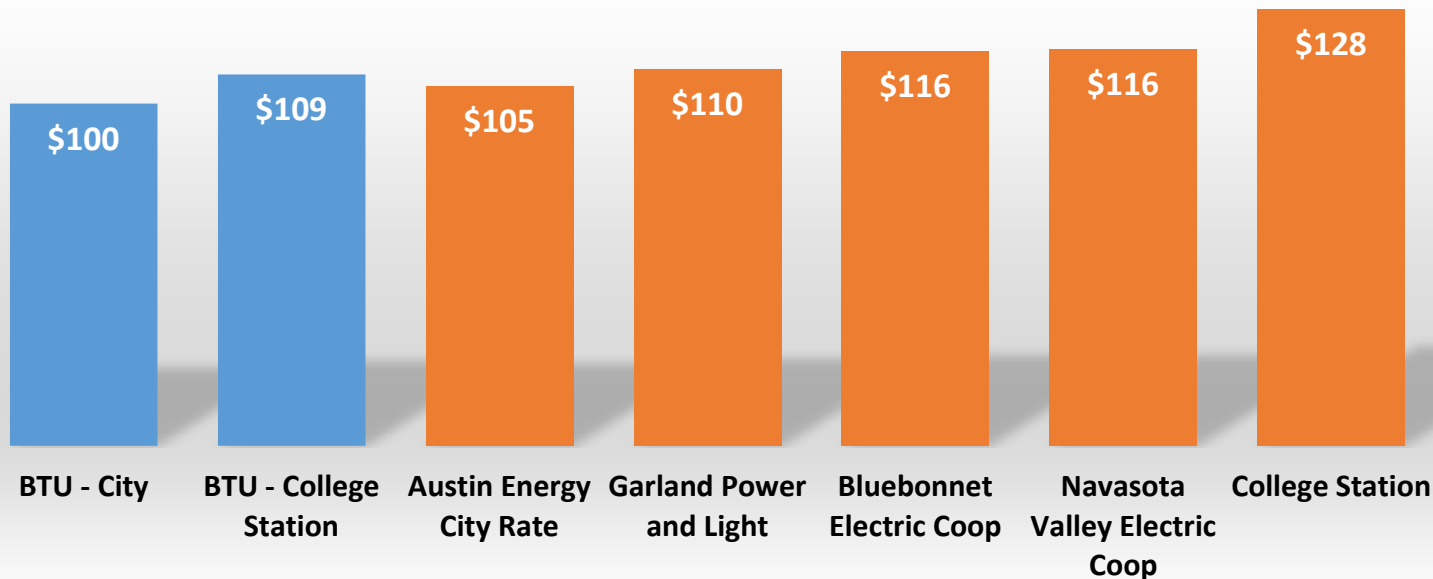
| Item/Rate | Current Rate | Proposed Rate All Phases |
|----------------------------------|--------------|-----------------------------|
| Customer(\$/Month) | \$10.28 | \$11.00 |
| Summer Energy (\$/kWh) | \$0.0316 | \$0.0401 |
| Non-Summer Energy (\$/kWh) | \$0.0190 | \$0.0268 |
| Delivery (\$/kWh) | \$0.2110 | \$0.0150 |
| Regulatory (\$/kWh) | \$0.01061 | \$0.01061 |
| Power Supply Adjustment (\$/kWh) | \$0.0335 | \$0.0303 |
| College Station Franchise Fee | 5% | 5% |
| Average Monthly Bill | \$125.52 | \$124.87 |
| Average Rate (\$/kWh) | \$0.1050 | \$0.1045 |
| Difference (%) | | -0.5% |

CS - Residential Class Size (FY2015 Projections)

| | |
|-----------------------------|------------|
| Class Meters | 2,163 |
| Average Monthly Sales (kWh) | 1,195 |
| Class Annual Sales (kWh) | 31,026,842 |

Residential Rate Comparisons - City

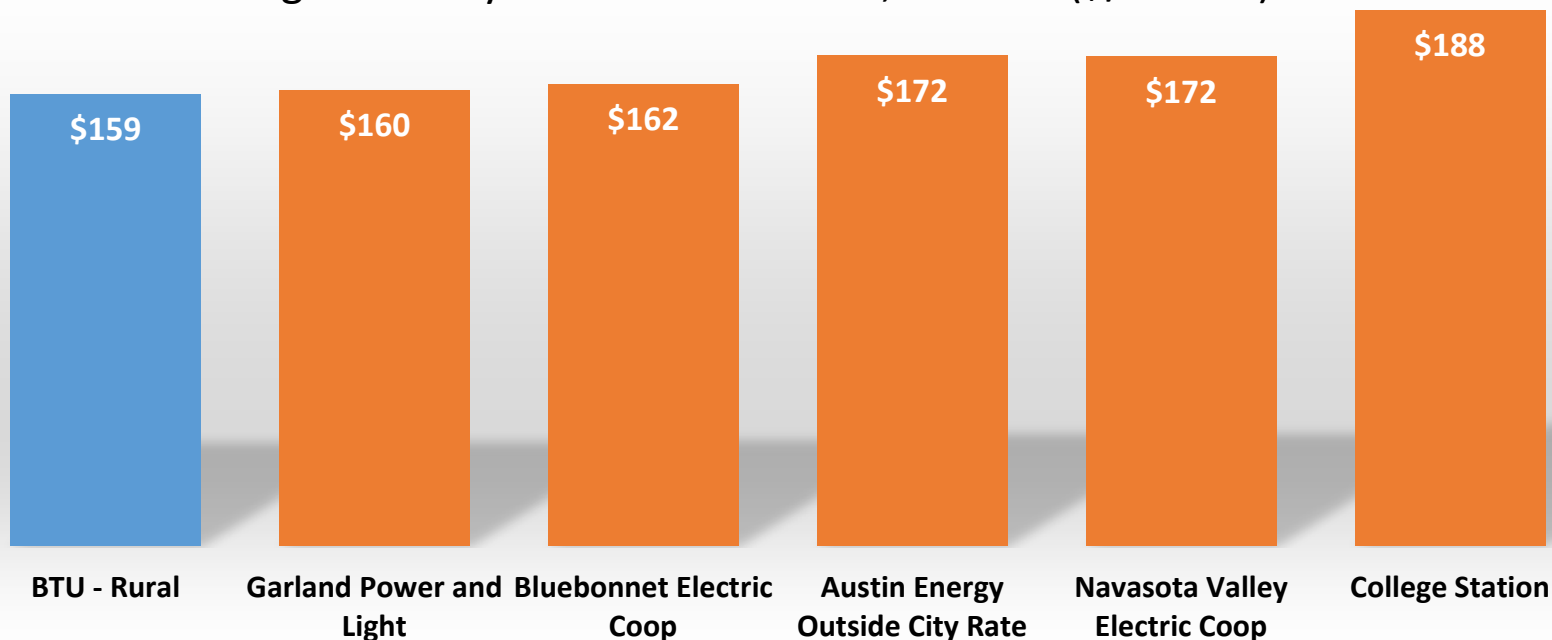
Average Monthly Residential Bill at 1,000kWh (\$/Month)



*Comparison of rates at Phase 3 with current Fuel Adjustment without offset (\$0.0330 City, \$0.0335 Rural).

Residential Rate Comparisons - Rural

Average Monthly Residential Bill at 1,500kWh (\$/Month)



*Comparison of rates at Phase 3 with current Fuel Adjustment without offset (\$0.0330 City, \$0.0335 Rural).

Secondary Service Small - City

| Item/Rate | Current Rate* | Proposed Rate Phase 1 | Proposed Rate Phase 2 | Proposed Rate Phase 3 |
|----------------------------------|---------------|--------------------------|--------------------------|--------------------------|
| Customer(\$/Month) | \$13.82 | \$15.50 | \$15.50 | \$15.50 |
| Energy (\$/kWh) | \$0.0183 | \$0.0400 | \$0.0373 | \$0.0345 |
| Delivery (\$/kWh) | \$0.0333 | \$0.0110 | \$0.0110 | \$0.0110 |
| Regulatory (\$/kWh) | \$0.0129 | \$0.0129 | \$0.0129 | \$0.0129 |
| Power Supply Adjustment (\$/kWh) | \$0.0330 | \$0.0301 | \$0.0301 | \$0.0301 |
| Average Monthly Bill | \$128.51 | \$124.88 | \$121.74 | \$118.48 |
| Average Rate (\$/kWh) | \$0.1105 | \$0.1074 | \$0.1047 | \$0.1019 |
| Average Difference (%) | | -2.9% | -2.6% | -2.7% |

Secondary Service Small – City Class Size (FY2015 Projections)

| | |
|-----------------------------|------------|
| Class Meters | 2,955 |
| Average Monthly Sales (kWh) | 1,163 |
| Class Annual Sales (kWh) | 41,252,247 |

*Current rate shown is current Small Commercial Rate. Average bill and average rate shown is combined average rate of all meters in new Secondary Service Small class at current respective rates.

Secondary Service Small - Rural

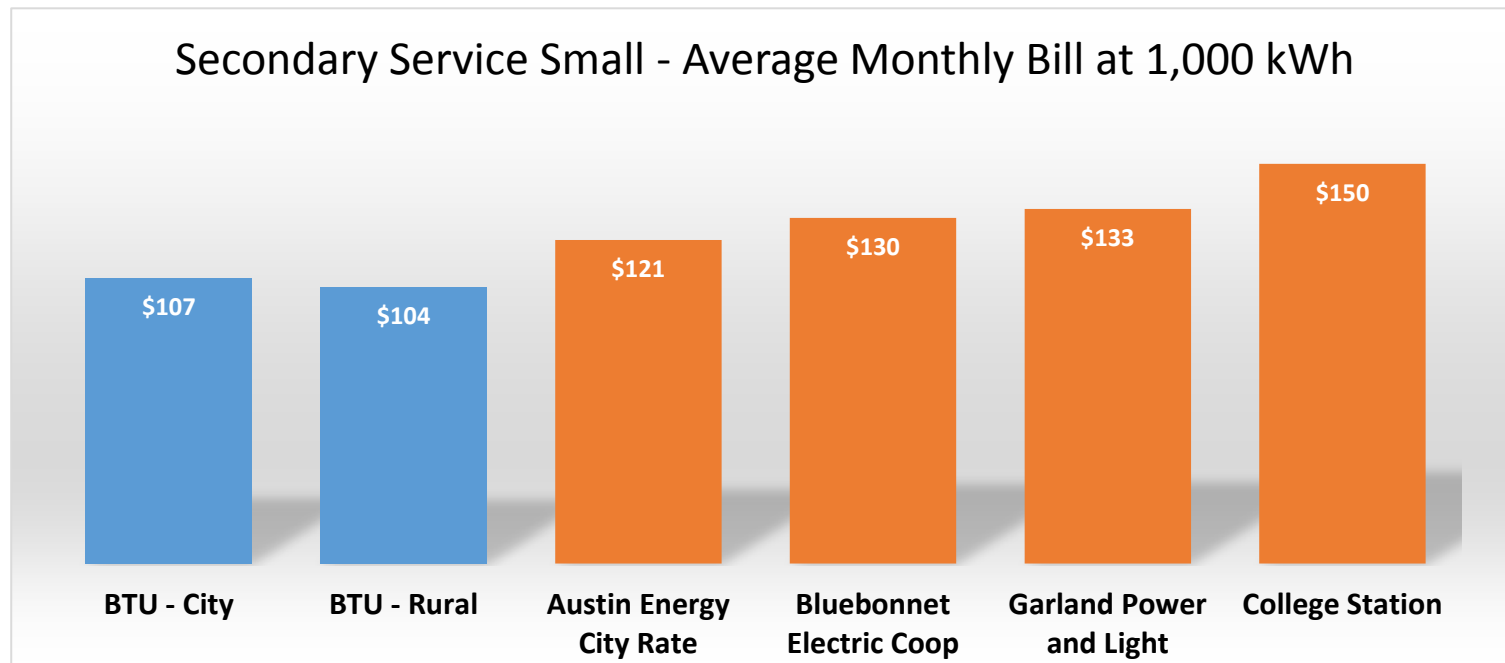
| Item/Rate | Current Rate* | Proposed Rate Phase 1 | Proposed Rate Phase 2 | Proposed Rate Phase 3 |
|----------------------------------|---------------|--------------------------|--------------------------|--------------------------|
| Customer(\$/Month) | \$13.16 | \$14.00 | \$15.00 | \$16.00 |
| Energy (\$/kWh) | \$0.0162 | \$0.0399 | \$0.0385 | \$0.0330 |
| Delivery (\$/kWh) | \$0.0347 | \$0.0112 | \$0.0112 | \$0.0112 |
| Regulatory (\$/kWh) | \$0.0098 | \$0.0098 | \$0.0098 | \$0.0098 |
| Power Supply Adjustment (\$/kWh) | \$0.0335 | \$0.0303 | \$0.0303 | \$0.0303 |
| Average Monthly Bill | \$98.94 | \$97.65 | \$97.40 | \$93.39 |
| Average Rate (\$/kWh) | \$0.1083 | \$0.1069 | \$0.1066 | \$0.1022 |
| Average Difference (%) | | -1.3% | -0.3% | -4.3% |

Secondary Service Small – Rural Class Size (FY2015 Projections)

| | |
|-----------------------------|------------|
| Class Meters | 2,891 |
| Average Monthly Sales (kWh) | 914 |
| Class Annual Sales (kWh) | 31,705,596 |

*Current rate shown is current Small Commercial Rate. Average bill and average rate shown is combined average rate of all meters in new Secondary Service Small class at current respective rates.

