



ROCHESTER
PUBLIC UTILITIES
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Cost-of-Service and Rate Design Study Recommendations

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September 24, 2024





Overview

In the Proposed 2025 Rate Tariff – September 24, 2024

1. Electric Service Assured – Opt In to Opt Out
2. Redefine Medium & Large General Service as Primary and Secondary Connected.
3. Solar Grid Access Fee

Parked - Additional Research in 2025

1. Cogeneration Stand By Charge
2. Interruptible Rate Program
3. Evaluate 3 Period Commercial TOU + Solar
4. Closed Rate Class Consolidation
5. Solar Rebate Evaluation





Service Assure - Electric

Recommendation:

- Change the current Service Assured – Electric from an Opt-In to and Opt-Out service
- Expand the service to include overhead residential services (currently underground service only)

Justification:

- Reduce large unexpected repair costs. (especially following storms)
- Including overhead service as these are generally older and more susceptible to storm damage.
- Ability to address repair issues identified during the deployment of advanced electric meters.
- Could impact up to 31,900 residential customers.

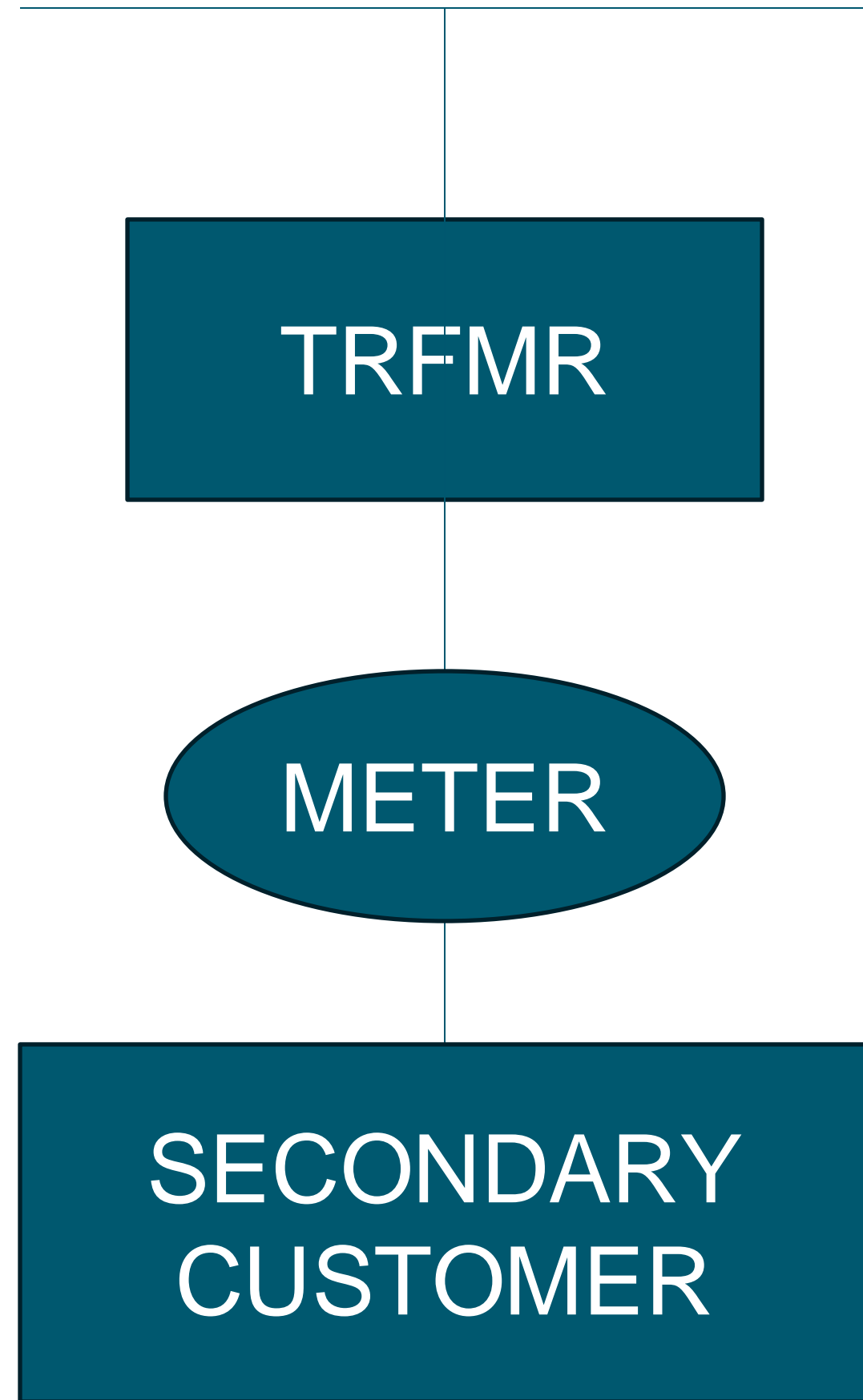
Recommended Implementation:

