



## Cost of Service Based Rates- The Rate Design Study

In the October, 2016 Illinois Country Living Magazine, on pages 16b & 16c we began to discuss implementing “Cost of Service Based Rates.” The original article can be found by going to our website [www.cceci.com](http://www.cceci.com) and clicking on Clinton County Connections at the bottom of the page. The October article discussed two of three separate studies: (1) Revenue Requirement Study, and (2) Rate Study. This article will focus on the third study, Rate Design. As stated in previous articles, the board and management have held many meetings to discuss how and when to implement Cost of Service based rates. At the July, 2016 Board of Trustee’s Meeting, the board approved implementing Phase 1, of a 3-Phase Plan, which will take effect with the April, 2017 billings. The table on pages 16b & 16c shows the changes in billing components that will take place at that time. Once again, we only discuss “Residential/Seasonal” rates, since those rates make-up over 90 percent of Clinton County’s monthly billings.

As you can see by looking at the table above entitled, “Final Summary of Unbundled Components of Expenses with Margins,” the Cost of Service based fixed charge per month (System Delivery Charge) should be \$61.29/meter/month for all “Residential/Seasonal” accounts. At

Final Summary of Unbundled Components of Expenses with Margins			
Phase 1-Residential	Current	April, 2017	Change
System Delivery Charge	\$45.00	\$49.00	\$4.00
Power Supplier Energy Charge	\$0.03800	\$0.03800	-----
Capacity Energy Charge	\$0.05800	\$0.05540	(\$0.0026)

this time, the board has developed, but not yet approved, a plan for further implementation of Cost of Service based rates. We are expecting to discuss Phase 2 sometime this summer and Phase 3 sometime during the summer of 2018. Each Phase will be voted on separately by the Board of Trustees. At this time, the board is not considering fully implementing Cost of Service based rates.

The final graph on page 16d is a representation of the percentage in which a member’s monthly electric bill will change based on the number of kWhs consumed. As you can see, more consumption, less percent increase and eventually decrease. An account that uses exactly 1,538 kWh will not experience an increase or a decrease. The average member will see less than a \$1.00 per month increase in their monthly electric bill.

The cooperative has once again developed a “Rate Calculator” that can be found on our website [www.cceci.com](http://www.cceci.com). This calculator will show you, the member, exactly how implementing

Phase 1 rates will impact your monthly electric bill. It would be helpful to have your Clinton County Electric bill with you when using the calculator.

As a cooperative, changing rates is never an enjoyable experience, but remember these two quotes from the October, 2016 article: (1) “our revenue structure is appropriate for our Cooperative,” and (2) “The rate study indicates Clinton County Electric should increase revenue from this class (Residential/Seasonal) by \$74,725, which translates to a .75% increase.” Some individual rates need to be increased while others need to be decreased. However, the Cooperative will not be gaining additional revenue from this rate change.

This rate journey began in 2012, and we have used the phrase “fair & reasonable” to describe why we have been moving in this direction. Increasing the System Delivery Charge, while decreasing the overall Energy Charges is “fair,” while at the same time the impact to individual members is relatively small, therefore “reasonable.”