Secondary Service Small Rate Comparisons*



*Comparison of rates at Phase 3 with current Fuel Adjustment without offset (\$0.0330 City, \$0.0335 Rural).

Secondary Service Demand - City

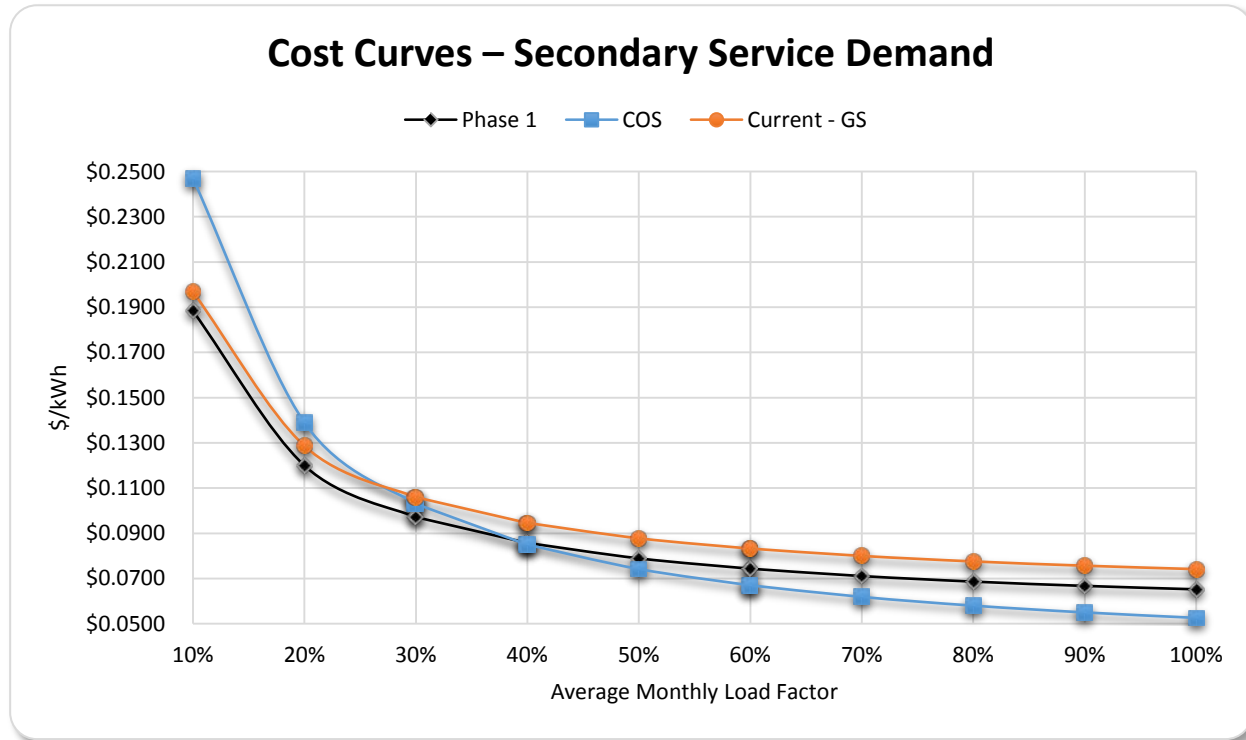
| Item/Rate | Current Rate* | Proposed Rate | Proposed Rate | Proposed Rate |
|----------------------------------|---------------|---------------|---------------|---------------|
| | | Phase 1 | Phase 2 | Phase 3 |
| Customer(\$/Month) | \$26.34 | \$29.75 | \$33.25 | \$37.00 |
| Energy (\$/kWh) | \$0.0276 | \$0.0215 | \$0.0150 | \$0.0086 |
| Demand (\$/kW) | \$0.59 | \$3.52 | \$5.02 | \$6.60 |
| Delivery (\$/kW) | \$5.72 | \$2.79 | \$2.79 | \$2.79 |
| Regulatory (\$/kW) | \$3.30 | \$3.30 | \$3.30 | \$3.30 |
| Power Supply Adjustment (\$/kWh) | \$0.0330 | \$0.0301 | \$0.0301 | \$0.0301 |
| Average Monthly Bill | \$2,177.23 | \$2,131.68 | \$2,082.23 | \$2,042.91 |
| Average Rate (\$/kWh) | \$0.0834 | \$0.0816 | \$0.0798 | \$0.0785 |
| Average Difference (%) | | -2.2% | -2.3% | -1.9% |

Secondary Service Demand – City Class Size (FY2015 Projections)

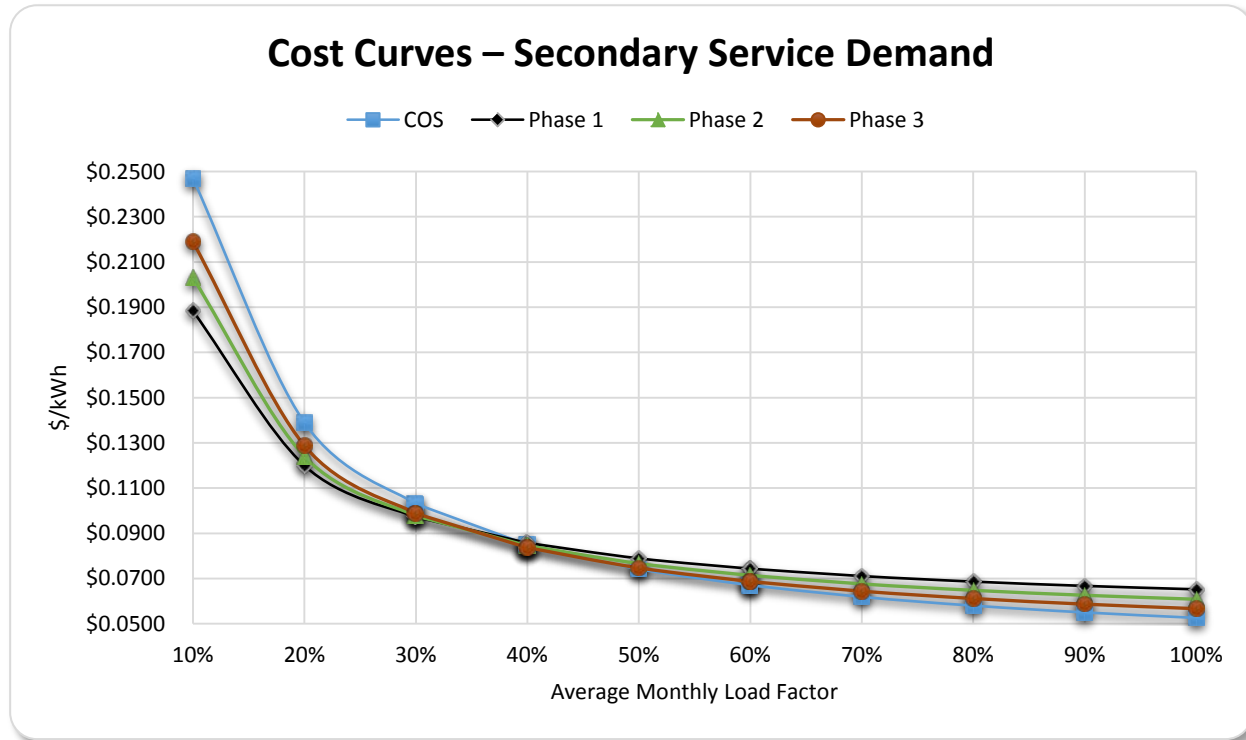
| | |
|-----------------------------|-------------|
| Class Meters | 1,208 |
| Average Monthly Sales (kWh) | 26,096 |
| Class Annual Sales (kWh) | 378,402,515 |

*Current rate shown is current General Service Rate. Average bill and average rate shown is combined average rate of all meters in new Secondary Service Demand class at current respective rates.

Secondary Service Demand - City



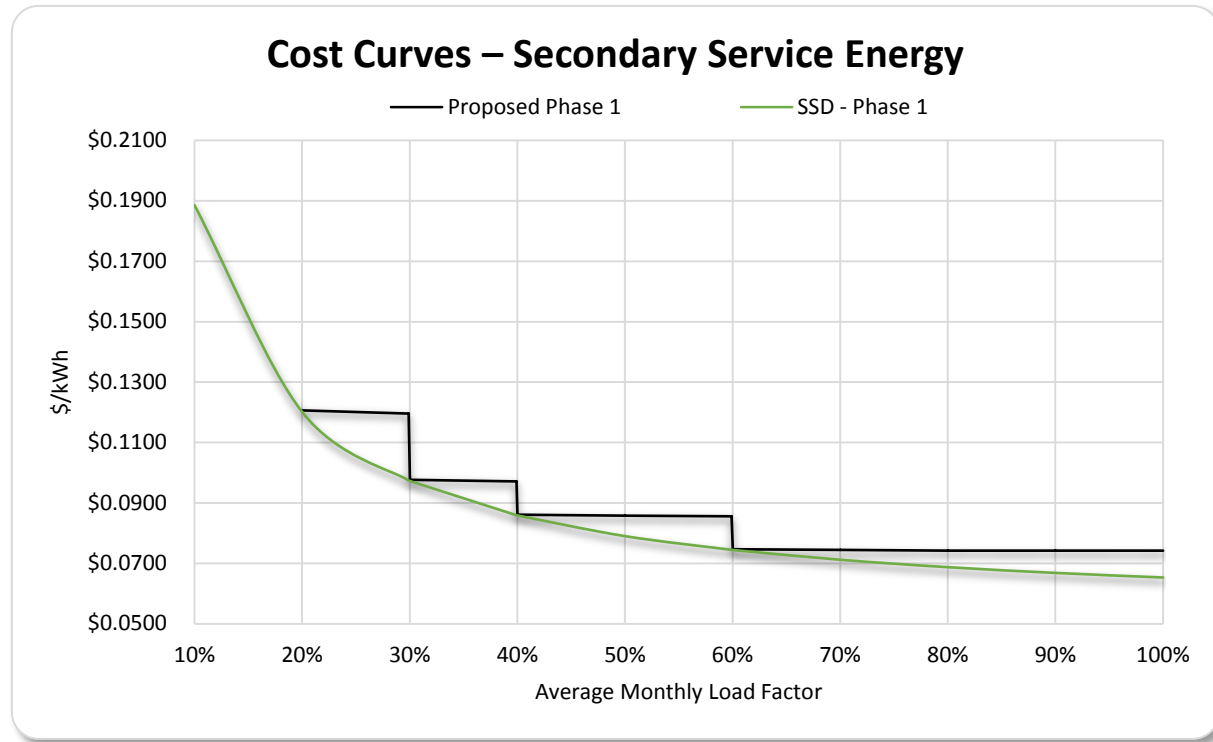
Secondary Service Demand - City



Secondary Service Energy - City

| Item/Rate | Current Rate* | Proposed Rate Phase 1 | Proposed Rate Phase 2 | Proposed Rate Phase 3 |
|----------------------------------|---------------|--------------------------|--------------------------|--------------------------|
| Customer(\$/Month) | \$23.99 | \$29.75 | \$33.25 | \$37.00 |
| Energy (\$/kWh) | | | | |
| Load Factor 20-29 | \$0.0489 | \$0.0647 | \$0.0685 | \$0.0729 |
| Load Factor 30-39 | \$0.0414 | \$0.0503 | \$0.0507 | \$0.0515 |
| Load Factor 40-59 | \$0.0383 | \$0.0431 | \$0.0417 | \$0.0408 |
| Load Factor 60+ | \$0.0329 | \$0.0359 | \$0.0328 | \$0.0300 |
| Regulatory (\$/kWh) | | | | |
| Load Factor 20-29 | \$0.0116 | \$0.0226 | \$0.0226 | \$0.0226 |
| Load Factor 30-39 | \$0.0116 | \$0.0151 | \$0.0151 | \$0.0151 |
| Load Factor 40-59 | \$0.0116 | \$0.0113 | \$0.0113 | \$0.0113 |
| Load Factor 60+ | \$0.0116 | \$0.0075 | \$0.0075 | \$0.0075 |
| Power Supply Adjustment (\$/kWh) | \$0.0330 | \$0.0301 | \$0.0301 | \$0.0301 |

