

Working Group: Rates	
<p><b>Purpose</b>                      The first purpose of the Rates Working Group is to help develop and recommend a package of rate structures to be adopted by the City Council and/or the Utility Board to be in effect on "Day 1," the time at which the city utility would begin providing retail electric service. The second purpose of this working group is to present recommendations as to how those rate structures can be modified over time to realize the Boulder community's goal of having a utility of the future. <u>For reasons to be discussed, this group will be starting from the assumption that the city will adopt a variation on Xcel's rates for Day 1 of electric utility operation.</u></p> <ul style="list-style-type: none"> <li>• It is envisioned that the group will consist of 5-10 members at any given time, selected based on their skills and qualifications (see below).</li> <li>• This working group will include two phases:                             <ul style="list-style-type: none"> <li>○ January to May 2015: targeted work with rate design experts to define a methodology for how to "adopt" Xcel's rates.</li> <li>○ June to December 2015: incorporation of broad stakeholder input on rate structures, development of energy services tariffs/fees, and transition of rates post-Day 1.</li> </ul> </li> <li>• Additional, separate outreach will be conducted with a broader group of stakeholders during 2015, prior to adoption of rates (anticipated 2016)—<u>the Rates Working Group will not be the only venue to provide input on the city's proposed electric utility rates.</u></li> </ul>	
<b>Anticipated Meeting Schedule</b>	<b>Recruitment period :</b> Through December 19, 2014
	<b>Duration:</b> Anticipated January to December 2015
	<b>First meeting:</b> January 2015 (subject to change)
	<b>Meeting frequency:</b> Monthly; could be more or less frequent based on group needs. There will be research and analysis outside of meeting times.
<b>Key Questions/Issues to be Discussed by the Group</b>	<ul style="list-style-type: none"> <li>• Develop objectives related to rate development, mindful of Charter requirements, including limits on cross-subsidization.</li> <li>• Develop methodological approach to adopt but streamline Xcel Energy's rate structure.</li> <li>• Research relevant financial/structural policies, such as rate stabilization and the use of fuel adjustments and other riders.</li> <li>• Identify key areas to modify traditional utility rate structures to achieve utility of the future goals.</li> <li>• Develop and recommend a plan to stage implementation of nontraditional rate structures to achieve utility of the future.</li> <li>• Development of a public process for ratemaking that facilitates broad stakeholder engagement.</li> </ul>
<b>Tasks &amp; Analysis (SUBJECT TO MODIFICATION)</b>	<ul style="list-style-type: none"> <li>• Conducting/reviewing analysis on trends associated with Xcel's rate increases.</li> <li>• Researching and recommending certain financial and operational policies.</li> <li>• Researching and recommending a set of rates for implementation on Day 1.</li> <li>• Researching and recommending a plan to stage implementation of rate structures to achieve utility of the future goals.</li> <li>• Recommending a public process for the city to implement for adjusting revenue requirements and rates over time.</li> </ul>
<b>Deliverables/ Milestones (SUBJECT TO MODIFICATION)</b>	<ul style="list-style-type: none"> <li>• May 2015: Discuss preliminary objectives related to rate development; define what it means to adopt Xcel's rates; make recommendations on financial policies (e.g., use of riders, fuel adjustments, stabilization)</li> <li>• September 2015: Evaluate innovative tariffs; recommend package of rates to be effective Day 1</li> <li>• December 2015: Recommend plan for transition to "Utility of the Future rates"</li> </ul>
<b>Desired Skills or Representation</b>	<ul style="list-style-type: none"> <li>• Deep knowledge of traditional and non-traditional utility revenue requirements and ratemaking</li> <li>• Backgrounds in economics, accounting, finance</li> <li>• Participation in utility rate proceedings at the local, state, or federal level (preferably electric)</li> <li>• In-depth knowledge of commercial and industrial rate structures and concerns</li> <li>• Representation from diverse segments of the local ratepayer population (likely June-December)</li> </ul>

<b>Other Working Groups to Potentially Link With</b>	<ul style="list-style-type: none"><li>• Customer Experience: development of best practices for customer bills (such as bill design and use of on-bill financing), transparency on reporting, segmenting of customer classes, and development of a public process associated with rate-setting;</li><li>• Energy Services: scoping the list of desired energy services (including low-income programs and on-bill financing) and developing special rates, tariffs, or incentives as applicable; and</li><li>• Resource Acquisition: related to fuel adjustment policies and treatment of onsite generation.</li></ul>
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