

COS / Rate Design Task Force Status Update Meeting

Docket No. 20-057-11

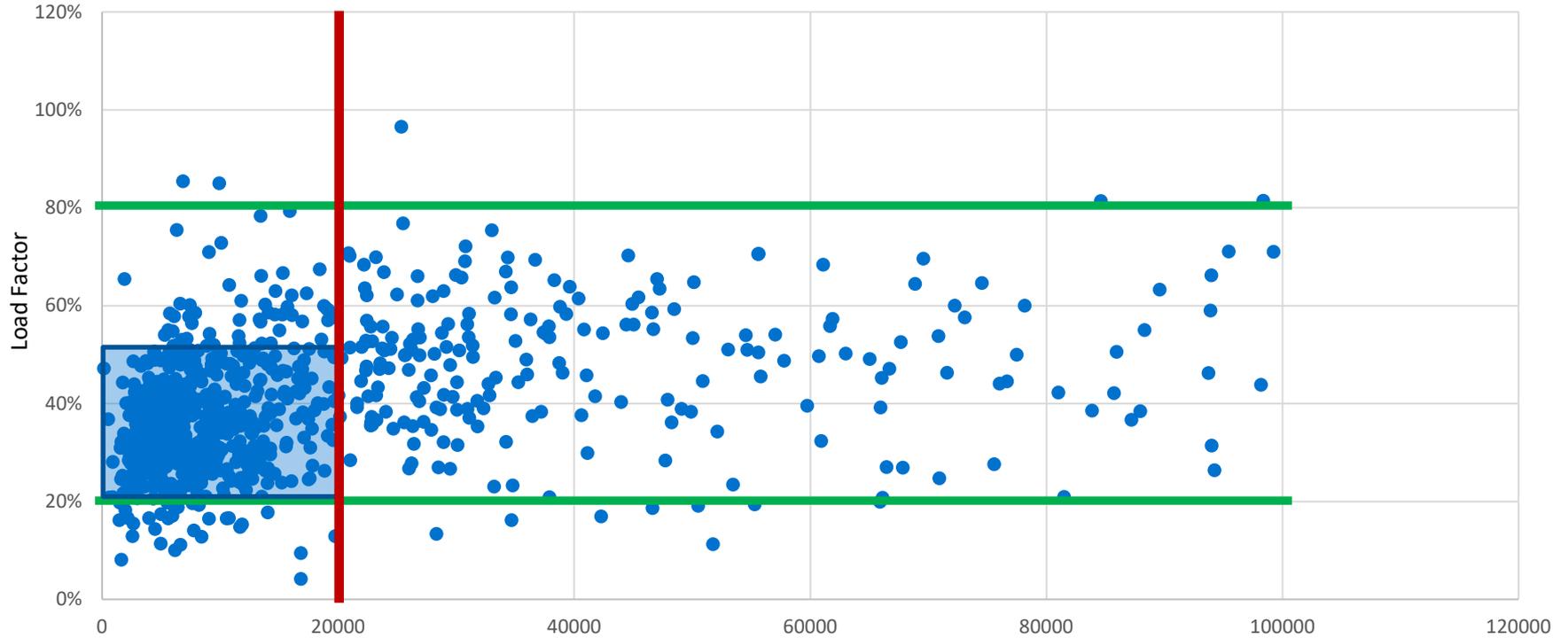
March 17, 2021

Status on June 22, 2020 Scope

TS Class Issues

- “Issues associated with the TS class may be further explored in the cost-of-service and rate design docket we establish in this order” Docket 19-057-02 Feb 25, 2020 Report and Order (“Order”), Page 35
- 6-24-20 - Provided data to parties
- 7-8-20 – Initial Data Review
 - DEU proposed split at 20,000 Dth/year
 - DPU proposed two splits at 25,000 Dth/year and 250,000 Dth/year