Secondary Service Energy - City



Secondary Service Demand - Rural

| Item/Rate | Current Rate* | Proposed Rate | Proposed Rate | Proposed Rate |
|----------------------------------|---------------|---------------|---------------|---------------|
| | | Phase 1 | Phase 2 | Phase 3 |
| Customer (\$/Month) | \$19.25 | \$21.00 | \$21.00 | \$21.00 |
| Energy (\$/kWh) | \$0.0192 | \$0.0228 | \$0.0167 | \$0.0104 |
| Demand (\$/kW) | \$0.42 | \$2.94 | \$4.44 | \$5.96 |
| Delivery (\$/kW) | \$5.58 | \$3.06 | \$3.06 | \$3.06 |
| Regulatory (\$/kW) | \$2.92 | \$2.92 | \$2.92 | \$2.92 |
| Power Supply Adjustment (\$/kWh) | \$0.0335 | \$0.0303 | \$0.0303 | \$0.0303 |
| Average Monthly Bill | \$1,405.57 | \$1,443.67 | \$1,442.83 | \$1,440.06 |
| Average Rate (\$/kWh) | \$0.0868 | \$0.0891 | \$0.0891 | \$0.0890 |
| Average Difference (%) | | 2.6% | -0.1% | -0.2% |

Secondary Service Demand – Rural Class Size (FY2015 Projections)

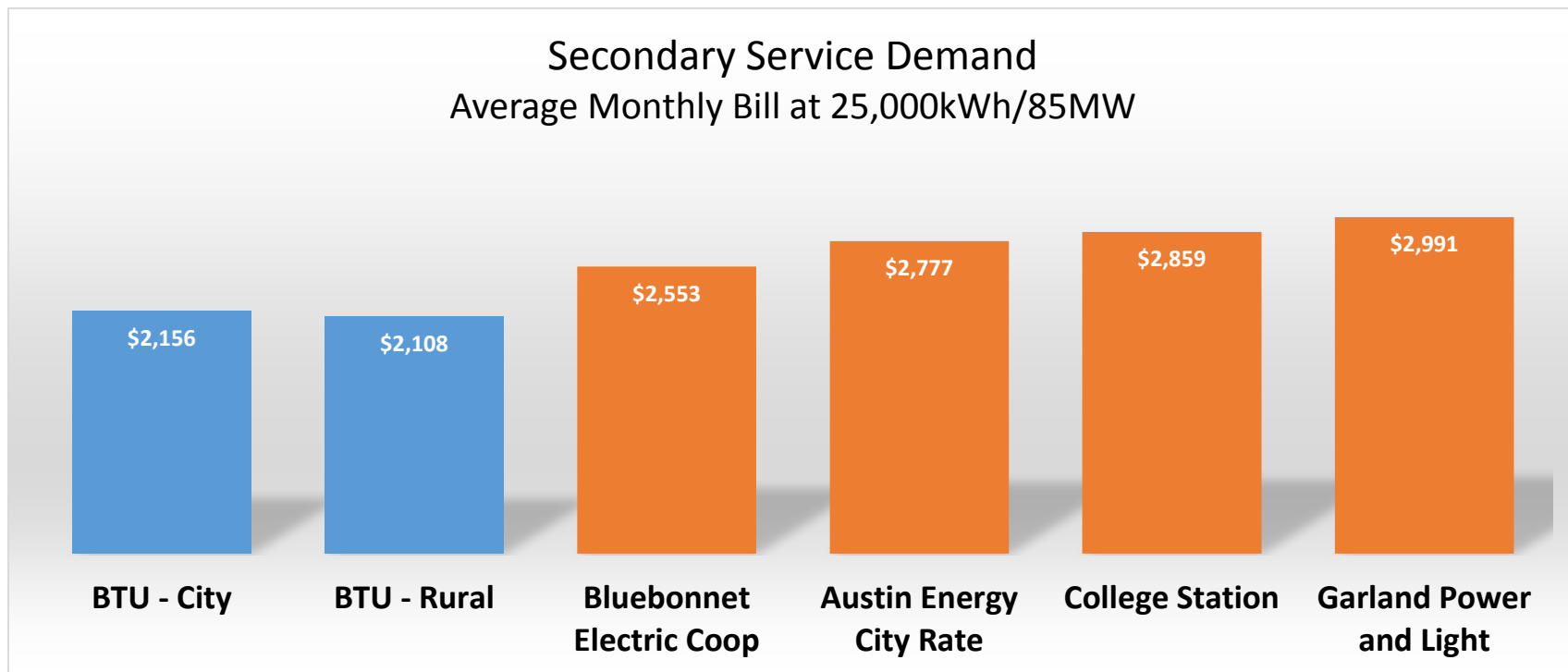
| | |
|-----------------------------|------------|
| Class Meters | 441 |
| Average Monthly Sales (kWh) | 16,195 |
| Class Annual Sales (kWh) | 85,661,515 |

*Current rate shown is current General Service Rate. Average bill and average rate shown is combined average rate of all meters in new Secondary Service Demand class at current respective rates.

Secondary Service Energy - Rural

| Item/Rate | Current Rate* | Proposed Rate Phase 1 | Proposed Rate Phase 2 | Proposed Rate Phase 3 |
|----------------------------------|---------------|--------------------------|--------------------------|--------------------------|
| Customer(\$/Month) | \$22.94 | \$29.75 | \$33.25 | \$37.00 |
| Energy (\$/kWh) | | | | |
| Load Factor 20-29 | \$0.0487 | \$0.0647 | \$0.0685 | \$0.0729 |
| Load Factor 30-39 | \$0.0415 | \$0.0503 | \$0.0507 | \$0.0515 |
| Load Factor 40-59 | \$0.0376 | \$0.0431 | \$0.0417 | \$0.0408 |
| Load Factor 60+ | \$0.0315 | \$0.0359 | \$0.0328 | \$0.0300 |
| Regulatory (\$/kWh) | | | | |
| Load Factor 20-29 | \$0.0097 | \$0.0180 | \$0.0180 | \$0.0180 |
| Load Factor 30-39 | \$0.0097 | \$0.0120 | \$0.0120 | \$0.0120 |
| Load Factor 40-59 | \$0.0097 | \$0.0090 | \$0.0090 | \$0.0090 |
| Load Factor 60+ | \$0.0097 | \$0.0060 | \$0.0060 | \$0.0060 |
| Power Supply Adjustment (\$/kWh) | \$0.0335 | \$0.0303 | \$0.0303 | \$0.0303 |

Secondary Service Demand Rate Comparisons*



*Comparison of rates at Phase 3 with current Fuel Adjustment without offset (\$0.0330 City, \$0.0335 Rural).

Secondary Service Large - City

| Item/Rate | Current Rate | Proposed Rate All Phases |
|----------------------------------|--------------|-----------------------------|
| Customer (\$/Month) | \$400.00 | \$400.00 |
| Energy (\$/kWh) | \$0.0077 | \$0.0075 |
| Demand (\$/kW) | \$6.31 | \$8.85 |
| Delivery (\$/kW) | \$3.97 | \$3.65 |
| Regulatory (\$/kW) | \$3.75 | \$3.75 |
| Power Supply Adjustment (\$/kWh) | \$0.0330 | \$0.0301 |
| Average Monthly Bill | \$63,558.11 | \$64,545.26 |
| Average Rate (\$/kWh) | \$0.0673 | \$0.0683 |
| Average Difference (%) | | 1.6% |

Secondary Service Large – City Class Size (FY2015 Projections)

| | |
|-----------------------------|-------------|
| Class Meters | 11 |
| Average Monthly Sales (kWh) | 944,752 |
| Class Annual Sales (kWh) | 127,543,944 |

Transmission Service - City

| Item/Rate | Proposed Rate |
|----------------------------------|---------------|
| Customer(\$/Month) | \$1,725.00 |
| Energy (\$/kWh) | \$0.0010 |
| Demand (\$/kW) | \$12.68 |
| Regulatory (\$/kW) | \$3.71 |
| Power Supply Adjustment (\$/kWh) | \$0.0290 |
| Average Monthly Bill | \$665,830 |
| Average Rate (\$/kWh) | \$0.0676 |

| Transmission Service – City Class Size (FY2015 Projections) | |
|--|-------------|
| Class Meters | 1 |
| Average Monthly Sales (kWh) | 9,855,000 |
| Class Annual Sales (kWh) | 118,260,000 |

Secondary Service Irrigation - Rural

| Item/Rate | Current Rate | Proposed Rate | Proposed Rate | Proposed Rate |
|----------------------------------|--------------|---------------|---------------|---------------|
| | | Phase 1 | Phase 2 | Phase 3 |
| Customer (\$/Month) | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Energy (\$/kWh) | \$0.0683 | \$0.0550 | \$0.0600 | \$0.0656 |
| Delivery (\$/kWh) | \$0.000 | \$0.0210 | \$0.0210 | \$0.0210 |
| Regulatory (\$/kWh) | \$0.0252 | \$0.0252 | \$0.0252 | \$0.0252 |
| Power Supply Adjustment (\$/kWh) | \$0.0335 | \$0.0303 | \$0.0303 | \$0.0303 |
| Average Monthly Bill | \$86.94 | \$90.00 | \$93.43 | \$97.26 |
| Average Rate (\$/kWh) | \$0.1297 | \$0.1314 | \$0.1364 | \$0.1420 |
| Average Difference (%) | | 3.5% | 3.8% | 4.1% |

Secondary Service Irrigation Class Size (FY2015 Projections)

| | |
|-----------------------------|-----------|
| Class Meters | 122 |
| Average Monthly Sales (kWh) | 685 |
| Class Annual Sales (kWh) | 1,005,299 |

Security Lighting – City

| Item/Rate | Current Rate | Proposed Rate | Proposed Rate | Proposed Rate |
|----------------------------------|--------------|---------------|---------------|---------------|
| | | Phase 1 | Phase 2 | Phase 3 |
| Lamp (\$/Month) | \$8.55 | \$8.55 | \$9.10 | \$9.78 |
| Regulatory (\$/kWh) | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 |
| Power Supply Adjustment (\$/kWh) | \$0.0000 | \$0.0301 | \$0.0301 | \$0.0301 |
| Average Rate (\$/kWh) | \$0.1222 | \$0.1523 | \$0.1602 | \$0.1699 |
| Average Difference (%) | | 24.6% | 5.2% | 6.1% |

Security Lighting Class Size (FY2015 Projections)

| | |
|--------------------------|-----------|
| Number of Lamps | 4,225 |
| Class Annual Sales (kWh) | 3,547,446 |

Security Lighting – Rural

| Item/Rate | Current Rate | Proposed Rate All Phases |
|----------------------------------|--------------|-----------------------------|
| Lamp (\$/Month) | \$12.61 | \$9.85 |
| Regulatory (\$/kWh) | \$0.0000 | \$0.0000 |
| Power Supply Adjustment (\$/kWh) | \$0.0000 | \$0.0303 |
| Average Rate (\$/kWh) | \$0.1803 | \$0.1592 |
| Average Difference (%) | | -5.1% |

Security Lighting Class Size (FY2015 Projections)

| | |
|--------------------------|-----------|
| Number of Lamps | 3,932 |
| Class Annual Sales (kWh) | 3,299,677 |

Street Lighting – City

| Item/Rate | Current Rate A | Current Rate B | Proposed Rate A | Proposed Rate B |
|---|-------------------|-------------------|--------------------|--------------------|
| 175W Mercury Vapor Lamp (\$/Month) | \$7.20 | N/A | \$8.73 | N/A |
| 250W High Pressure Sodium Lamp (\$/Month) | \$10.61 | \$4.94 | \$10.85 | \$5.69 |
| 150W High Pressure Sodium Lamp (\$/Month) | N/A | N/A | \$7.55 | \$4.95 |
| 100W High Pressure Sodium Lamp (\$/Month) | \$6.73 | \$2.12 | \$6.73 | \$4.75 |
| Regulatory (\$/kWh) | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 |
| Power Supply Adjustment (\$/kWh) | \$0.0330 | \$0.0330 | \$0.0301 | \$0.0301 |
| Average Rate (\$/kWh) | \$0.1611 | | \$0.1659 | |
| Average Difference (%) | | | 2.9% | |

Security Lighting Class Size (FY2015 Projections)

| | |
|--------------------------|-----------|
| Number of Lamps | 6,003 |
| Class Annual Sales (kWh) | 4,189,801 |