**Final**

**Summary of Unbundled Components of Expenses With Margins**

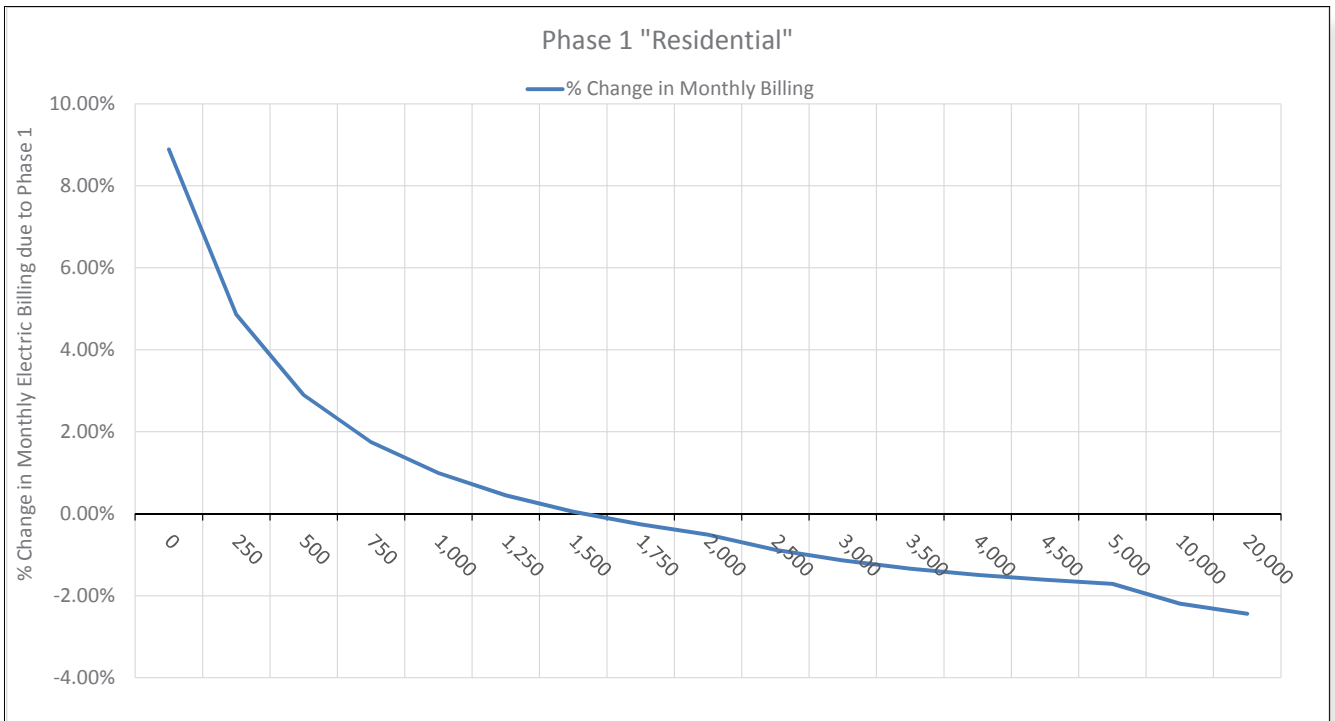
**Clinton County Electric Cooperative Inc.  
For the Budgeted Test Period Ended December 2015**

Line	Description	Total	Residential/ Seasonal	1-Phase Commercial	3-Phase Commercial	3-Phase Med Power
1	Average Customers	6,755	5,198	480	125	18
2	kWh Sold	141,539,468	73,906,233	9,306,402	6,638,628	5,268,286
3	kWh Sold Per Customer	20,953	14,219	19,409	53,144	296,805
4	Billed kW	95,467	-	-	-	19,011
5	<b>Power Supply - Variable</b>	\$5,345,274	\$2,808,437	\$353,643	\$252,268	\$200,195
6	Monthly Cost Per Customer (L5/L1/12)	\$65.94	\$45.03	\$61.46	\$168.29	\$939.88
7	Cost Per kWh Sold (L5/L2)	\$0.03777	\$0.03800	\$0.03800	\$0.03800	\$0.03800
8	Cost Per Billed kW (L5/L4)	\$55.99	\$0.00	\$0.00	\$0.00	\$10.53
9	<b>Power Supply - Fixed</b>	\$6,165,040	\$3,412,144	\$406,217	\$259,469	\$262,261
10	Monthly Cost Per Customer (L9/L1/12)	\$76.06	\$54.70	\$70.60	\$173.09	\$1,231.27
11	Cost Per kWh Sold (L9/L2)	\$0.04356	\$0.04617	\$0.04365	\$0.03908	\$0.04978
12	Cost Per Billed kW (L9/L4)	\$64.58	\$0.00	\$0.00	\$0.00	\$13.80
13	<b>Transmission - Cooperative</b>	\$56,164	\$35,853	\$3,961	\$2,530	\$2,556
14	Monthly Cost Per Customer (L13/L1/12)	\$0.69	\$0.57	\$0.69	\$1.69	\$12.00
15	Cost Per kWh Sold (L13/L2)	\$0.00040	\$0.00049	\$0.00043	\$0.00038	\$0.00049
16	Cost Per Billed kW (L13/L4)	\$0.59	\$0.00	\$0.00	\$0.00	\$0.13
17	<b>Distribution - Substation</b>	\$462,531	\$294,653	\$31,006	\$19,224	\$18,106
18	Monthly Cost Per Customer (L17/L1/12)	\$5.71	\$4.72	\$5.39	\$12.82	\$85.01
19	Cost Per kWh Sold (L17/L2)	\$0.00327	\$0.00399	\$0.00333	\$0.00290	\$0.00344
