

From: [Shan Rowbotham](#)
To: [Comments](#)
Subject: Comment on Electric Bills report 2016-9
Date: Friday, July 29, 2016 12:04:44 PM

I read the report analyzing the differences between consumption & revenue for residential electric bills in which the Council is surprised and puzzled by the difference between utilities.

Kittitas County is somewhat unique in that it has three electric utilities (2 public & 1 IOU) serving customers within a relatively small area. At our airport industrial area a customer can choose between one of three utilities to secure electric service. I work full time at the City of Ellensburg and also serve as an elected Commissioner for Kittitas PUD which puts me in front of billing statistics for three utilities, Ellensburg's natural gas & electric and Kittitas's electric.

In reviewing the information in the report I could not find the detail of how revenue per mWh was established. On page 3 it states "The average residential electric bill consists of two components, average revenue per unit of electricity sales and annual electricity consumption." I have never seen a bill that looks like that. Consumption and a cost for that consumption yes but not what was described. Further unless I'm mistaken your analysis has overlooked a key component of electric bills – the fixed monthly charge. Some call it a facilities charge, some call it a customer charge. Regardless of the name, it is part of the bill and if one is simply dividing kWh consumption by the total cost to arrive at an unit cost for energy there will be a large variation between public utilities and investor owned utilities.

Public utilities can and do set their fixed customer charge much higher than investor owned utilities. The current trend is to make rate increases apply to the fixed portion of the rate design in light of the variability of consumption. This ensures the utility will recover its fixed expenses regardless of energy sales. For example rooftop solar, it costs the utility the same to provide service to that customer who will have less energy consumption. A cost of service analysis will show the fixed portion of the rate design should be nearly \$40/mo. Most publics are moving toward that target while investor owned utilities regulated by the Utility Commission of their state cannot make that increase. For example Puget Sound Energy (an IOU) has a customer charge of \$7.87/mo for residential service, Pacific Power (an IOU) is at \$7.75/mo. City of Ellensburg is at \$16.50/mo, Kittitas PUD is at \$18/mo, Okanogan PUD is at \$35/mo, Mason Co PUD #1 is at \$31.66/mo. This component of the overall cost of power must be taken into consideration when comparing public utilities to investor owned utilities and their overall cost of residential power.

The other comment would be comparing consumption of rural residential to urban residential. Here in the City Ellensburg (listed as a rural municipal) we have 8,000 residential services which would include a high percentage of multifamily University student housing units. An estimate of sq. ft. per residential units is not available but Ellensburg's overall square footage of residential units would be significantly less than our neighboring Kittitas PUD residential units. The standard lot size in Ellensburg used to be 5,000 sq. ft. then jumped up to 7,000 sq. ft. and is now back down to 6,000 sq. ft. of which only 4,000 sq. ft. is buildable. On that size of lot it is impossible to build a very large home. Compare that to our rural PUD neighbor where a minimum lot size is 3 acres and they have homes up to 15,000 sq. ft. A common 4,000 sq. ft. home in our PUD service area will have a very

different consumption than a 1,200 sq. ft. home in an urban setting inside the City limits of Ellensburg. In addition a rural residential service includes ancillary electric load not seen in an urban setting such as livestock, swimming pools, irrigation and shop related electric loads.

Finally on the conservation results here in Ellensburg we have completed a lot of conservation work upgrading older homes that are electrically heated. Compared to Kittitas PUD that has similar mix of building stock they have a difficult time completing conservation due to low income and alternate heating sources such as wood or propane. Investor owned utilities have not had the conservation incentives levels to complete many measures until recently.

Hope that helps shed some light on your study results.

Shan Rowbotham

Energy Services Power & Gas Manager | City of Ellensburg

501 N Anderson St | Ellensburg WA 98926

Office: (509)-962-7251 | Fax: (509)-925-8662

Website: www.ci.ellensburg.wa.us