Investigate division at 20,000 Dth per year



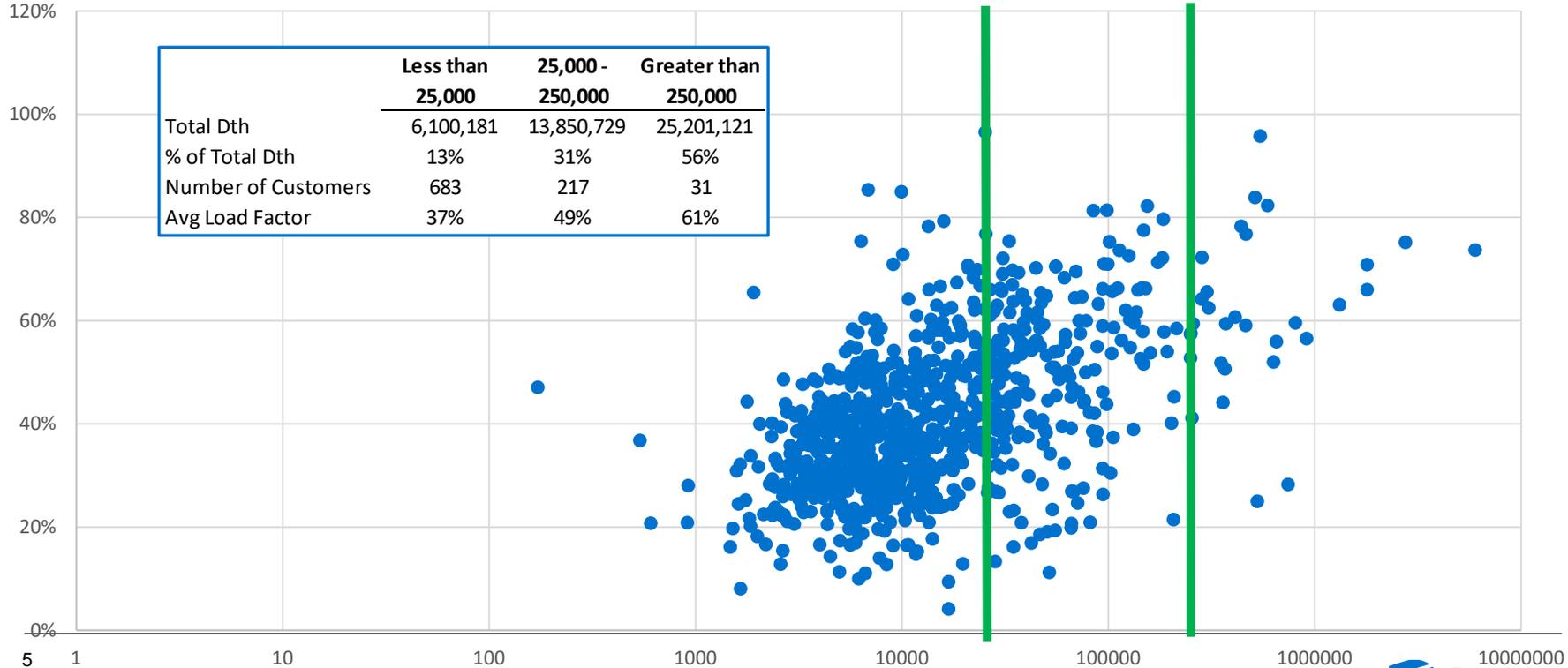
Annual Dth

07-08-2020 Presentation



TS with DPU Proposed Splits

Load Factor vs. Annual Usage



08-12-2020 Presentation



TS Class Issues (cont.)

