

COS / Rate Design Task Force Meeting

Docket No. 20-057-11

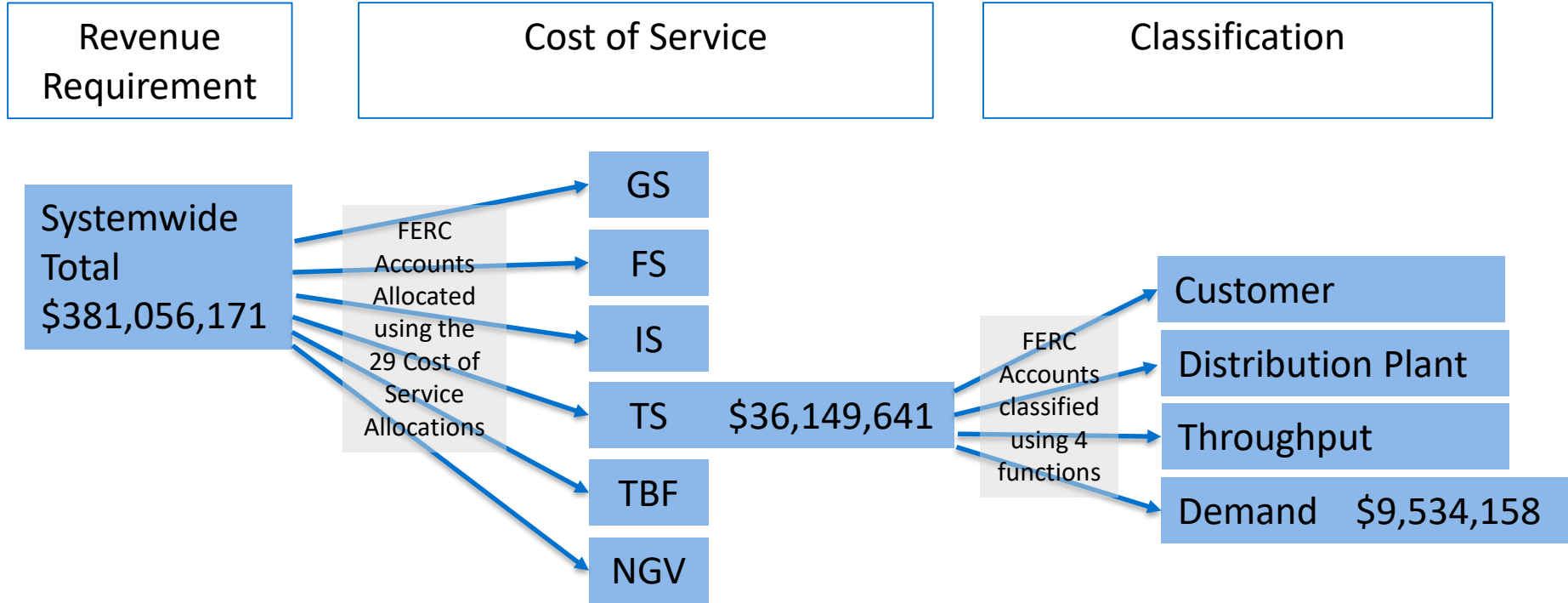
February 10, 2021

Demand Charge

What is the Demand Charge?

- Rate for transportation gas service that is used to reserve space on a pipeline
- Based on the maximum or peak-day needs of each customer
- An annual firm demand charge for each Dth of daily contracted firm transportation, billed in equal monthly amounts
- Demand capacity is limited - Company determines how much firm service is operationally available on system

How is the total Demand Cost derived?



Rate Case Model, Sheets: COS Detail, COS Sum, Classification

TS Classification

	TS			Demand	Total
	Customer	Distribution Plant	Throughput		
System Total Utility Operating Expenses	\$ 6,661,098	\$ 13,593,792	\$ 682,204	\$ 545,529	\$ 21,482,622
Net Income	(168,161)	418,151	1,367,496	2,712,185	4,329,671
Deficiency	(393,656)	978,870	3,201,240	6,349,090	10,135,544
COS Adjustment	135,708	345,565	150,874	237,012	869,159
Less: General Related Other Revenue	667,355	0	0	0	667,355
Less: Lakeside Revenue	0	0	206,439	309,658	516,097
Totals	\$ 5,567,634	\$ 15,336,378	\$ 5,195,374	\$ 9,534,158	\$ 35,633,544

Rate Case Model, Sheet: Classification

Operating Expenses assigned Classification Demand

FERC Account	Description
875	Measuring & Regulating Station Expenses
888	Maintenance of Compressor Station Equipment
889	Maintenance of Measuring & Reg Station Equipment
409	Income Taxes

Rate Base assigned Classification Demand

FERC Account	Description
376	Mains (Feeder Lines)
377	Compressor Station Equipment
378	Measuring & Regulation Station Equipment
108	Accumulated Provision for Depreciation of Gas Plant in Service
111	Accumulated Provision for Amortization and Depletion of Gas Utility Plant
254	Other Regulatory Liabilities
282	Accumulated Deferred Income Taxes

Demand Charge Calculation

$$\begin{array}{r} \text{Total TS Demand Cost } \mathbf{\$9,534,158} \\ \hline \text{TS Daily Firm Contract Demand } \mathbf{223,549 \text{ dths}} \end{array} = \begin{array}{r} \text{Annual Demand} \\ \text{Charge} \\ \mathbf{\$42.65/dth} \\ \hline \mathbf{12} \end{array} = \begin{array}{r} \text{Monthly Demand} \\ \text{Charge} \\ \mathbf{\$3.55/dth} \end{array}$$

Rate Case Model, Sheet: Sum-Win & Demand Charge

Next Steps

- Currently working on UAE request
- Status Conference – Wednesday, March 17, 9:00 a.m.
- Final Report Due to the PSC Thursday, July 1

Questions