20	Cost Per Billed kW (L17/L4)	\$4.84	\$0.00	\$0.00	\$0.00	\$0.95
21	<b>Distribution - Delivery</b>	\$1,805,243	\$1,206,312	\$130,306	\$88,480	\$76,981
22	Monthly Cost Per Customer (L21/L1/12)	\$22.27	\$19.34	\$22.65	\$59.03	\$361.41
23	Cost Per kWh Sold (L21/L2)	\$0.01275	\$0.01632	\$0.01400	\$0.01333	\$0.01461
24	Cost Per Billed kW (L21/L4)	\$18.91	\$0.00	\$0.00	\$0.00	\$4.05
25	<b>Distribution - Meters</b>	\$424,819	\$320,780	\$29,924	\$15,925	\$2,263
26	Monthly Cost Per Customer (L25/L1/12)	\$5.24	\$5.14	\$5.20	\$10.62	\$10.62
27	Cost Per kWh Sold (L25/L2)	\$0.00300	\$0.00434	\$0.00322	\$0.00240	\$0.00043
28	Cost Per Billed kW (L25/L4)	\$4.45	\$0.00	\$0.00	\$0.00	\$0.12
29	<b>Distribution - Customer</b>	\$2,633,815	\$1,983,999	\$178,850	\$127,919	\$29,056
30	Monthly Cost Per Customer (L29/L1/12)	\$32.49	\$31.81	\$31.08	\$85.34	\$136.41
31	Cost Per kWh Sold (L29/L2)	\$0.01861	\$0.02684	\$0.01922	\$0.01927	\$0.00552
32	Cost Per Billed kW (L29/L4)	\$27.59	\$0.00	\$0.00	\$0.00	\$1.53
33	<b>Total Expenses</b>	\$16,892,886	\$10,062,177	\$1,133,907	\$765,814	\$591,418
34	Monthly Cost Per Customer (L33/L1/12)	\$208.40	\$161.32	\$197.06	\$510.88	\$2,776.61
35	Cost Per kWh Sold (L33/L2)	\$0.11935	\$0.13615	\$0.12184	\$0.11536	\$0.11226
36	Cost Per Billed kW (L33/L4)	\$176.95	\$0.00	\$0.00	\$0.00	\$31.11
<b>Rate Design Components</b>						
37	Supplier Energy Charge Per kWh	\$0.03777	\$0.03800	\$0.03800	\$0.03800	\$0.03800
38	Supplier Fixed Charge Per kWh	\$0.04356	\$0.04617	\$0.04365	\$0.03908	\$0.03908
39	Distribution Fixed Charge Per Month	\$66.40	\$61.59	\$65.01	\$169.50	\$147.04
40	Supplier Demand Charge Per kW					\$13.80
41	Delivery Demand Charge Per kW					\$5.14