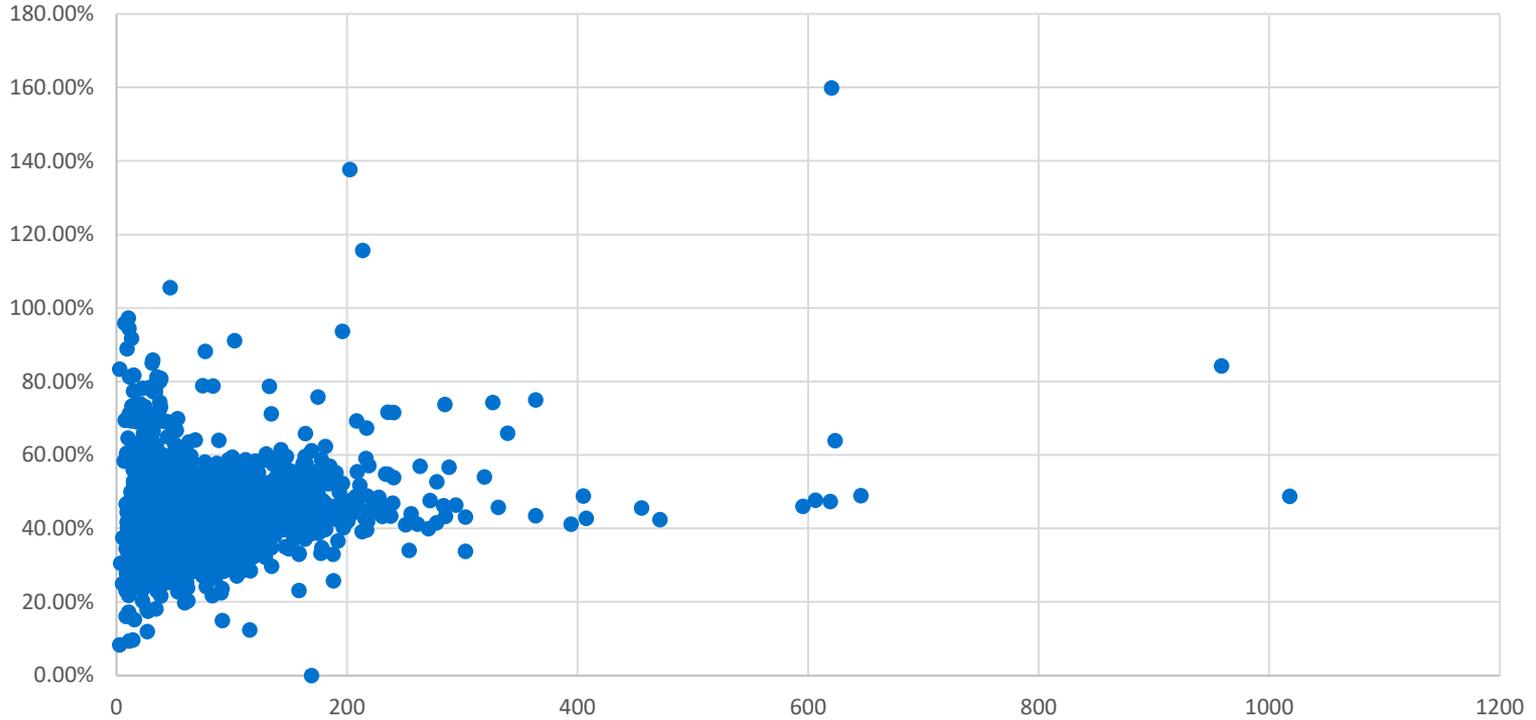
- 8-12-20 – Showed more data on DPU proposal
 - Decided to conduct analysis on DPU proposal
 - No other proposals requested at this time
- 11-10-20 – Reviewed COS Results – amounts allocated to each class
 - Also discussed rate design proposals
- 1-13-21 – Reviewed Rate Design Results
 - Compared each class (small, medium, large) to existing TS class
 - Calculated typical bills of 25th, 50th, 75th percentile customers for each class

GS Class

- Not ordered to study, however, DEU proposed it should be analyzed
- 8-12-20 – Discussed differences and similarities between residential and commercial GS customers
 - Similar load factors but different typical annual volumes
 - Can be hard to distinguish between residential and commercial customers
 - Large residential and small commercial are similar but could be treated differently if they're in separate classes.
 - Everyone asked to come to next meeting with ideas to split the GS class
 - Asked to show differences in plant costs for GS customers

