



GARY HERBERT.
Governor
SPENCER J. COX
Lieutenant Governor

State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

ACTION REQUEST RESPONSE

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Doug Wheelwright, Technical Consultant
Eric Orton, Utility Analyst

Date: January 13, 2015

Subject: Bridger Valley Electric Association, Inc. Docket No. 14-022-T01

RECOMMEND CONDITIONAL ACKNOWLEDGEMENT:

The Division recommends a conditional acknowledgement of the Bridger Valley Electric's new rate schedules subject to the completion of the public meeting in Utah. The Division will report to the Commission on the outcome of the public meeting and will make a final recommendation at that time.

ISSUE:

On December 29, 2014, Bridger Valley Electric Association, Inc., (BVEA) filed new Rate Schedules with the Utah Public Service Commission (Commission) authorizing an increase in the monthly facilities charge for all rate classes. On December 29, 2014, the Commission issued an Action Request to the Division of Public Utilities (Division) to investigate the filing. This memo is the Division's response to the Action Request.

DISCUSSION:

BVEA is consumer owned electric cooperative with approximately 6,000 meters. The Company's service area includes portions of Uintah, Lincoln and Sweetwater Counties in

southwest Wyoming along with portions of Summit and Daggett Counties in the northeastern portion of Utah. The last change in the Company's rates became effective February 1, 2012 and represented a 6.4% increase attributed to higher wholesale power costs from Deseret Power.

The On December 9, 2014, the BVEA Board of Directors authorized a change to the monthly Facilities Charge (previously called the Customer Charge) for all rate classes. A notice of the increase has been mailed to all members and a public meeting for Utah members is scheduled to be held on January 13, 2015 at the Daggett County Courthouse in Manila, Utah.

The purpose of the increase in the facilities charge is to pay for replacement and upgrades to the systems aging infrastructure. BVEA was established in 1938 and has 177 miles of transmission lines, 967 miles of distribution lines, 13 substations and thousands of transformers and related facilities. The current system is aging and is in need of substantial investment in order to maintain system reliability. The system infrastructure is used by all customers regardless of the kilowatt hours consumed during any given month. The Board of Directors has increased the facility charge rather than the rate per kilowatt usage so that every class including the seasonal customers will bear the added costs for system reliability. For a typical residential customer, the approved rate change represents a 7% increase. The percentage increase will be higher for seasonal customers with low energy use.

The revised facilities charge has been applied to all rate classes. The change to the monthly facilities charge for each rate class is as follows:

	<u>Old Rate</u>	<u>New Rate</u>
Schedule SGS – Small General Service	\$ 22.00	\$ 34.00
Schedule LGS – Large General Service	\$ 40.00	\$ 62.00
Schedule LP – Large Power to 350 kVA	\$ 73.50	\$ 113.93
Schedule LPS – Large Power to 2,000 kVA	\$ 150.00	\$ 232.50
Schedule L – Irrigation Pumping	\$ 22.00	\$ 34.00
Schedule H – Heating Incentive	\$ 22.00	\$ 34.00

The new rates will result in a \$12.00 increase per month or \$144.00 annually to a residential customer's electric bill. The new rates will generate approximately \$800,000 per year in additional revenue and will fund approximately 50% of the capital improvement projects that are projected over the next 10 years.

There is no monthly facilities charge for customers using dusk to dawn security lighting service, however, customers are billed a fixed rate per month based on the type of lighting that is used. The infrastructure increase has been incorporated into Schedule SL with the monthly rate for security lighting service customers as follows:

	<u>Old Rate</u>	<u>New Rate</u>
55 Watt Mercury Vapor	\$ 4.25	\$ 6.59
175 Watt Mercury Vapor	\$ 8.45	\$ 13.10
400 Watt Mercury Vapor	\$ 13.15	\$ 20.38
100 Watt High Pressure Sodium	\$ 8.55	\$ 13.25
250 Watt High Pressure Sodium	\$ 13.05	\$ 20.23

The Division has reviewed the material as filed by the Company and has discussed the filing with Jud Redden, General Manager of Bridger Valley Electric. The Division recommends a conditional acknowledgement of the Bridger Valley Electric's new rate schedules subject to the completion of the public meeting in Utah. The Division will report to the Commission on the outcome of the public meeting and will make a final recommendation at that time.

cc: Jud Redden, Bridger Valley Electric Association, Inc.
Marialie Martinez, Division of Public Utilities Customer Service
Michele Beck, Office of Consumer Services
Mike Peterson, Utah REA