Street Lighting – Rural

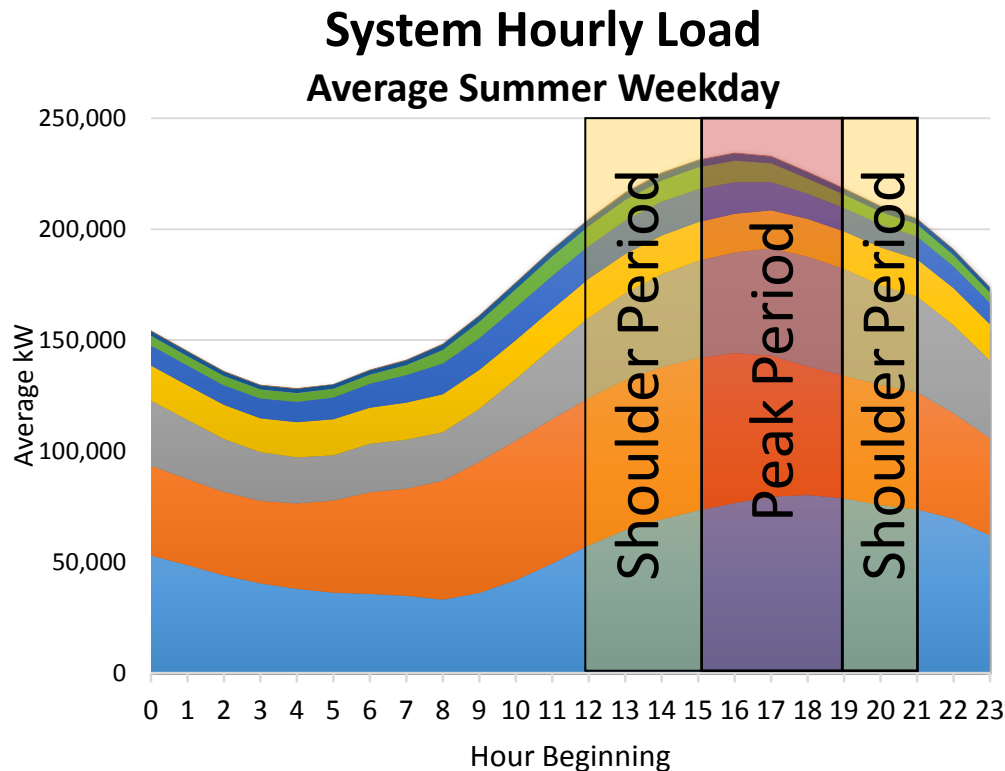
| Item/Rate | Current Rate A | Current Rate B | Proposed Rate A | Proposed Rate B |
|---|-------------------|-------------------|--------------------|--------------------|
| 175W Mercury Vapor Lamp (\$/Month) | \$10.33 | N/A | \$12.44 | N/A |
| 250W High Pressure Sodium Lamp (\$/Month) | \$15.18 | \$7.09 | \$15.36 | \$8.09 |
| 150W High Pressure Sodium Lamp (\$/Month) | N/A | N/A | \$10.55 | \$6.75 |
| 100W High Pressure Sodium Lamp (\$/Month) | \$9.52 | \$3.03 | \$9.52 | \$6.61 |
| Regulatory (\$/kWh) | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 |
| Power Supply Adjustment (\$/kWh) | \$0.0335 | \$0.0301 | \$0.0303 | \$0.0303 |
| Average Rate (\$/kWh) | \$0.2718 | | \$0.2685 | |
| Average Difference (%) | | | -1.2% | |

Security Lighting Class Size (FY2015 Projections)

| | |
|--------------------------|---------|
| Number of Lamps | 958 |
| Class Annual Sales (kWh) | 459,438 |

Time of Use (TOU) Rates

- Time-of-Use Rates
 - Designed to encourage shifting of energy usage away from 4CP time periods
 - June-September
 - Weekdays
 - 3:00pm-7:00pm Peak
 - 12:00pm-9:00pm Shoulder
- Three New Rates
 - Secondary Service TOU
 - Secondary Service Large TOU
 - Transmission Service TOU



Time of Use Proposed Rates - City

| Item/Rate | Secondary Service TOU | Secondary Service Large TOU | Transmission Service TOU |
|----------------------------------|-----------------------|-----------------------------|--------------------------|
| | Proposed Rate | Proposed Rate | Proposed Rate |
| Customer (\$/Month) | \$137.00 | \$500.00 | \$1,825.00 |
| Base Energy (\$/kWh) | \$0.0314 | \$0.0288 | \$0.0250 |
| Shoulder Energy (\$/kWh) | \$0.0737 | \$0.0675 | \$0.0622 |
| Peak Energy (\$/kWh) | \$0.0918 | \$0.0839 | \$0.0765 |
| Peak Regulatory (\$/kWh) | \$0.1813 | \$0.1641 | \$0.1433 |
| Power Supply Adjustment (\$/kWh) | \$0.0301 | \$0.0301 | \$0.0290 |

Time of Use Proposed Rate - Rural

| Item/Rate | Secondary Service TOU Proposed Rate |
|----------------------------------|--|
| Customer (\$/Month) | \$137.00 |
| Base Energy (\$/kWh) | \$0.0321 |
| Shoulder Energy (\$/kWh) | \$0.0754 |
| Peak Energy (\$/kWh) | \$0.0939 |
| Peak Regulatory (\$/kWh) | \$0.1813 |
| Power Supply Adjustment (\$/kWh) | \$0.0303 |

Conclusions

- Financial Forecast indicates City and Rural System average base rates are too low
 - City average required base rate increase: 5 percent
 - Rural average required base rate increase: 18 percent

Conclusions

- BTU can temporarily offset base rate increases by returning current fuel charge over-recovery balance
 - Total City rate increase with fuel offset: 0 percent
 - Total City rate increase without fuel offset: 2.4 percent
 - Total Rural rate increase with fuel offset: 7 percent
 - Total Rural rate increase without fuel offset: 9.9 percent
- At end of phase in period and end of fuel offset, BTU still maintains competitive rates.

Conclusions

- Cost of Service indicates following rates require average base rate increases:
 - City
 - Secondary Service Large
 - Security Lighting
 - Street Lighting
 - Rural Electric Division Wholesale Customer
 - Rural
 - Residential (College Station and Rural)
 - Secondary Service Demand
 - Irrigation

Conclusions

- Cost of Service indicates following rates average require base rate decreases:
 - City
 - Residential
 - Secondary Service Small
 - Secondary Service Demand
 - Rural
 - Secondary Service Small

Recommendations

- Move rates to cost of service
- Add new classes of service for City and Rural Systems
- Phase in rates over a three year period to minimize rate impacts on customers
- Maintain current rate pass-through structure (Power Supply Adjustment and Regulatory Charge)
- Adopt Time of Use rates as option for shifting load away from peak periods
- Adopt rates as proposed



Questions / Discussion

City Residential – Proposed Rates

| Item | Determinants | Current | | Proposed Rate All Phases | | Cost of Service | |
|----------------------------------|--------------|----------|--------------|--------------------------|--------------|-----------------|--------------|
| | | Rate | Revenue | Rate | Revenue | Rate | Revenue |
| Customer Charges | | | | | | | |
| Customer Charge \$/Month | 382,843 | \$10.28 | \$3,935,622 | \$11.00 | \$4,211,269 | \$12.80 | \$4,899,402 |
| Energy Charge | | | | | | | |
| Summer Energy (\$/kWh) | 234,332,344 | \$0.0316 | \$7,404,902 | \$0.0383 | \$8,974,929 | \$0.0334 | \$7,828,021 |
| Non-Summer Energy (\$/kWh) | 145,431,864 | \$0.0190 | \$2,763,205 | \$0.0256 | \$3,723,056 | \$0.0334 | \$4,858,244 |
| Delivery Charge (\$/kWh) | 379,764,208 | \$0.0198 | \$7,519,331 | \$0.0122 | \$4,633,123 | \$0.0104 | \$3,953,109 |
| Total Energy Charges | | \$0.0456 | \$17,687,439 | \$0.0453 | \$17,331,108 | \$0.0435 | \$16,639,373 |
| Subtotal Base Rate | | \$0.0569 | \$21,623,061 | \$0.0567 | \$21,542,377 | \$0.0567 | \$21,538,775 |
| | | | | | | | |
| Pass-Through Charges | | | | | | | |
| Regulatory Charge (\$/kWh) | 379,764,208 | \$0.0120 | \$4,554,093 | \$0.0120 | \$4,554,093 | \$0.0120 | \$4,554,093 |
| Power Supply Adjustment (\$/kWh) | 379,764,208 | \$0.0330 | \$12,532,219 | \$0.0301 | \$11,432,897 | \$0.0301 | \$11,432,897 |
| Total Pass-Through Charges | | \$0.0450 | \$17,086,312 | \$0.0421 | \$15,986,990 | \$0.0421 | \$15,986,990 |
| Grand Total | | \$0.1019 | \$38,709,373 | \$0.0988 | \$37,409,403 | \$0.0988 | \$37,525,765 |
| Difference (From Current Rate) | | | | -3.0% | -\$1,180,007 | -3.1 | -\$1,183,608 |
| Difference (From COS) | | 3.2% | \$1,183,608 | 0.0% | \$3,602 | | |

Rural Residential – Proposed Rates

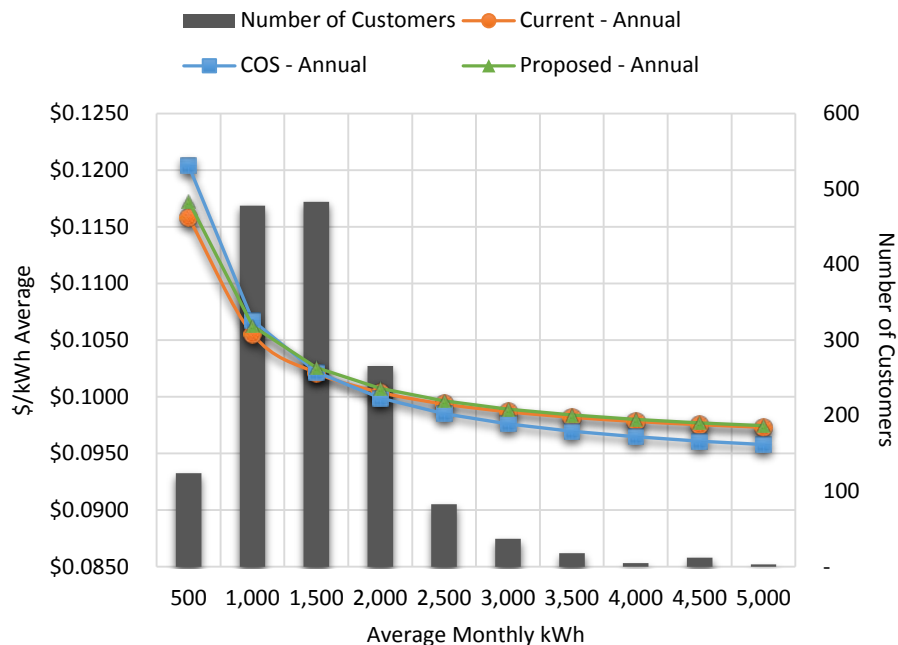
| Item | Determinants | Current | | Proposed Phase 1 | | Proposed Phase 2 | | Proposed Phase 3 | | Cost of Service | |
|----------------------------------|--------------|----------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|-----------------|--------------|
| | | Rate | Revenue | Rate | Revenue | Rate | Revenue | Rate | Revenue | Rate | Revenue |
| Customer Charges | | | | | | | | | | | |
| Customer Charge \$/Month | 155,850 | \$9.61 | \$1,497,722 | \$11.00 | \$1,714,354 | \$11.50 | \$1,792,279 | \$12.00 | \$1,870,204 | \$13.59 | \$2,117,982 |
| Energy Charge | | | | | | | | | | | |
| Summer Energy (\$/kWh) | 132,554,637 | \$0.0300 | \$3,976,639 | \$0.0394 | \$5,222,653 | \$0.0429 | \$5,686,594 | \$0.0465 | \$6,163,791 | \$0.0393 | \$5,213,982 |
| Non-Summer Energy (\$/kWh) | 103,532,913 | \$0.0177 | \$1,832,533 | \$0.0263 | \$2,722,916 | \$0.0287 | \$2,971,395 | \$0.0311 | \$3,219,874 | \$0.0393 | \$4,072,425 |
| Delivery Charge (\$/kWh) | 236,087,550 | \$0.0185 | \$4,367,620 | \$0.0150 | \$3,541,313 | \$0.0150 | \$3,541,313 | \$0.0150 | \$3,541,313 | \$0.0145 | \$3,417,051 |
| Total Energy Charges | | \$0.0431 | \$10,176,791 | \$0.0487 | \$11,486,882 | \$0.0517 | \$12,199,302 | \$0.0547 | \$12,924,977 | \$0.0538 | \$12,703,458 |
| Subtotal Base Rate | | \$0.0494 | \$11,674,513 | \$0.0559 | \$13,201,235 | \$0.0593 | \$13,991,581 | \$0.0627 | \$14,795,182 | \$0.0628 | \$14,821,440 |
| Pass-Through Charges | | | | | | | | | | | |
| Regulatory Charge (\$/kWh) | 236,087,550 | \$0.0104 | \$2,466,284 | \$0.0104 | \$2,466,284 | \$0.0104 | \$2,466,284 | \$0.0104 | \$2,466,284 | \$0.0104 | \$2,466,284 |
| Power Supply Adjustment (\$/kWh) | 236,087,550 | \$0.0335 | \$7,908,933 | \$0.0303 | \$7,147,697 | \$0.0303 | \$7,147,697 | \$0.0303 | \$7,147,697 | \$0.0303 | \$7,147,697 |
| Total Pass-Through Charges | | \$0.0439 | \$10,375,217 | \$0.0407 | \$9,613,981 | \$0.0407 | \$9,613,981 | \$0.0407 | \$9,613,981 | \$0.0407 | \$9,613,981 |
| Grand Total | | \$0.0934 | \$22,049,730 | \$0.0966 | \$22,815,216 | \$0.1000 | \$23,605,561 | \$0.1034 | \$24,409,162 | \$0.1035 | \$24,435,420 |
| Difference (From Current Rate) | | | | 3.4% | \$765,486 | 3.3% | \$790,345 | 3.3% | \$803,601 | 9.8% | \$2,385,691 |
| Difference (From COS) | | -9.8% | -\$2,385,691 | -6.6% | -\$1,620,204 | -3.4% | -\$829,859 | -0.1% | -\$26,258 | | |