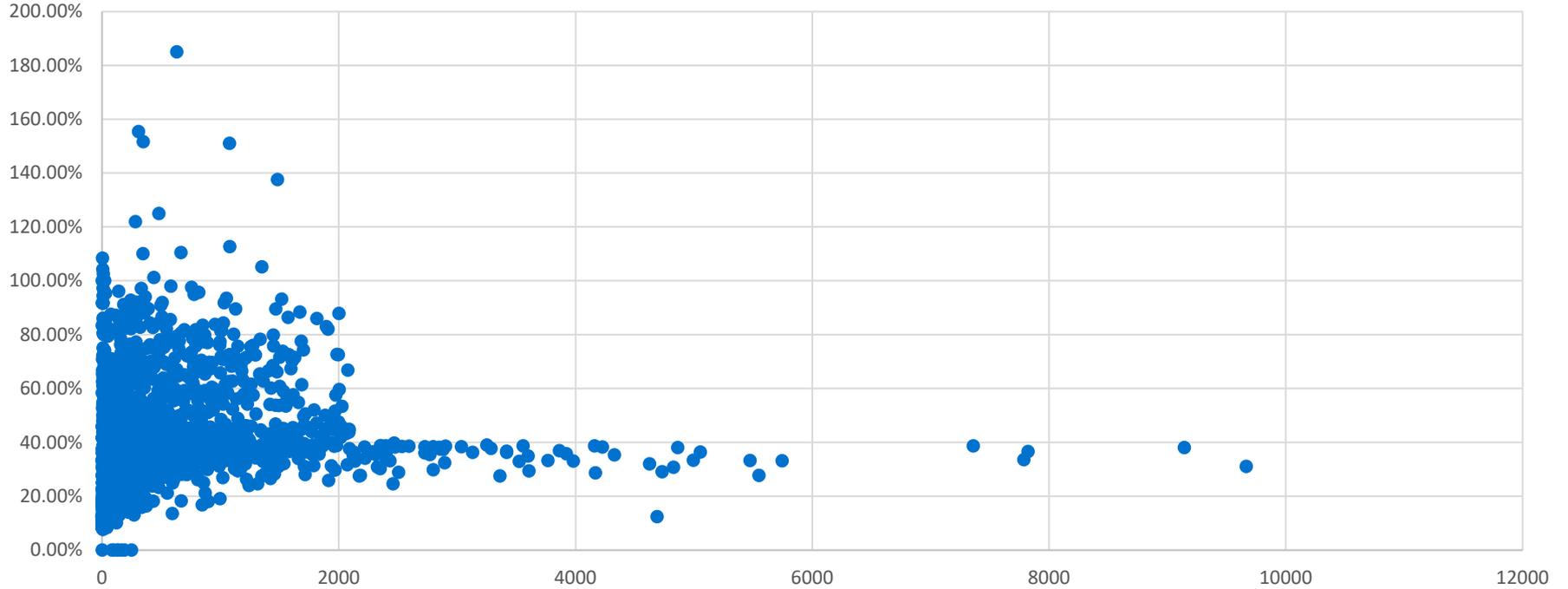
GS Residential

Residential Annual Usage vs. Load Factor



GS Commercial

Commercial Annual Usage vs. Load Factor



GS Class (cont.)

- 10-14-20 – Discussed differences in GS class
 - Size, load factor, plant cost differences
 - Decided not to conduct further analysis

Allocations Based on General Plant (Order pg 27)

- “OCS proposed account 403 be allocated differently, however it recommended that it be examined as part of the next GRC and not part of this proceeding.”
- Discussed in scoping meetings. No party has requested data or proposed new analysis

Design Day

Demand Allocation (Design Day vs Coincident Peak)

- Design day forecast vs actual peak data
- 8-12-20 – Reported on difference between Design Day method and Actual Peak Dth
- Both use estimates of daily demand

Class	Design Day Dth	Design Day Portion	Actual Peak Dth	Actual Peak Portion
GS	1,156,610	80.2%	849,274	79.9%
FS	16,493	1.1%	13,850	1.3%
NGV	729	0.05%	656	0.06%
IS	0	0%	651	0.06%
TS	210,360	14.6%	159,276	15.0%
TBF	58,000	4.0%	38,605	3.6%
TOTAL	1,442,192	100%	1,062,312	100%

08-12-2020 Presentation

Costs of Firm Demand

- “If the decisions, in this case, result in the transfer of a material amount of firm TS contract quantity to interruptible status, we direct DEU through the cost-of-service and rate design docket we establish in this order to develop a cost-based evaluation of the optimum level of interruptible service for DEU’s system” Order, page 29.
- Provided data June 24, 2020
 - Hadn’t been much change but phase 1 increase had only been in place for 3 months
 - DEU will update data before July 1 deadline

Costs of Firm Demand (cont.)

- 2-24-21 - UAE proposed new method of classifying costs between demand and throughput.
- New method reduces demand charge and moves cost recovery to volumetric

Calculation of Transportation Demand Charge using Division Split Proposal				
	TS 3rd Step	TSS	TSM	TSL
1 Total TS Demand Cost		1,524,204	2,135,485	2,135,814
2 Annual Demand Level (Dth)		58,696	82,366	82,832
3 Yearly Demand Charge		\$ 25.97	\$ 25.93	\$ 25.78
4 Monthly Demand Charge	\$ 3.97	\$ 2.16	\$ 2.16	\$ 2.15
TS Daily contract demand excludes PG volumes				

