

City of Ashland Electric Department

Electric Cost of Service Study/Financial Projection

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Objectives

- Financial Projection
 - Debt Coverage Ratio – No Debt
 - Minimum Cash Levels
 - Target Operating Income
- Rate Adjustment Plan
- Review Cost of Service Results
 - Class Cost Results
 - Customer Charges
- Sample Rate Designs

Significant Assumptions

Fiscal Year	Inflation	Growth	Energy/Demand Change	Transmission Change	Investment Income	Utility Funded Capital
2026	3.1%	0.2%	-1.6%	17.6%	3.0%	1,000,000
2027	3.1%	0.2%	0.0%	0.0%	3.0%	1,000,000
2028	3.1%	0.2%	-0.3%	0.0%	1.0%	1,000,000
2029	3.1%	0.2%	1.0%	1.0%	1.0%	1,000,000
2030	3.1%	0.2%	3.0%	3.0%	0.5%	1,000,000

COS Summary Financial Results (without rate change)

Fiscal Year	Projected Rate Adjustments	Debt Coverage Ratio	Adjusted Operating Income	Optimal Operating Income	Projected Cash Balances	Recommended Minimum Cash
2026	0.0%	N/A	\$ (1,142,821)	\$ 996,073	\$ 5,622,148	\$ 4,478,794
2027	0.0%	N/A	\$ (1,500,131)	1,058,363	\$ 3,745,991	4,570,550
2028	0.0%	N/A	\$ (1,812,554)	1,119,832	\$ 1,466,206	4,646,324
2029	0.0%	N/A	\$ (2,241,281)	1,180,747	\$ (1,225,103)	4,750,793
2030	0.0%	N/A	\$ (2,855,228)	1,241,305	\$ (4,505,022)	4,900,950

Potential Rate Track

Fiscal Year	Projected Rate Adjustments	Debt Coverage Ratio	Adjusted Operating Income	Optimal Operating Income	Projected Cash Balances	Recommended Minimum Cash
2026	3.9%	N/A	\$ (812,869)	\$ 996,073	\$ 5,952,099	\$ 4,478,794
2027	3.9%	N/A	\$ (128,325)	1,058,363	\$ 5,457,647	4,570,550
2028	3.9%	N/A	\$ 297,173	1,119,832	\$ 5,304,706	4,646,324
2029	3.9%	N/A	\$ 638,044	1,180,747	\$ 5,531,107	4,750,793
2030	3.9%	N/A	\$ 826,674	1,241,305	\$ 5,960,746	4,900,950

COS Summary Results

Customer Class	Cost of Service	Projected Revenues	Effective % Change
Residential	\$ 10,510,559	\$ 9,282,505	13.2%
Seasonal Residential	74,631	67,685	10.3%
Outdoor Area Lighting	15,640	12,588	24.3%
Commercial/Telecommunications 1φ	1,789,424	1,602,736	11.6%
Commercial/Telecommunications 3φ	4,295,413	3,703,154	16.0%
Municipal/Government 1φ	244,696	235,129	4.1%
Municipal/Government 3φ	1,094,317	1,109,900	-1.4%
Government Large w/Base	731,377	649,891	12.5%
Government Large wo/Base	416,337	369,913	12.5%
Total	\$ 19,172,394	\$ 17,033,501	12.6%

Monthly Customer Charges

Customer Class	COS Customer Charge	Current Average Customer Charge
Residential	\$ 17.05	\$ 16.25
Seasonal Residential	24.55	16.25
Commercial/Telecommunications 1 ϕ	38.02	25.21
Commercial/Telecommunications 3 ϕ	75.97	52.50
Municipal/Government 1 ϕ	38.57	25.56
Municipal/Government 3 ϕ	119.02	53.31

Next Steps

Proposed Rate Change

- Planned 3.9%

Develop Bandwidth Rates (Rate Adjustment Plan)