College Station Residential – Proposed Rates

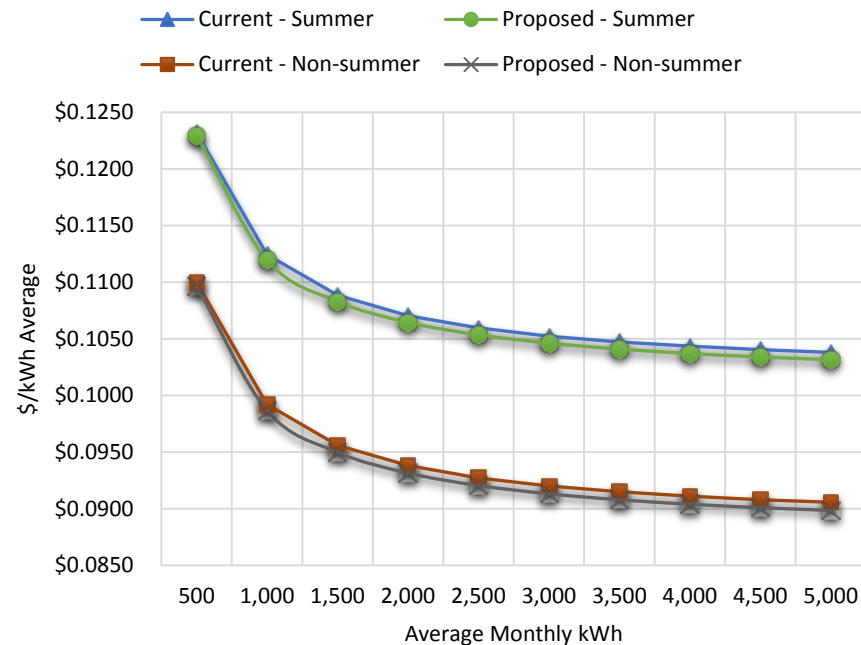
| Item | Determinants | Current | | Proposed Rate All Phases | | Cost of Service | |
|----------------------------------|--------------|-----------|-------------|--------------------------|--------------|-----------------|-------------|
| | | Rate | Revenue | Rate | Revenue | Rate | Revenue |
| Customer Charges | | | | | | | |
| Customer Charge \$/Month | 25,956 | \$10.28 | \$266,827 | \$11.00 | \$4,211,269 | \$13.64 | \$354,021 |
| Energy Charge | | | | | | | |
| Summer Energy (\$/kWh) | 17,723,930 | \$0.0316 | \$560,076 | \$0.0390 | \$8,041,110 | \$0.0345 | \$610,735 |
| Non-Summer Energy (\$/kWh) | 13,302,912 | \$0.0190 | \$252,755 | \$0.0261 | \$4,530,488 | \$0.0345 | \$458,394 |
| Delivery Charge (\$/kWh) | 31,026,842 | \$0.0211 | \$654,666 | \$0.0122 | \$4,633,123 | \$0.0127 | \$395,232 |
| Total Energy Charges | | \$0.0473 | \$1,467,498 | \$0.0453 | \$17,204,721 | \$0.0472 | \$1,464,361 |
| Subtotal Base Rate | | \$0.0559 | \$1,734,325 | \$0.0564 | \$21,415,990 | \$0.0586 | \$1,818,383 |
| Pass-Through Charges | | | | | | | |
| Regulatory Charge (\$/kWh) | 31,026,842 | \$0.0106 | \$329,138 | \$0.0106 | \$329,138 | \$0.0106 | \$329,138 |
| Power Supply Adjustment (\$/kWh) | 31,026,842 | \$0.0335 | \$1,039,399 | \$0.0303 | \$939,357 | \$0.0303 | \$939,357 |
| College Station Franchise Fee | | 5.00% | \$155,143 | 5.00% | \$154,333 | 5.00% | \$154,333 |
| Total Pass-Through Charges | | \$0.04911 | \$1,523,680 | \$0.0459 | \$1,422,828 | \$0.0459 | \$1,422,828 |
| Grand Total | | \$0.1050 | \$3,258,005 | \$0.1045 | \$3,240,993 | \$0.1045 | \$3,241,221 |
| Difference (From Current Rate) | | | | -0.5% | -\$17,012 | -0.5% | -\$16,784 |
| Difference (From COS) | | 0.5% | \$16,784 | 0.0% | -\$228 | | |

College Station Residential – Cost Curves

Cost Curves - College Station Residential

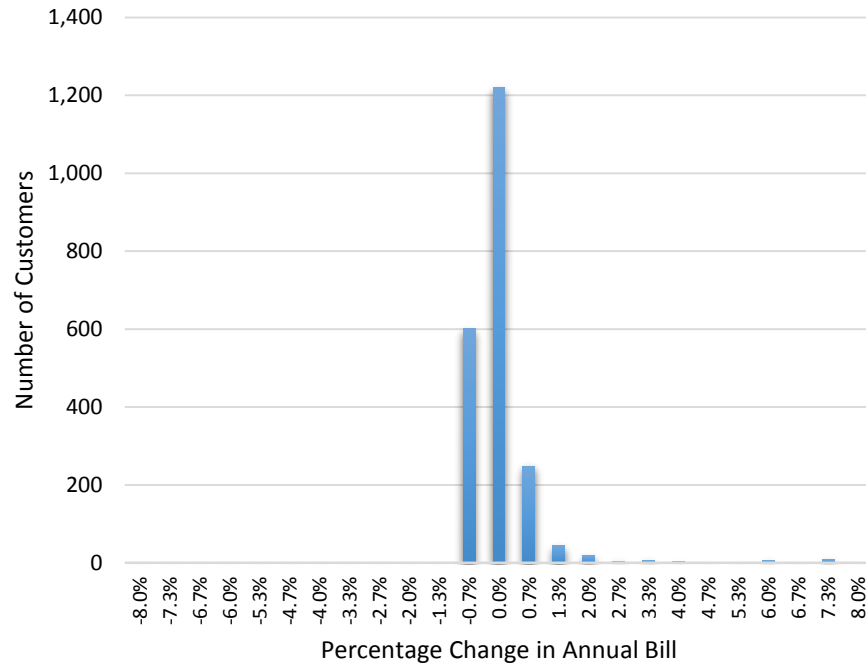


Cost Curves - College Station Residential

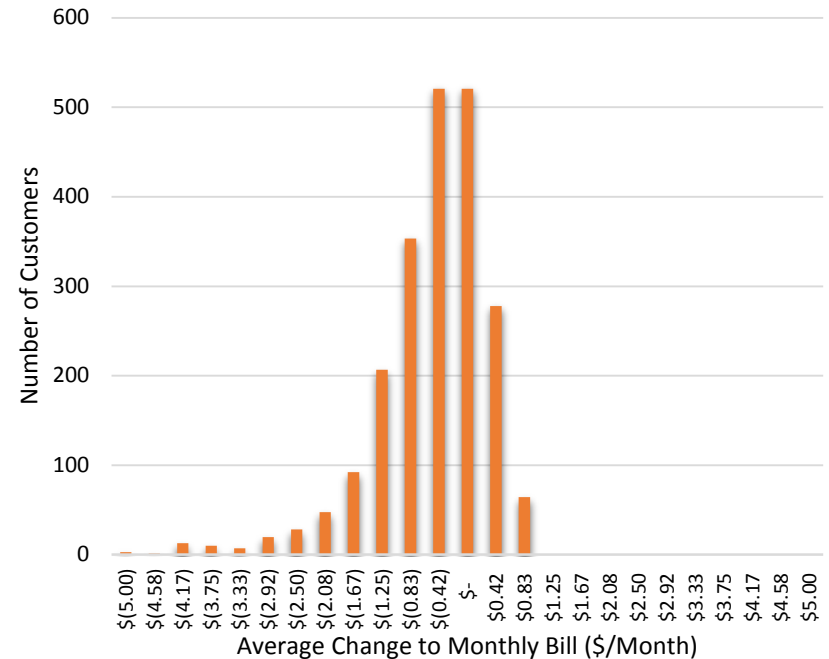


College Station Residential - Billing Impacts

College Station Residential
Percentage Change to Bills



College Station Residential
Change to Bills (\$/Month Average)