02-24-2020 Presentation

A&G Expense Allocation

- “ANGC argues that, based on the types and magnitude of the costs covered under the A&G category, many of the activities and associated costs covered under Account 923-outside services have no cost-causative relationship to DEU’s gross plant investment, and that the Gross Plant factor base data includes not only distribution plant but also production gathering plant and intangible plant. We find that this issue warrants further evaluation in the cost-of-service and rate design docket we establish in this order, and we direct parties to address it in that docket.” Order, page 29.
- Discussed in scoping meetings. No party has requested data or proposed new analysis

Allocation of Peak Hour Costs to MT and IS Customers

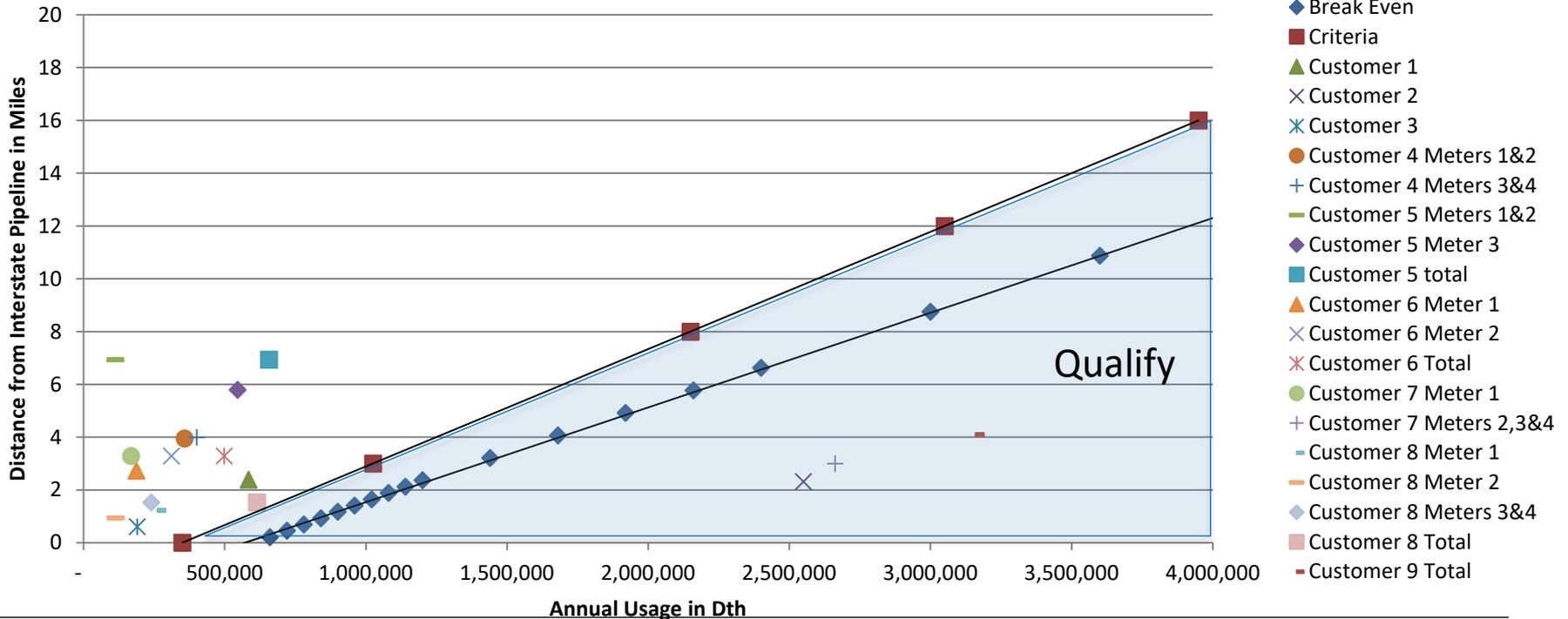
- “The question of whether to apply this charge to the MT or IS customers is an element to be evaluated in the cost-of-service and rate design docket we establish in this order.” Order, page 42.
- June 8, 2020 –Scoping meeting - DEU committed to provide data
- June 24, 2020 – DEU provided monthly data for MT and IS customers
- No party has requested additional data or proposed new analysis