- 1% Bandwidth
 - Maximum Increase 4.9%
 - Minimum Increase 2.9%

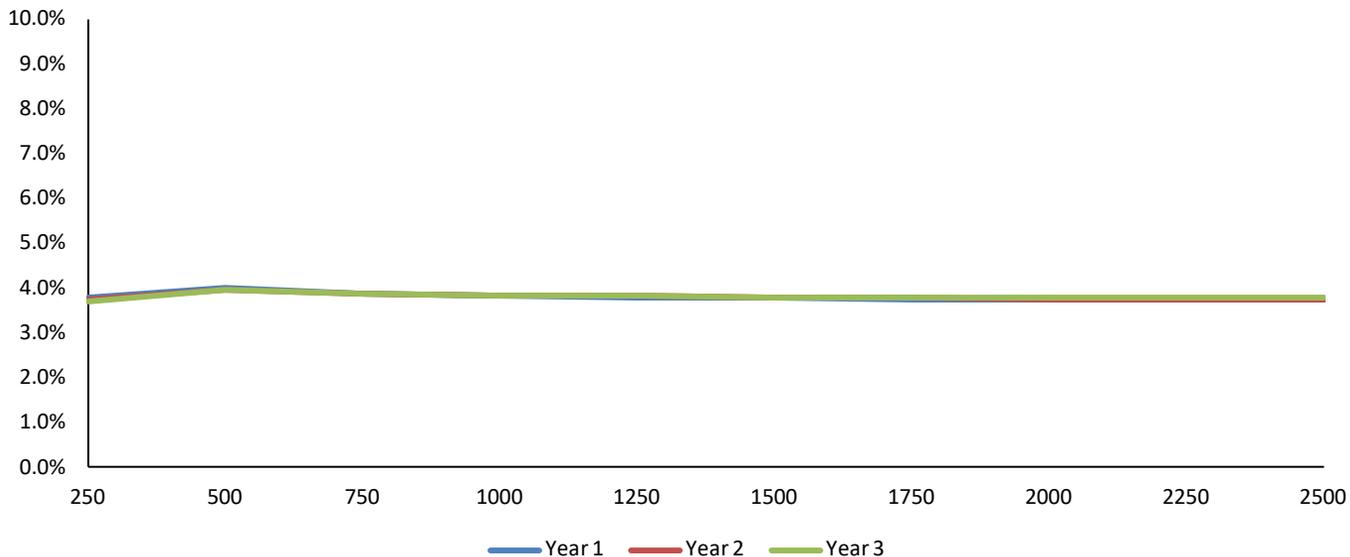
Customer Charges

- Move toward Cost of Service
 - Residential \$50c/Month

Sample Residential Rate

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 16.25	\$ 16.75	\$ 17.25	\$ 17.75
Energy Charge:				
Block 1 (0 - 500 kWh)	\$ 0.07570	\$ 0.07903	\$ 0.08251	\$ 0.08615
Block 2 (501 - 5,000 kWh)	\$ 0.09110	\$ 0.09443	\$ 0.09791	\$ 0.10155
Block 3 (Excess)	\$ 0.12940	\$ 0.13273	\$ 0.13621	\$ 0.13985
Revenue from Rate	\$ 9,282,505	\$ 9,637,627	\$ 10,006,334	\$ 10,389,148
Change from Previous		3.8%	3.8%	3.8%

Change by Monthly kWh Usage (%)



Usage	Monthly Change		
	Year 1	Year 2	Year 3
250	\$ 1.33	\$ 1.37	\$ 1.41
500	\$ 2.16	\$ 2.24	\$ 2.32
Average	\$ 2.99	\$ 3.11	\$ 3.23
1000	\$ 3.83	\$ 3.98	\$ 4.14
1250	\$ 4.66	\$ 4.85	\$ 5.05
1500	\$ 5.49	\$ 5.72	\$ 5.96
1750	\$ 6.32	\$ 6.59	\$ 6.88
2000	\$ 7.15	\$ 7.46	\$ 7.79
2250	\$ 7.98	\$ 8.33	\$ 8.70
2500	\$ 8.81	\$ 9.20	\$ 9.61

Questions?