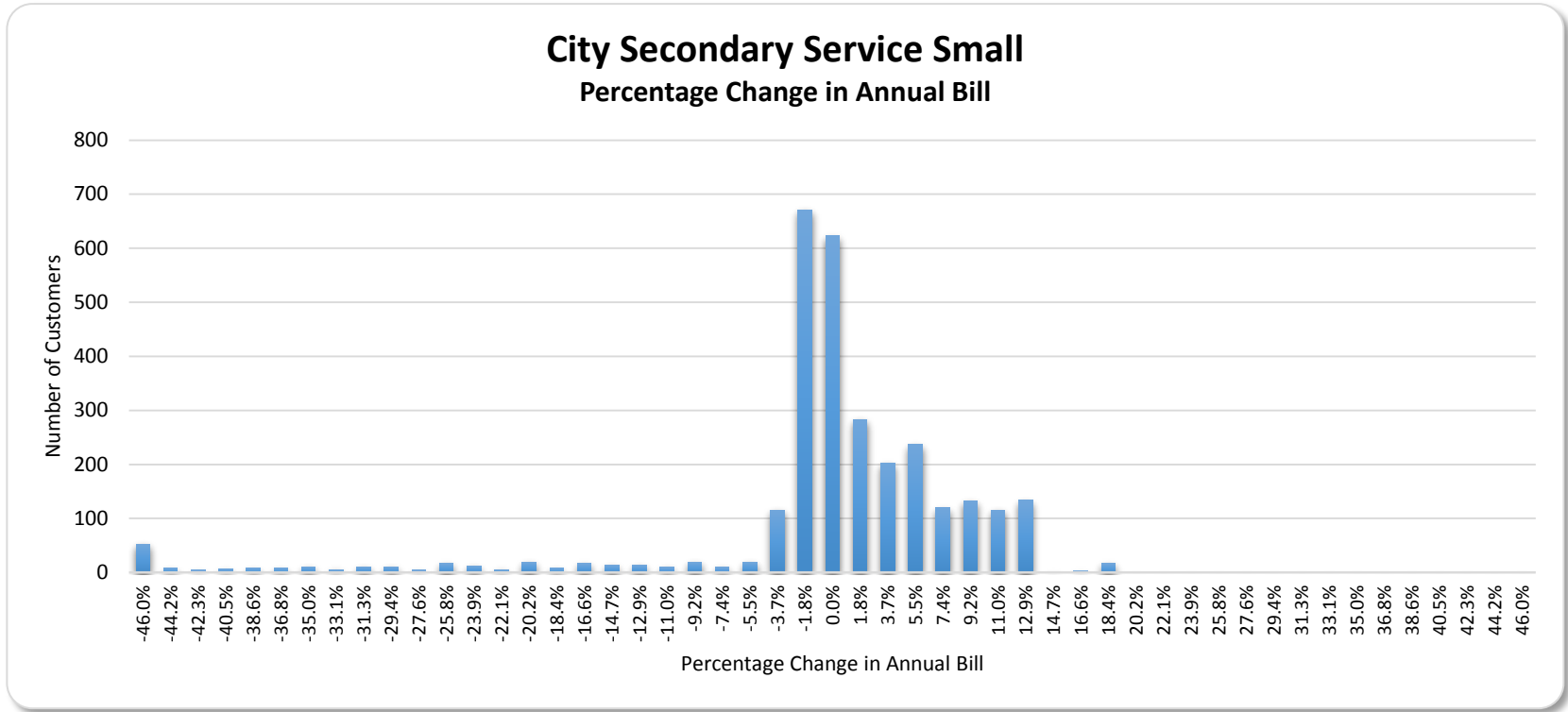


Secondary Service Small - City

| Item | New | Current SC | | | Current GS <25 kW | | | Current Interdep. <25kW | | | Cost of Service | |
|---------------------------------------|--------------|--------------|-----------------|--------------------|-------------------|-----------------|--------------------|-------------------------|-----------------|------------------|-----------------|--------------------|
| | Determinants | Determinants | Rate | Revenue | Determinants | Rate | Revenue | Determinants | Rate | Revenue | Rate | Revenue |
| Customer Charges | | | | | | | | | | | | |
| Customer Charge \$/Month | 35,463 | 27,489 | \$13.82 | \$379,893 | 2,201 | \$26.34 | \$57,982 | 1,705 | \$30.00 | \$51,150 | \$15.42 | \$546,873 |
| LF Only Cust. Charge \$/Month | | | | | 4,068 | \$23.99 | \$97,593 | | | | | |
| Energy Charge | | | | | | | | | | | | |
| Energy Charge (\$/kWh) | 41,252,247 | 21,834,731 | \$0.0183 | \$399,576 | 3,665,743 | \$0.0276 | \$101,175 | 1,505,784 | \$0.0200 | \$30,116 | \$0.0348 | \$1,437,452 |
| LF1 (\$/kWh) | | | | | 4,222,003 | \$0.0489 | \$206,456 | | | | | |
| LF2 (\$/kWh) | | | | | 3,855,663 | \$0.0414 | \$159,624 | | | | | |
| LF3 (\$/kWh) | | | | | 4,942,503 | \$0.0383 | \$189,298 | | | | | |
| LF4 (\$/kWh) | | | | | 1,225,819 | \$0.0329 | \$40,329 | | | | | |
| Delivery Charge (\$/kWh) | 41,252,247 | 21,834,731 | \$0.0333 | \$727,097 | | | | 1,505,784 | \$0.0244 | \$36,741 | \$0.0106 | \$438,412 |
| Total Energy Charges | | | \$0.0516 | \$1,126,672 | | \$0.0389 | \$696,882 | | \$0.0444 | \$66,857 | \$0.0455 | \$1,875,865 |
| Demand Charges | | | | | | | | | | | | |
| Demand Charge (\$/kW) | | | | | 29,458 | \$0.59 | \$17,380 | | | | | |
| Delivery Charge (\$/kW) | | | | | 29,458 | \$5.72 | \$168,501 | | | | | |
| Total Demand Charges | | | | | | \$6.31 | \$185,881 | | | | \$0.00 | \$0 |
| Subtotal Base Rate | | | \$0.0690 | \$1,506,565 | | \$0.0580 | \$1,038,339 | | \$0.0784 | \$118,007 | \$0.0587 | \$2,422,737 |
| Pass-Through Charges | | | | | | | | | | | | |
| Regulatory Charge (\$/kWh) | 41,252,247 | 21,834,731 | \$0.0129 | \$282,156 | 17,911,732 | \$0.0129 | \$231,462 | 1,505,784 | \$0.0129 | \$19,458 | \$0.0129 | \$533,076 |
| Power Supply Adjustment (\$/kWh) | 41,252,247 | 21,834,731 | \$0.0330 | \$720,546 | 17,911,732 | \$0.0330 | \$591,087 | 1,505,784 | \$0.0330 | \$49,691 | \$0.0301 | \$1,241,909 |
| Total Pass-Through Charges | | | \$0.0459 | \$1,002,702 | | \$0.0459 | \$822,549 | | \$0.0459 | \$69,149 | \$0.0430 | \$1,774,986 |
| Grand Total | | | \$0.1149 | \$2,509,268 | | \$0.1039 | \$1,860,888 | | \$0.1243 | \$187,156 | \$0.1018 | \$4,197,723 |
| Difference (from Current Rate) | | | | | | | | | | | -7.9% | -\$359,589 |