TBF Class

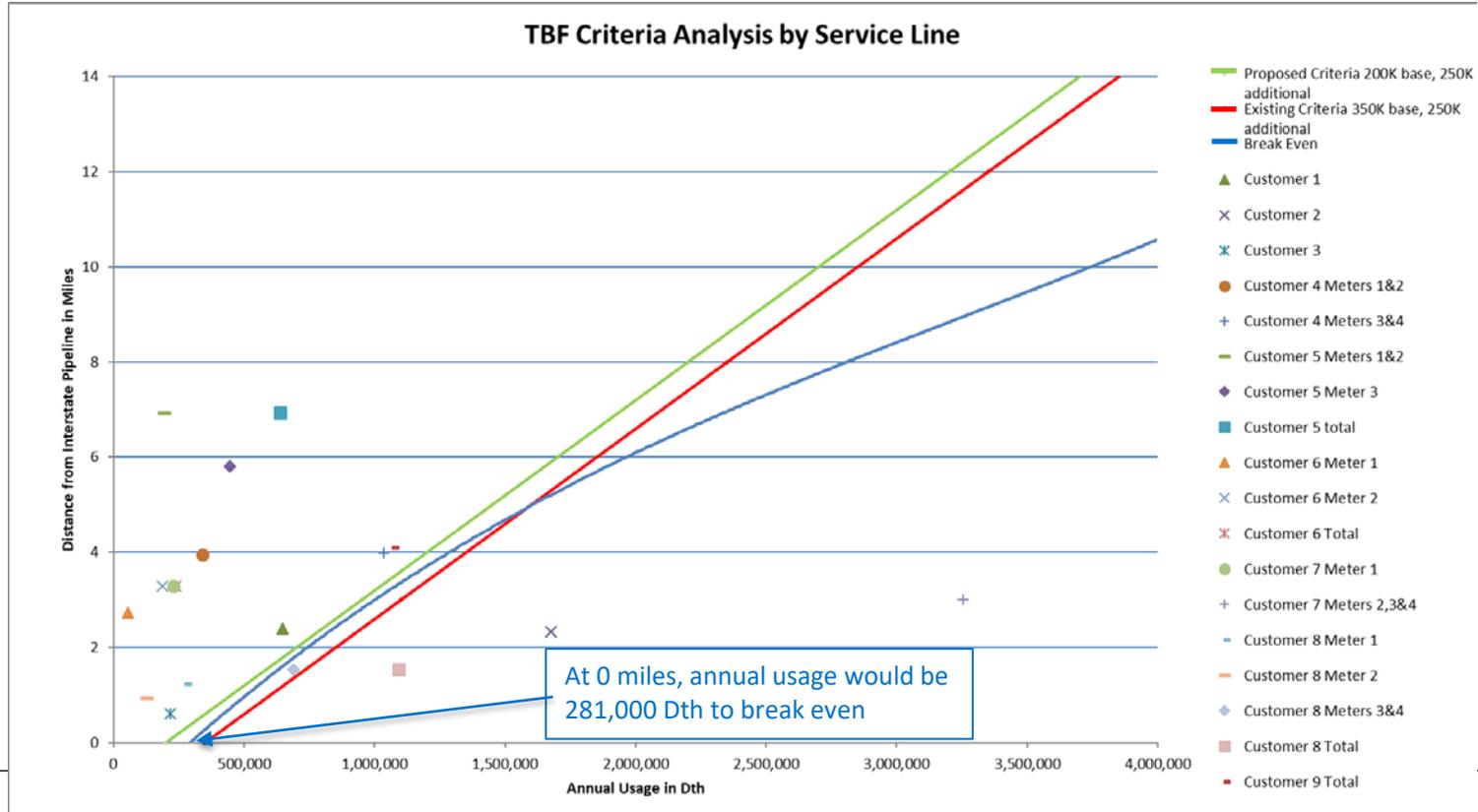
- “DEU should review and update its cost evaluation related to the TBF rate”
Order, page 36
- 8-12-20 – Reviewed all aspects of TBF class
 - Purpose of the class
 - History of rates
 - Updated breakeven analysis with full-cost rates and new customer usage
 - Wouldn't want to change criteria

2013 Rate Case Criteria

TBF Criteria Analysis by Service Line



Full Rates with Possible Criteria Changes



Open Enrollment for TS customers

- No party has requested additional data or proposed new analysis

Administrative Charge

- No party has requested additional data or proposed new analysis

Additional Topics Addressed

- 8-12-20 – Insights on load factor – how it's calculated, what it tells about customers, how we use it
- 11-10-20 DEU gave a presentation on CET mechanism used in GS class
- 11-10-20 DEU gave a presentation on Straight Fixed Variable (SFV) Rate structures
- US Mag asked 2 data requests about plant data for the TS class
- ANGC asked 9 data requests about costs of meters for new TS customers

Questions