

COST OF SERVICE

Seasonal & Time of Day Allocation Options

Utah Cost of Service Taskforce

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Cost of Service Seasonal & Time of Day Allocation Options

- I. Objective
- II. Options
 - I. Monthly Weighting in Annual Allocation
 - II. Monthly Allocation
 - III. Hourly Allocation
- III. Impact on Class COS Results
- IV. Possible Action

Seasonal & Time of Day Allocations

Objective

- To explore:
 - If PacifiCorp experiences seasonal and time-of-day cost differences
 - Options to reflect those differences in the Cost of Service Study.
- To provide cost of service support for the seasonal and time-of-day price differences reflected in current tariffs.

Seasonal Allocations

Option 1 : Weighted Monthly Values

- Annual Allocation Factors developed with weighted monthly values
- Traditional Weighting
 - All monthly values weighted the same
 - 12CP
 - Monthly values weighted either 1 or 0
 - 8 CP
 - 4 CP
- Relative Monthly Weighting
 - Weighting Factor is calculated as each monthly value as % of annual maximum value

Seasonal Allocations

Option 1 : Relative Monthly Weighting

- Annual Allocation Factors developed with weighted monthly values
- Monthly weighting factor is calculated as each monthly value as % of annual maximum value
- Monthly loads (CP or Energy) multiplied by weighting factor then 12 monthly weighted values summed
- Potential Monthly Demand Weighting
 - Relative Monthly Peak Demand
 - Probability of Contribution to System Peak
 - Cost to Achieve 15% Reserve Margin
- Potential Monthly Energy Weighting
 - Total Power Costs per MWH
 - Net Power Costs per MWH

Seasonal Allocations

Option 1: Relative Monthly Weighting

- Example

Seasonal Allocations

Option 2 : Monthly Allocations

- Separate Allocation Factor calculated for Each Month
- Only applicable to Net Power Costs
 - Monthly allocation of Composite NCP
 - Monthly allocation for each NPC Component
- Energy Component only or Demand and Energy Component of NPC?

Seasonal Allocations

Option 2 : Monthly Allocations

- Example

Seasonal & Time of Day Allocations

Option 3 : Hourly Allocations

- Options:
 - Separate Allocation Factor calculated for Each Hour
 - Aggregated Allocation Factor for TOD Time Periods
- Only applicable to Net Power Costs
 - Hourly allocation of Composite NCP
 - Hourly allocation for each NPC Component
- Energy Component only

Seasonal & Time of Day Allocations

Option 3 : Hourly Allocations

- Example

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**Impact on COS
Results**

Seasonal & Time of Day Allocations Impact on Results

- Energy options have impact on Seasonal and TOD differences but very little difference in Class cost responsibility.
- Some Demand options have larger impacts
- Most COS differences less than currently reflected in tariffs

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Possible Action

Seasonal & Time of Day Allocations

Possible Action

- None
- Implement Seasonal and TOD Allocations in COS
- No change to allocation, reflect Seasonal and TOD Marginal Cost differences in Tariffs