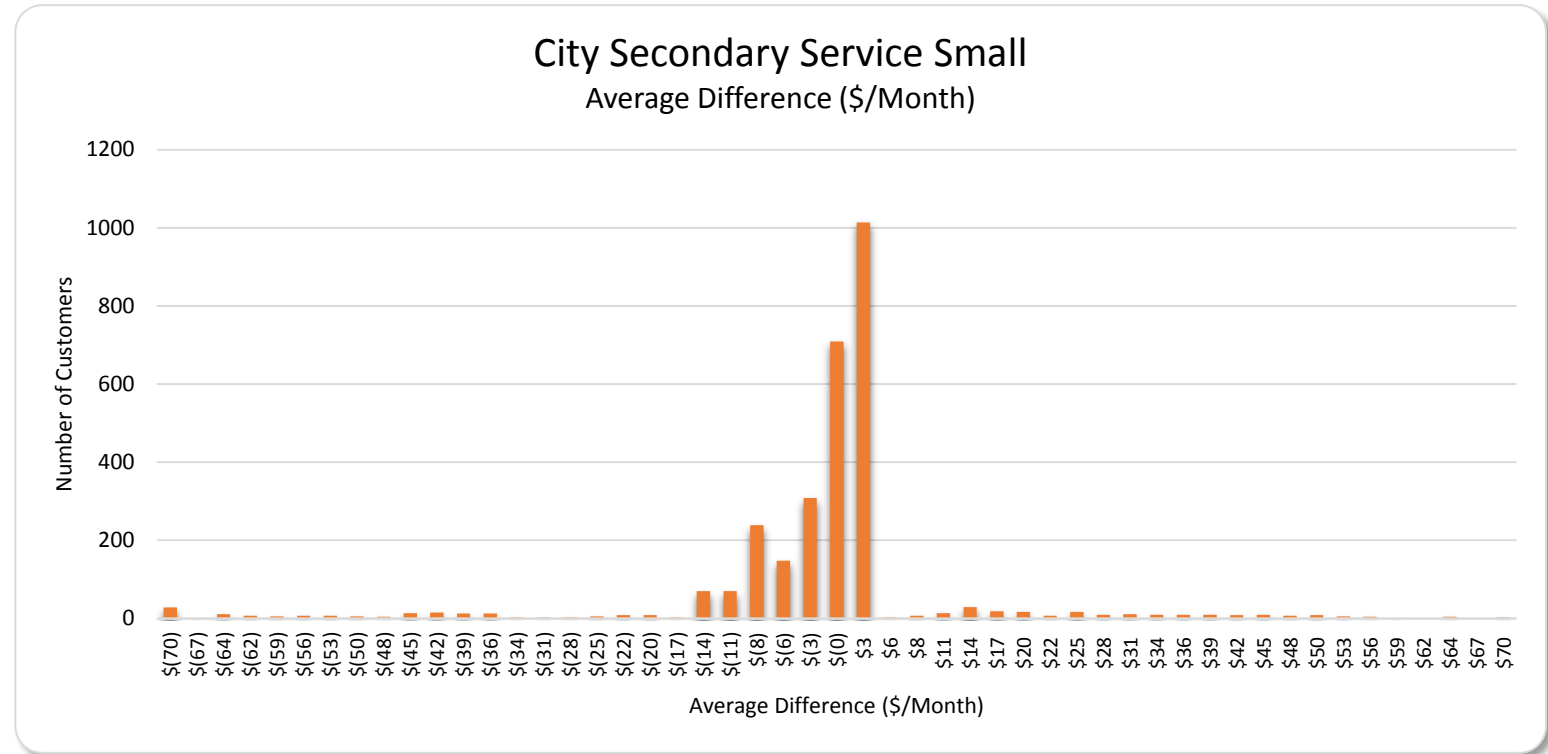
Secondary Service Small – City

Billing Impacts – Phase 1



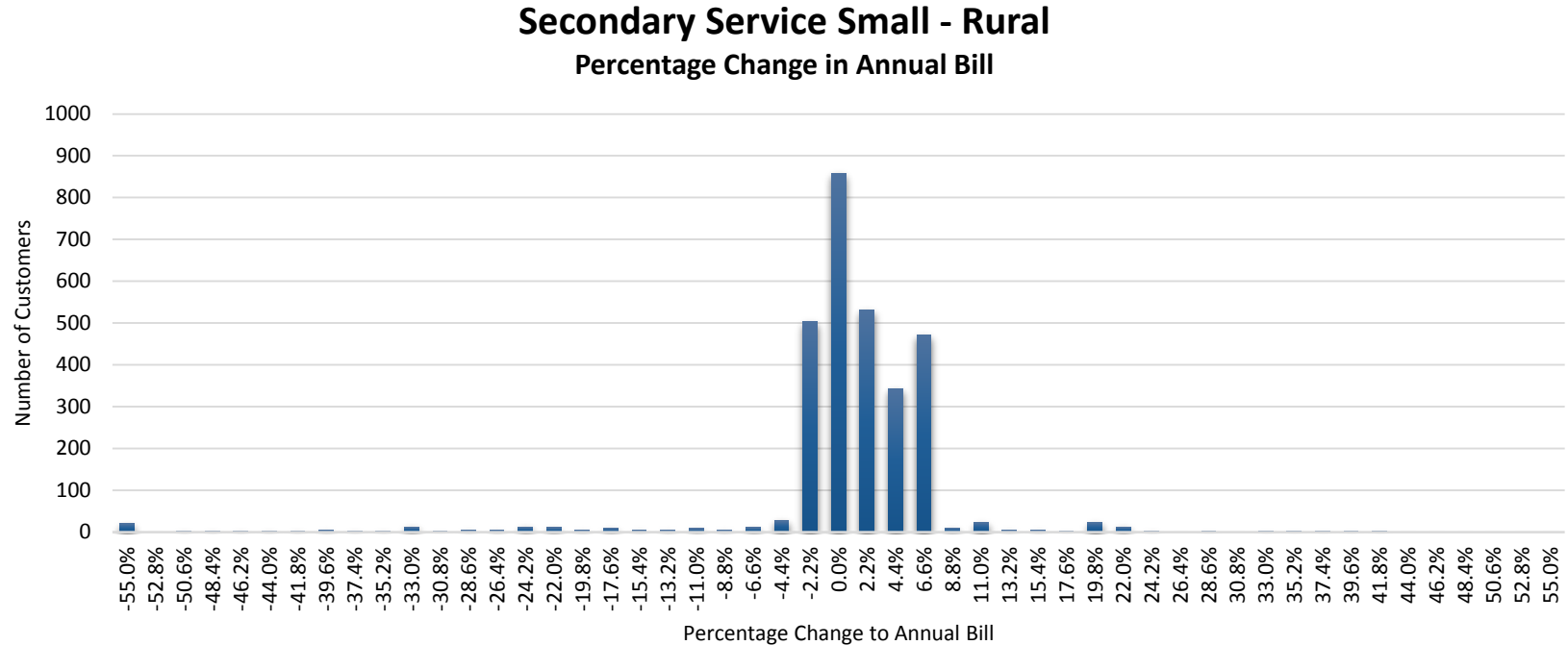
Secondary Service Small – City

Billing Impacts – Phase 1



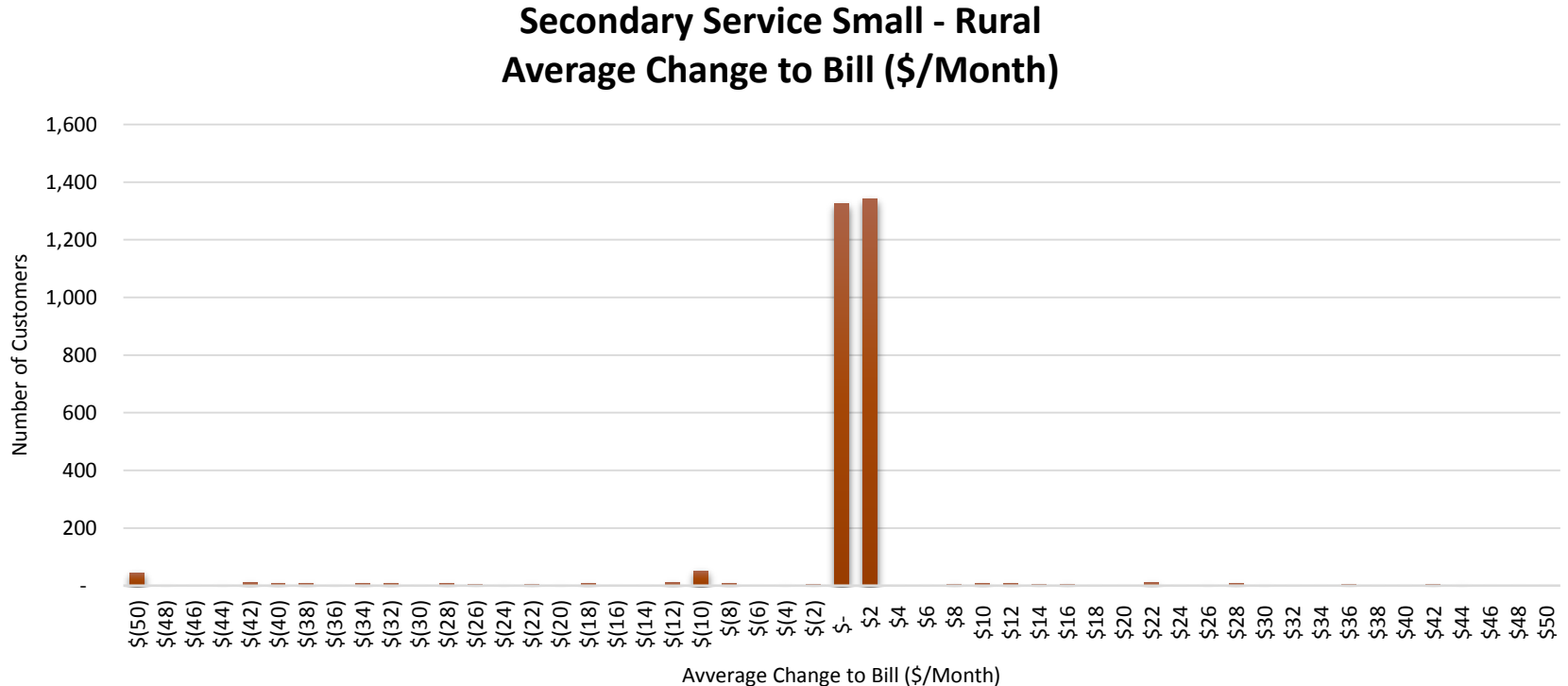
Secondary Service Small – Rural

Billing Impacts – Phase 1



Secondary Service Small – Rural

Billing Impacts – Phase 1



Secondary Service Small - City

| Item | New Determinants | Proposed Phase 1 | | Proposed Phase 2 | | Proposed Phase 3 | | Cost of Service | |
|-------------------------------------|---------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|-----------------|--------------------|
| | | Rate | Revenue | Rate | Revenue | Rate | Revenue | Rate | Revenue |
| Customer Charges | | | | | | | | | |
| Customer Charge \$/Month | 35,463 | \$15.50 | \$549,677 | \$15.50 | \$549,677 | \$15.50 | \$549,677 | \$15.42 | \$546,873 |
| Energy Charge | | | | | | | | | |
| Energy Charge (\$/kWh) | 41,252,247 | \$0.0400 | \$1,650,090 | \$0.0373 | \$1,538,709 | \$0.0345 | \$1,423,203 | \$0.0348 | \$1,437,452 |
| Delivery Charge (\$/kWh) | 41,252,247 | \$0.0110 | \$453,775 | \$0.0110 | \$453,775 | \$0.0110 | \$453,775 | \$0.0106 | \$438,412 |
| Total Energy Charges | | \$0.0510 | \$2,103,865 | \$0.0483 | \$1,992,484 | \$0.0455 | \$1,876,977 | \$0.0455 | \$1,875,865 |
| Subtotal Base Rate | | \$0.0643 | \$2,653,542 | \$0.0616 | \$2,542,161 | \$0.0588 | \$2,426,655 | \$0.0587 | \$2,422,737 |
| | | | | | | | | | |
| Pass-Through Charges | | | | | | | | | |
| Regulatory Charge (\$/kWh) | 41,252,247 | \$0.0129 | \$533,076 | \$0.0129 | \$533,076 | \$0.0129 | \$533,076 | \$0.0129 | \$533,076 |
| Regulatory Charge (\$/kW) | | | | | | | | | |
| Power Supply Adjustment (\$/kWh) | 41,252,247 | \$0.0301 | \$1,241,909 | \$0.0301 | \$1,241,909 | \$0.0301 | \$1,241,909 | \$0.0301 | \$1,241,909 |
| Total Pass-Through Charges | | \$0.0430 | \$1,774,986 | \$0.0430 | \$1,774,986 | \$0.0430 | \$1,774,986 | \$0.0430 | \$1,774,986 |
| | | | | | | | | | |
| Grand Total | | \$0.1074 | \$4,428,528 | \$0.1047 | \$4,317,147 | \$0.1019 | \$4,201,640 | \$0.1018 | \$4,197,723 |
| Difference from Current Rate | | -2.9% | -\$128,784 | -2.6% | -\$111,381 | -2.7% | -\$115,506 | -7.9% | -\$359,589 |
| Difference from COS | | 5.2% | \$230,805 | 2.8% | \$119,424 | 0.1% | \$3,917 | | |

Secondary Service Small - Rural

| Item | New Determinants | Current SC | | | Current GS <25 kW | | | Cost of Service | |
|----------------------------------|---------------------|--------------|----------|-------------|-------------------|----------|-------------|-----------------|--------------|
| | | Determinants | Rate | Revenue | Determinants | Rate | Revenue | Rate | Revenue |
| Customer Charges | | | | | | | | | |
| Customer Charge \$/Month | 34,698 | 30,913 | \$13.16 | \$406,817 | 2,007 | \$19.25 | \$38,638 | \$16.17 | \$561,204 |
| LF Only Cust. Charge \$/Month | | | | | 1,778 | \$22.94 | \$40,781 | | |
| Energy Charge | | | | | | | | | |
| Energy Charge (\$/kWh) | 31,705,596 | 20,760,331 | \$0.0162 | \$336,317 | 3,733,007 | \$0.0192 | \$71,674 | \$0.0337 | \$1,067,664 |
| LF1 (\$/kWh) | | | | | 1,856,944 | \$0.0487 | \$90,433 | | |
| LF2 (\$/kWh) | | | | | 1,138,656 | \$0.0415 | \$47,254 | | |
| LF3 (\$/kWh) | | | | | 1,376,308 | \$0.0376 | \$51,749 | | |
| LF4 (\$/kWh) | | | | | 2,840,350 | \$0.0315 | \$89,471 | | |
| Delivery Charge (\$/kWh) | 31,705,596 | 20,760,331 | \$0.0347 | \$720,384 | | | | \$0.0110 | \$349,164 |
| Total Energy Charges | | | \$0.0509 | \$1,056,701 | | \$0.0320 | \$350,581 | \$0.0447 | \$1,416,828 |
| Demand Charges | | | | | | | | | |
| Demand Charge (\$/kW) | | | | | 27,604 | \$0.42 | \$11,594 | | |
| Delivery Charge (\$/kW) | | | | | 27,604 | \$5.58 | \$154,030 | | |
| Total Demand Charges | | | | | | \$6.00 | \$165,624 | | |
| Subtotal Base Rate | | | \$0.0705 | \$1,463,518 | | \$0.0544 | \$595,624 | \$ 0.04795 | \$ 1,978,032 |
| Pass-Through Charges | | | | | | | | | |
| Regulatory Charge (\$/kWh) | 31,705,596 | 20,760,331 | \$0.0098 | \$204,216 | 10,945,265 | \$0.0098 | \$107,667 | \$0.0098 | \$311,883 |
| Power Supply Adjustment (\$/kWh) | 31,705,596 | 20,760,331 | \$0.0335 | \$695,471 | 10,945,265 | \$0.0335 | \$366,666 | \$0.0303 | \$959,907 |
| Total Pass-Through Charges | | | \$0.0433 | \$899,687 | | \$0.0433 | \$474,333 | \$0.0401 | \$1,271,789 |
| Grand Total | | | \$0.1138 | \$2,363,205 | | \$0.0978 | \$1,069,957 | \$0.1025 | \$3,249,822 |
| Difference (From Current Rate) | | | | | | | | -5.6% | -\$183,341 |
| Difference (From COS) | | | -4.3% | -\$102,753 | | -7.5% | -\$80,588 | | |

Secondary Service Small - Rural

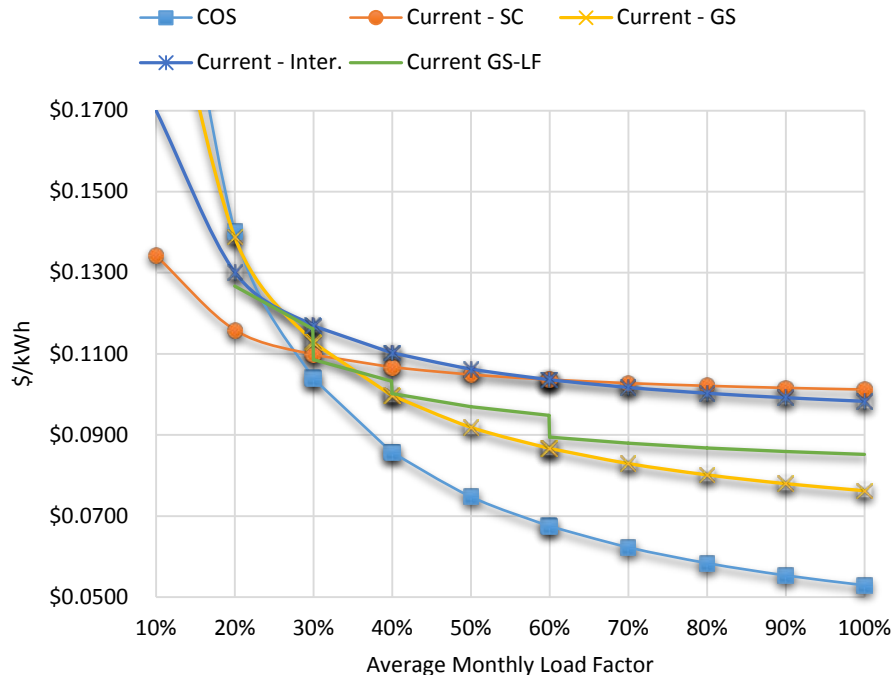
| Item | New Determinants | Proposed Phase 1 | | Proposed Phase 2 | | Proposed Phase 3 | | Cost of Service | |
|----------------------------------|---------------------|------------------|-------------|------------------|-------------|------------------|-------------|-----------------|--------------|
| | | Rate | Revenue | Rate | Revenue | Rate | Revenue | Rate | Revenue |
| Customer Charges | | | | | | | | | |
| Customer Charge \$/Month | 34,698 | \$14.00 | \$496,483 | \$15.00 | \$531,946 | \$16.00 | \$567,409 | \$16.17 | \$561,204 |
| Energy Charge | | | | | | | | | |
| Energy Charge (\$/kWh) | 31,705,596 | \$0.0399 | \$1,265,053 | \$0.0385 | \$1,220,665 | \$0.0330 | \$1,046,285 | \$0.0337 | \$1,067,664 |
| Delivery Charge (\$/kWh) | 31,705,596 | \$0.0112 | \$355,103 | \$0.0112 | \$355,103 | \$0.0112 | \$355,103 | \$0.0110 | \$349,164 |
| Total Energy Charges | | \$0.0511 | \$1,620,156 | \$0.0497 | \$1,575,768 | \$0.0442 | \$1,401,387 | \$0.0447 | \$1,416,828 |
| Subtotal Base Rate | | \$0.0513 | \$2,116,639 | \$0.0511 | \$2,107,714 | \$0.0477 | \$1,968,796 | \$0.0480 | \$ 1,978,032 |
| Pass-Through Charges | | | | | | | | | |
| Regulatory Charge (\$/kWh) | 31,705,596 | \$0.0098 | \$311,883 | \$0.0098 | \$311,883 | \$0.0098 | \$311,883 | \$0.0098 | \$311,883 |
| Power Supply Adjustment (\$/kWh) | 31,705,596 | \$0.0303 | \$959,907 | \$0.0303 | \$959,907 | \$0.0303 | \$959,907 | \$0.0303 | \$959,907 |
| Total Pass-Through Charges | | \$0.0401 | \$1,271,789 | \$0.0401 | \$1,271,789 | \$0.0401 | \$1,271,789 | \$0.0401 | \$1,271,789 |
| Grand Total | | \$0.1069 | \$3,388,428 | \$0.1066 | \$3,379,503 | \$0.1022 | \$3,240,586 | \$0.1025 | \$3,249,822 |
| Difference (From Current Rate) | | -1.3% | -\$44,734 | -0.3% | -\$8,925 | -4.3% | -\$138,918 | -5.6% | -\$183,341 |
| Difference (From COS) | | 4.3% | \$138,607 | 4.0% | \$129,682 | -0.3% | -\$9,236 | | |