**Final**  
**Summary of Unbundled Components of Expenses With Margins**

**Clinton County Electric Cooperative Inc.**  
**For the Budgeted Test Period Ended December 2015**

Line	Description	1-Phase Farm	3-Phase Farm	3-Phase Large Power	3-Phase Sole Sub	Heat & Cool/ Geothermal	Outdoor Lighting
1	Average Customers	6	75	9	1	844	3,596
2	kWh Sold	838,763	7,127,491	14,691,366	15,185,560	7,463,952	1,112,787
3	kWh Sold Per Customer	139,794	95,139	1,695,158	15,185,560	8,839	309
4	Billed kW	-	-	43,178	33,279	-	-
5	<b>Power Supply - Variable</b>	\$31,873	\$270,845	\$558,272	\$543,825	\$283,630	\$42,286
6	Monthly Cost Per Customer (L5/L1/12)	\$442.68	\$301.27	\$5,368.00	\$45,318.77	\$27.99	\$0.98
7	Cost Per kWh Sold (L5/L2)	\$0.03800	\$0.03800	\$0.03800	\$0.03581	\$0.03800	\$0.03800
8	Cost Per Billed kW (L5/L4)	\$0.00	\$0.00	\$12.93	\$16.34	\$0.00	\$0.00
9	<b>Power Supply - Fixed</b>	\$30,810	\$273,804	\$598,267	\$613,336	\$266,827	\$41,904
10	Monthly Cost Per Customer (L9/L1/12)	\$427.92	\$304.57	\$5,752.57	\$51,111.37	\$26.33	\$0.97
11	Cost Per kWh Sold (L9/L2)	\$0.03673	\$0.03842	\$0.04072	\$0.04039	\$0.03575	\$0.03766
12	Cost Per Billed kW (L9/L4)	\$0.00	\$0.00	\$13.86	\$18.43	\$0.00	\$0.00
13	<b>Transmission - Cooperative</b>	\$300	\$2,668	\$5,836	\$2,052	\$0	\$409
14	Monthly Cost Per Customer (L13/L1/12)	\$4.17	\$2.97	\$56.11	\$170.96	\$0.00	\$0.01
15	Cost Per kWh Sold (L13/L2)	\$0.00036	\$0.00037	\$0.00040	\$0.00014	\$0.00000	\$0.00037
16	Cost Per Billed kW (L13/L4)	\$0.00	\$0.00	\$0.14	\$0.06	\$0.00	\$0.00
17	<b>Distribution - Substation</b>	\$2,736	\$22,954	\$44,478	\$25,692	\$0	\$3,683
18	Monthly Cost Per Customer (L17/L1/12)	\$38.00	\$25.53	\$427.67	\$2,141.01	\$0.00	\$0.09
19	Cost Per kWh Sold (L17/L2)	\$0.00326	\$0.00322	\$0.00303	\$0.00169	\$0.00000	\$0.00331
20	Cost Per Billed kW (L17/L4)	\$0.00	\$0.00	\$1.03	\$0.77	\$0.00	\$0.00
21	<b>Distribution - Delivery</b>	\$11,337	\$97,528	\$181,353	\$0	\$0	\$12,946
22	Monthly Cost Per Customer (L21/L1/12)	\$157.46	\$108.49	\$1,743.78	\$0.00	\$0.00	\$0.30
23	Cost Per kWh Sold (L21/L2)	\$0.01352	\$0.01368	\$0.01234	\$0.00000	\$0.00000	\$0.01163
24	Cost Per Billed kW (L21/L4)	\$0.00	\$0.00	\$4.20	\$0.00	\$0.00	\$0.00
25	<b>Distribution - Meters</b>	\$765	\$9,551	\$1,105	\$127	\$28,783	\$15,596
26	Monthly Cost Per Customer (L25/L1/12)	\$10.62	\$10.62	\$10.62	\$10.62	\$2.84	\$0.36
27	Cost Per kWh Sold (L25/L2)	\$0.00091	\$0.00134	\$0.00008	\$0.00001	\$0.00386	\$0.01402
28	Cost Per Billed kW (L25/L4)	\$0.00	\$0.00	\$0.03	\$0.00	\$0.00	\$0.00
29	<b>Distribution - Customer</b>	\$4,277	\$81,724	\$34,588	\$4,447	\$17,801	\$171,153
30	Monthly Cost Per Customer (L29/L1/12)	\$59.41	\$90.91	\$332.58	\$370.59	\$1.76	\$3.97
31	Cost Per kWh Sold (L29/L2)	\$0.00510	\$0.01147	\$0.00235	\$0.00029	\$0.00238	\$0.15381
32	Cost Per Billed kW (L29/L4)	\$0.00	\$0.00	\$0.80	\$0.13	\$0.00	\$0.00
33	<b>Total Expenses</b>	\$82,099	\$759,074	\$1,423,898	\$1,189,480	\$597,042	\$287,976
34	Monthly Cost Per Customer (L33/L1/12)	\$1,140.26	\$844.35	\$13,691.33	\$99,123.33	\$58.92	\$6.67
35	Cost Per kWh Sold (L33/L2)	\$0.09788	\$0.10650	\$0.09692	\$0.07833	\$0.07999	\$0.25879
36	Cost Per Billed kW (L33/L4)	\$0.00	\$0.00	\$32.98	\$35.74	\$0.00	\$0.00
<b>Rate Design Components</b>							
37	Supplier Energy Charge Per kWh	\$0.03800	\$0.03800	\$0.03800	\$0.03581	\$0.03800	\$0.03800
38	Supplier Fixed Charge Per kWh	\$0.03673	\$0.03842			\$0.03575	\$0.03766
39	Distribution Fixed Charge Per Month	\$269.66	\$238.52	\$343.20	\$381.21	\$4.60	\$4.72
40	Supplier Demand Charge Per kW			\$13.86	\$18.43		
41	Delivery Demand Charge Per kW			\$5.37	\$0.83		



## Applications are still being accepted for 2017 Youth Day and Youth Tour

There is still time left for high school sophomores and juniors to apply to attend Youth Day in Springfield to be held on **March 29, 2017**. *Please note, due to scheduling conflicts, this date differs from the date published in previous issues of Illinois Country Living Magazine. However, the correct date is March 29, 2017.* This event is sponsored by the cooperative and the Association of Illinois Electric Cooperatives. Please visit our website, [www.cceci.com](http://www.cceci.com) for an application and more information about Youth Day. Deadline to apply is Friday, February 24, 2017.

This program may be suspended at any time due to inadequate funding or participation. There will be a maximum number of 12 participants chosen. Notifications will only be made to those chosen to participate in the program.

