The Benefits of Having a Municipal Electric Utility

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TOPICS

- Goals of the Municipal Power Advantage® Program
- Financial Benefits
- Non-financial Benefits
- MRES Membership Benefits
- Communication Strategies
Determine the Value of the Benefits to Remsen

Develop a Communication Strategy

Educate Policymakers & Customers

Increase the Public’s Awareness & Perception
TANGIBLE FINANCIAL BENEFITS

- Donated Labor & Materials
- Discounted Street Lighting
- Wholesale Power Supply Savings
- Competitiveness of Retail Rates
Donated Labor & Materials

Donated Labor
Avg. 2010-2013: $2,750 per year

Donated Materials
Avg. 2010-2013: $2,775 per year

Total Donations
Average 2010-2013: $5,525 per year
Discounted Street Lighting

City of Remsen

Pays $2,700 per year for street lighting

Average Cost is $0.15 per kWh

Average SL Usage is 263,000 kWh

Total Value of Street Lighting = $39,425

Annual Discount of $36,725
<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Donated Labor/Materials &amp; Street Lighting</td>
<td>$38,725</td>
<td>$38,725</td>
<td>$43,725</td>
<td>$47,825</td>
</tr>
<tr>
<td>% of Revenues</td>
<td>3.3%</td>
<td>3.4%</td>
<td>3.5%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>
- Remsen 2014 Average Cost: $0.051 per kWh. 2015 is projected to be $0.052
- Average Composite rate of 20 Regional Power Suppliers: $0.067 per kWh
- Remsen’s Power Supply Costs are $0.0164 per kWh LOWER than the Regional Average
## Wholesale Power Savings

<table>
<thead>
<tr>
<th></th>
<th>2014 Wholesale Power Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Average Cost</td>
<td>$0.0670</td>
</tr>
<tr>
<td>Less: Remsen’s 2014 Cost</td>
<td>($0.0506)</td>
</tr>
<tr>
<td>Cost Difference</td>
<td>$0.0164</td>
</tr>
<tr>
<td>Times kWh Purchased</td>
<td>16,933,579</td>
</tr>
<tr>
<td>Estimated 2013 Savings</td>
<td>$271,711</td>
</tr>
</tbody>
</table>

The savings for a Residential customer using 800 kWh is **$13.12 per month**
Impacts to Competitiveness of Bills

- Each Utility has Unique Revenue Requirements
- Wholesale Power Costs: 60% - 80% of Expenses
- Business Operating Cycle
- Capital Improvements & Equipment
- Level of Transfers & Donated Services
- Cost-based Rates for all Classes
<table>
<thead>
<tr>
<th>Rate Classes</th>
<th>Remsen 2015 Bill</th>
<th>IA IOU/REC Avg.</th>
<th>Remsen less IOU/REC Avg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>800 kWh</td>
<td>$71.80</td>
<td>$94.76</td>
<td>($22.96) (24.2%)</td>
</tr>
<tr>
<td>Commercial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,200 kWh</td>
<td>$127.85</td>
<td>$138.36</td>
<td>($10.51) (7.6%)</td>
</tr>
<tr>
<td>Commercial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,000 kWh</td>
<td>$495.50</td>
<td>$526.77</td>
<td>($31.27) (5.9%)</td>
</tr>
<tr>
<td>Large Comm.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14,600 kWh, 50 kW, 40% LF</td>
<td>$1,376</td>
<td>$1,246</td>
<td>$130 10.4%</td>
</tr>
<tr>
<td>Large Comm.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>71,175 kWh, 150 kW, 65% LF</td>
<td>$5,542</td>
<td>$4,873</td>
<td>$669 13.7%</td>
</tr>
</tbody>
</table>
Comparison of Bills - 2015

- Res. 800 kWh: Remsen 9.0, IOU/REC Avg. 11.8
- Comm. 1,200 kWh: Remsen 10.7, IOU/REC Avg. 11.5
- Comm. 5,000 kWh: Remsen 9.9, IOU/REC Avg. 10.5
- Large Comm. 40% LF: Remsen 9.4, IOU/REC Avg. 8.5
- Large Comm. 65% LF: Remsen 7.8, IOU/REC Avg. 6.8
INTANGIBLE BENEFITS