Secondary Service Demand - City

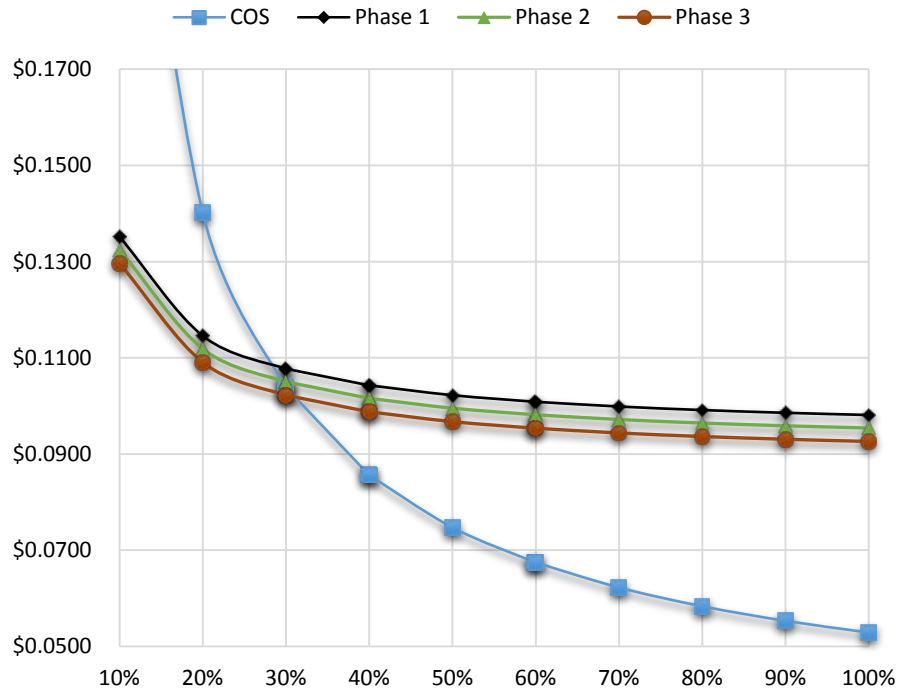
| Item | New | Current GS | | | Current Interdep. >25kW | | | Current School >25kW | | | Current GS - TOU | | |
|---------------------------------------|--------------|--------------|-----------------|---------------------|-------------------------|-----------------|--------------------|----------------------|-----------------|------------------|------------------|-----------------|------------------|
| | Determinants | Determinants | Rate | Revenue | Determinants | Rate | Revenue | Determinants | Rate | Revenue | Determinants | Rate | Revenue |
| Customer Charges | | | | | | | | | | | | | |
| Customer Charge \$/Month | 14,500 | 2,226 | \$26.34 | \$58,639 | 926 | \$30.00 | \$27,780 | 259 | \$39.52 | \$10,225 | 170 | \$26.91 | \$4,586 |
| LF Only Cust. Charge \$/Month | | 10,919 | \$23.99 | \$261,941 | | | | | | | | | |
| Energy Charge | | | | | | | | | | | | | |
| Energy Charge (\$/kWh) | 378,402,515 | 16,670,432 | \$0.0276 | \$460,104 | 27,559,954 | \$0.0200 | \$551,199 | 8,525,793 | \$0.0263 | \$224,228 | 8,630,273 | \$0.0142 | \$122,550 |
| LF1 (\$/kWh) | 172,370 | 31,524,823 | \$0.0489 | \$1,541,564 | | | | | | | | | |
| LF2 (\$/kWh) | 168,127 | 43,022,045 | \$0.0414 | \$1,781,113 | | | | | | | | | |
| LF3 (\$/kWh) | 340,930 | 124,705,789 | \$0.0383 | \$4,776,232 | | | | | | | | | |
| LF4 (\$/kWh) | 230,105 | 117,763,404 | \$0.0329 | \$3,874,416 | | | | | | | | | |
| Delivery Charge (\$/kWh) | 378,402,515 | | | | 27,559,954 | \$0.0244 | \$672,463 | 8,525,793 | \$0.0273 | \$232,754 | | | |
| Total Energy Charges | | | \$0.7458 | \$12,433,428 | | \$0.0444 | \$1,223,662 | | \$0.0536 | \$456,983 | | \$0.0144 | \$122,550 |
| Demand Charges | | | | | | | | | | | | | |
| Demand Charge (\$/kW) | 1,137,518 | 92,228 | \$0.59 | \$54,415 | | | | | | | 17,963 | \$4.14 | \$74,365 |
| Delivery Charge (\$/kW) | 1,137,518 | 92,228 | \$5.72 | \$527,545 | | | | | | | 25,281 | \$2.70 | \$68,259 |
| Total Demand Charges | | | | \$581,959 | | | | | | | | | \$142,624 |
| Subtotal Base Rate | | | \$0.0400 | \$13,335,968 | | \$0.0454 | \$1,251,442 | | \$0.0548 | \$467,208 | | \$0.0316 | \$269,760 |
| Pass-Through Charges | | | | | | | | | | | | | |
| Regulatory Charge (\$/kW) | 1,137,518 | 1,003,759 | \$3.30 | \$3,316,552 | 82,848 | \$3.30 | \$273,741 | 25,629 | \$3.30 | \$84,683 | 25,281 | \$3.30 | \$83,533 |
| Power Supply Adjustment (\$/kWh) | 378,402,515 | 333,686,494 | \$0.0330 | \$11,011,654 | 27,559,954 | \$0.0330 | \$909,478 | 8,525,793 | \$0.0330 | \$281,351 | 8,630,273 | \$0.0330 | \$284,799 |
| Total Pass-Through Charges | | | \$0.0429 | \$14,328,206 | | \$0.0429 | \$1,183,220 | | \$0.0429 | \$366,034 | | \$0.0427 | \$368,332 |
| Grand Total | | | \$0.0829 | \$27,664,174 | | \$0.0883 | \$2,434,661 | | \$0.0977 | \$833,242 | | \$0.0739 | \$638,092 |
| Difference (From Current Rate) | | | | | | | | | | | | | |
| Difference (From COS) | | | -5.6% | -\$1,538,326 | | -11.6% | \$2,151,053 | | | | | 3.3% | \$21,003 |

Secondary Service Small - City

Cost Curves – City Secondary Service Small

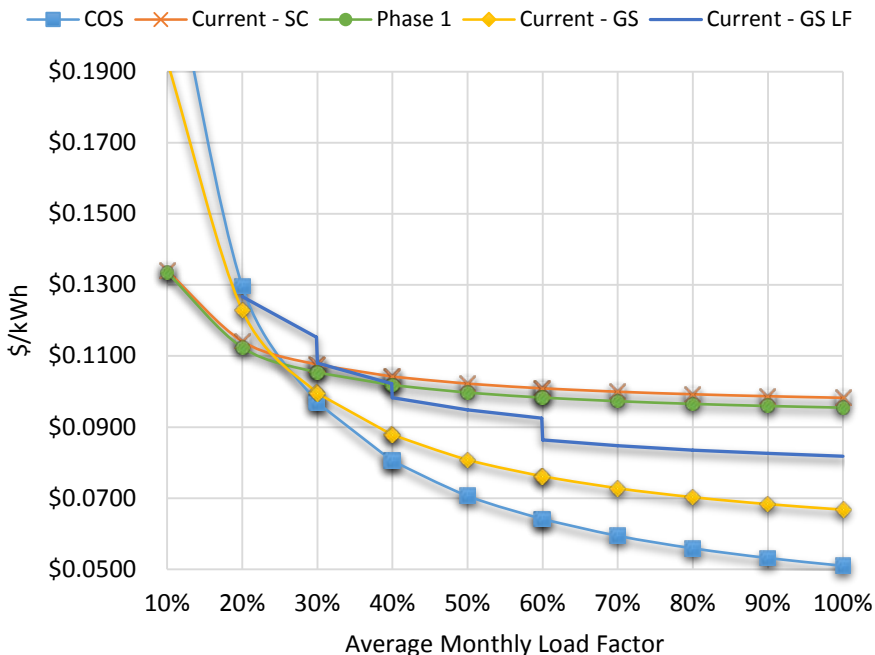


Cost Curves – City Secondary Service Small

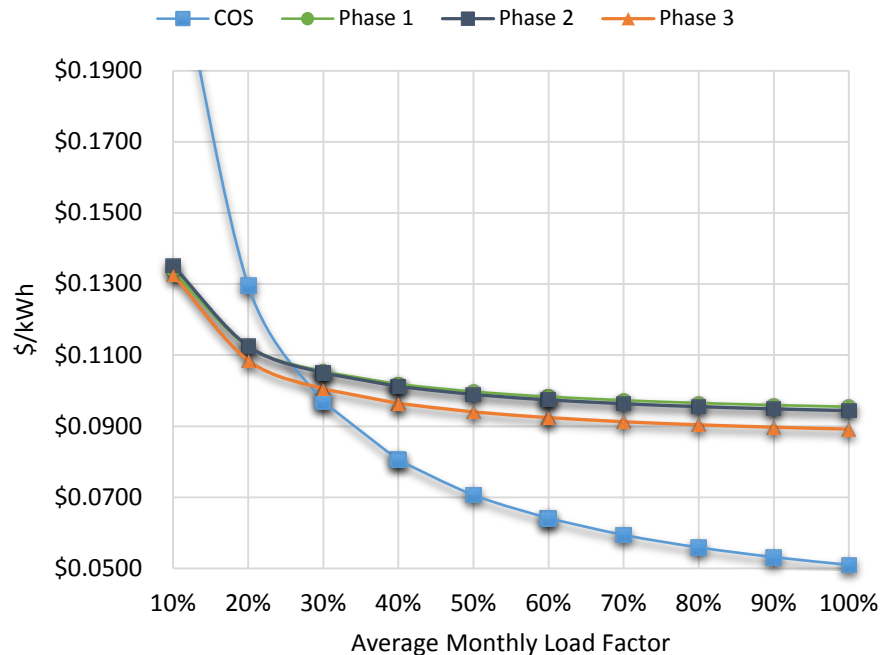


Secondary Service Small – Rural

Cost Curves - Rural Small Commercial

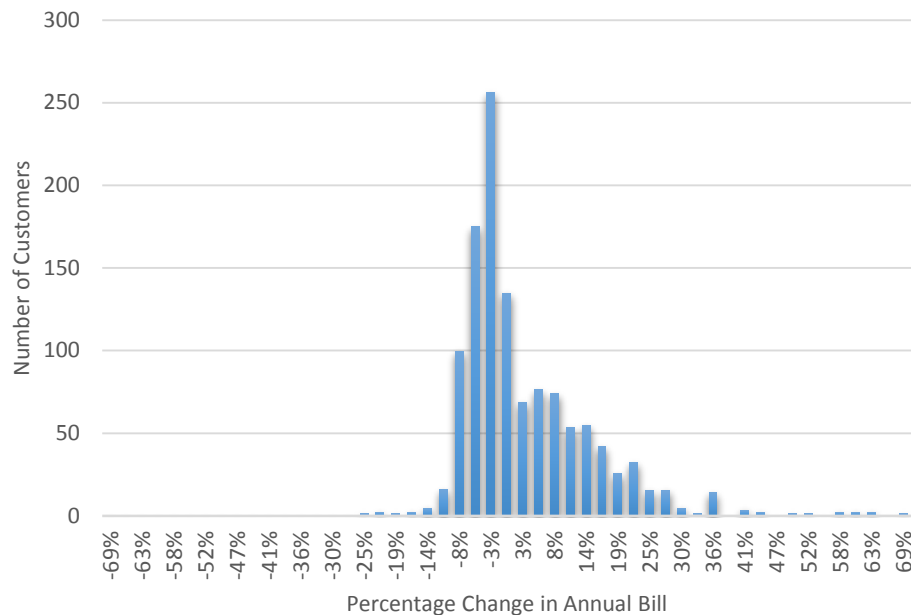


Cost Curves - Rural Small Commercial

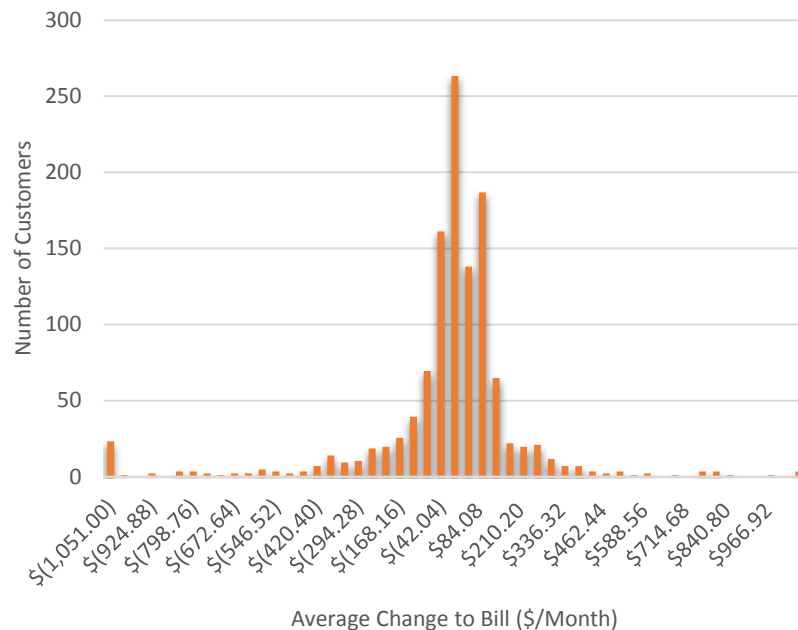


Secondary Service Demand Billing Impacts - City

City General Service
Percentage Change in Annual Bill

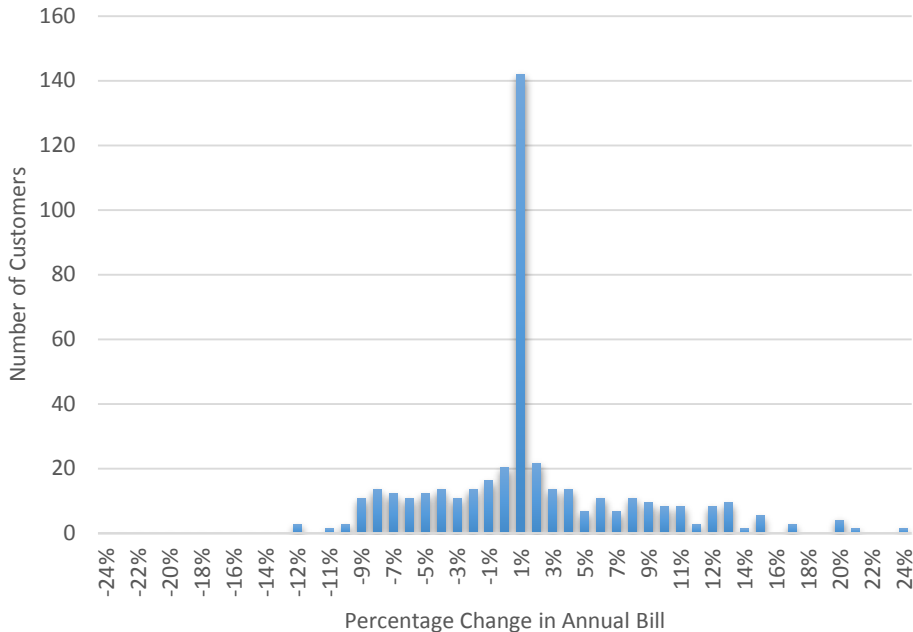


City General Service
Average Change to Bill (\$/Month)



Secondary Service Demand Billing Impacts - City

Rural General Service
Percentage Change in Annual Bill



Rural General Service
Average Change to Bill (\$/Month)