- Customers will be automatically enrolled with the option to Opt Out.
- Repair coverage is limited to \$3,000, electrical repair expenses only.
- An additional \$750 if the customer installs a lever bypass meter socket upgrade.
- Will be effective the first full billing cycle in 2025.
- Rate: \$1.99/Month or \$3.00/month when combined with Service Assured – Water (unchanged)

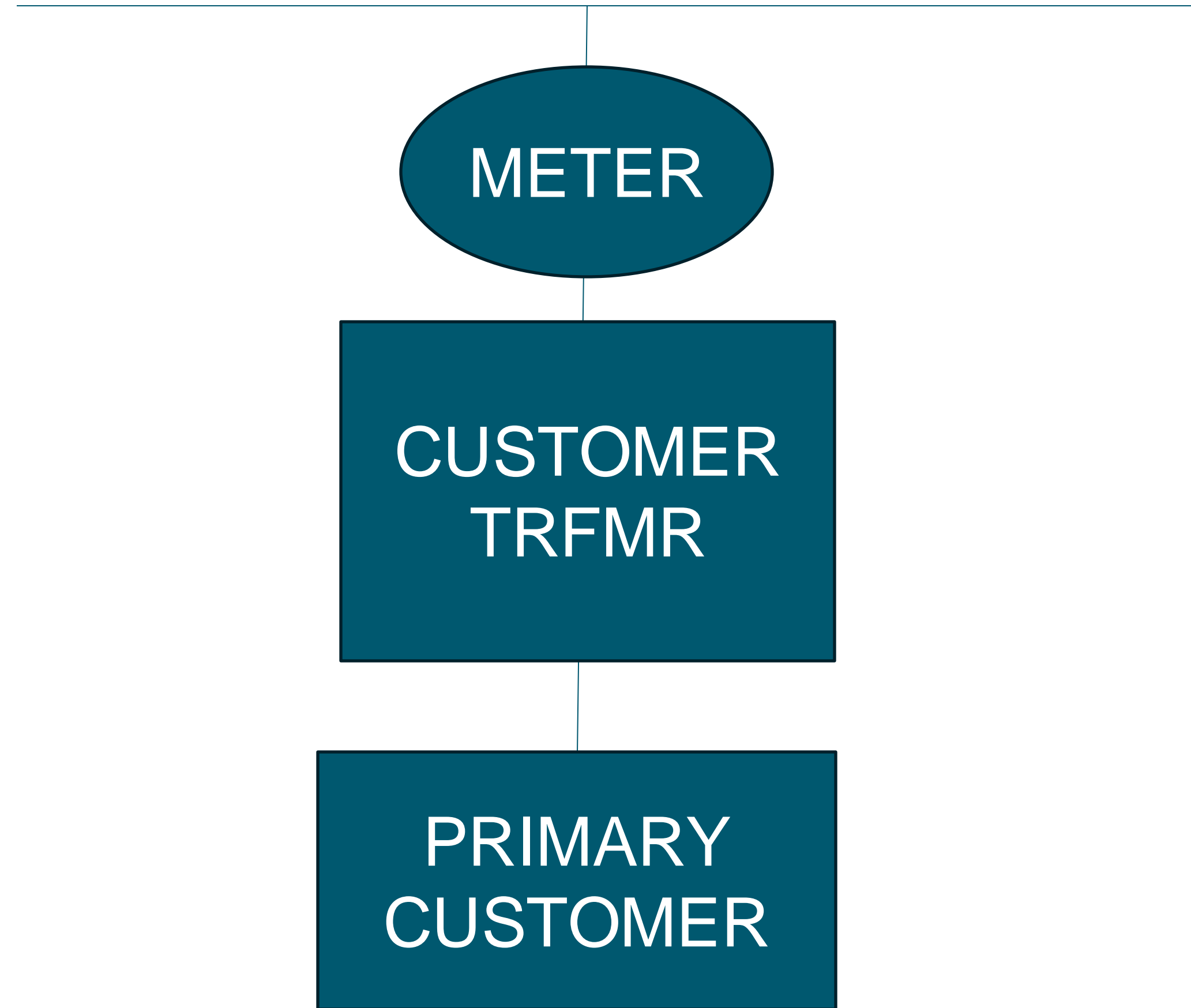


Secondary vs Primary

RPU 13.8KV PRIMARY
DISTRIBUTION LINE



RPU 13.8KV PRIMARY
DISTRIBUTION LINE





Primary and Secondary Connected

Recommendation:

- Redefine Classes as Primary Connected and Secondary Connected.
(affects 9 customers with 2%-4% rate impact)
- Move MGS/LGS Classes based on the new definition

Justification:

- Secondary Connected customers in MGS and LGS are provided power at the same voltage
- Primary Connected customers in MGS and LGS are provided power at the same voltage (13.8kV)
- Reduce unexpected rate impacts when customers move between classes (1,000kW)
- Impacts to customers will be low due to existing rate levels
- Primary Connected customers receive Primary Meter Discount (1.25% demand)
- Primary Connected customers that own a Transformer receive a Transformer Credit

Recommended Implementation:

- Offer customers the option to switch to the TOU rate. (added LGS – Primary TOU)
- Move the affected customers to New LGS-Primary Connected (6) and MGS-Secondary Connected (3) rate on 1/1/2025



Primary and Secondary Connected Time of Use (TOU)

Recommendation:

- Make the current two period MGS TOU rate available to both Primary and Secondary Connected customers.

Justification:

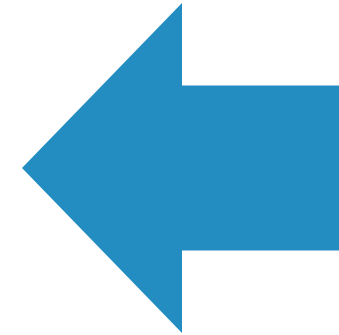
- We do not currently have an LGS/Primary Connected customer TOU rate.
- There are 11 customers in LGS.
- The rate structures are being aligned for both MGS/Secondary and LGS/Primary
- We anticipate creating a 3 period commercial TOU rate to bring forward in 2025 to align with the AMI roll out.

Recommended Implementation:

- Make the current MGS TOU rate available to LGS customer's effective Jan 1, 2025.



Solar Grid Access Charge – Ratepayer Impact



Energy, Transmission, Generation
(Annual Production 9,300 kWh/7.9kW)

RPU Cost Reduction per customer	(\$ 848)
Customer (Net Metering) reduction	(\$ 1,157)
Subsidy per solar customer per year	\$ 309
Annual Grid Access Charge Proposed	\$ 228

Current # Residential Solar Customers	598
Solar Subsidy per Customer	\$ 309
Total Subsidy	\$ 184,998
Total Non-Solar Residential Customers	52,476
Cross Subsidy within Residential Class (Annually)	\$ 3.53



Solar Grid Access Charge

Recommendation:

- Implement a grid access charge for Residential (RES) and General Service (GS) for systems smaller than 40 kW
- Follow Minnesota Statute 261B.164 which authorizes this rate policy.
- The Grid Access charge would be for all new and existing RES (589) and GS (33) customers with solar.

Justification:

- A portion of the fixed distribution and transmission costs are recovered in the energy charge based on average use.
- Solar customers generate bill savings that are greater than RPU's cost savings creating a cost shift to non-solar customers in the RES or GS rate classes. The current residential customer impact is \$3.53 per year which will increase as solar penetration increases.
- *As of July 1, 2015, Minnesota Statute 261B.164 authorizes municipal utilities to charge a cost recovery fee on distributed generation facilities (i.e., solar). This enables utilities to recover some of the cost shift that has been occurring between distributed generators and the rest of the utility customers within the customer class (e.g. Residential).*

Recommended Implementation:

- Charge based on the cost of service. Currently residential \$2.40/kw; small general service \$2.31/kw
- Based on nameplate year 1 and measured peak demand in subsequent years.
- Approve a RES and GS solar grid access charge into the rate schedule in 2025 to be effective 1/1/2026.
- Evaluate a possible Solar Credit through a reestablished rebate for new solar if we can reduce the cost of solar needed within the 2030 Resource Plan.
 - Solar Rec's retained by RPU to fulfill 2030, 100% Renewable Energy goals

Questions?