- Local Governance
- Access to Tax-Exempt Financing
- Reliability
- Support to Econ. Development Authority
- Operational Efficiencies
- Local Customer Service & Payment Office
INTANGIBLE BENEFITS

- Local Governance
- Operating Budgets
- Retail Electric Rates
- Utility Policies
- Transparent
- Understand Impact of Decisions
Access to Tax-Exempt Financing

- Taxable Bonds are 200 to 300 Basis Points Higher
- Lower interest costs result in lower electric rates
Most Customer’s 1st Priority is Reliability, then Rates
Strength of Remsen’s Utility System

Reliability is Impacted by:
- Voltage, % of Underground, and Redundancy
- Conductor Type and Age
- Preventive Maintenance Schedule

Most Outages Caused by Weather and Equipment Failure. Also caused by Contractors, Customers, or Accidents
Reliability

- Remsen’s Preventive Maintenance
  - Tree trimming program
  - Vegetation management
  - Lightning arresters installed
  - Thermographic circuit inspections

- Responsiveness
  - Local staff readily available to restore power
## Reliability Standard Measurements

- **Lower the Number or Minutes = Greater the Reliability**

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>SAIFI</td>
<td>0.1</td>
<td>1.1</td>
<td>1.3</td>
</tr>
<tr>
<td>SAIDI – Min. per Year</td>
<td>12.5</td>
<td>93.7</td>
<td>210.3</td>
</tr>
<tr>
<td>CAIDI – Min. per Event</td>
<td>125.5</td>
<td>87.2</td>
<td>150.1</td>
</tr>
</tbody>
</table>

- **SAIFI** – Average number of interruptions per customer for reporting period
- **SAIDI** – Amount of time a customer is without power
- **CAIDI** – Amount of time a customer can expect to be without power when they do lose power
Other Intangible Benefits

- **Support Economic Development**
  - Works with existing customers on expansions and new customers to understand their infrastructure requirements

- **Operational Efficiencies**
  - Integrated Utility Operations
  - Staff and benefits
  - Utility billing and accounting software
  - Office and shop space
  - Equipment and vehicles

- **Local Customer Service & Payment Office**
BENEFITS OF BEING A MEMBER OF MRES

- Power Supply & Transmission Planning
- Bright Energy Solutions Energy Efficiency Program
- IA Conservation Improvement Program Filings
- Legislative & Preference Power Representation
- Educational Meetings & Workshops
- Member Services for Remsen’s Customers
Power Supply Planning

- Provides a diversified, cost-effective power supply portfolio
  - Renewable and non-renewables
- Short & long-term power supply and cost forecasts
- Operations center ensures adequate power supply

Transmission Planning

- Represents members’ transmission interest at meetings
- Remsen is part of the MBMECA
Bright Energy Solutions Program

- Unique Portfolio of Energy Efficiency Cash Incentive Programs

- Paid Remsen’s Residential and Business customers $37,300 in Incentives for energy efficiency projects

- Saved 82.75 kW and 336,600 kWh annually

- Saved $13,165 on MRES power supply bill in 2014
Other MRES Benefits

- Federal and State Legislative Representation
- Preference Power (WAPA) Representation
- Educational Meetings & Workshops
  - MRES 50th Annual Meeting on May 6-7, 2015
- Member Services
- Bright Energy Solutions Power Team Education Program
COMMUNICATION STRATEGIES

Community Presentations

Public Power Week each October

Key Account Activities – visit customers

Traditional and Social Media

Other Community Involvement
Outstanding Asset to the Entire Community

Local Financial Benefits  $ 44,750
Power Cost Savings  $277,700
Total Savings in 2014  $300,200

$345 of savings for each Residential & Commercial customer

...and many, many more Intangible Benefits