

8.6.20 v. 9.0 Draft Cost of Service Study Comments and Questions

Topic	Question	Answer
TOU and special use rate combinations	How do the heat pump rate and TOU work together? I assumed that I could use the heat pump rate for the winter months and have all the rest of my energy billed using TOU. Then when summer rolled around, all of my energy would be TOU - since the heat pump rate only applies during winter months.	It is yet to be determined whether the new TOU and opt-out rates will have tiers. If they do not, there may not be a need for a special heat pump rate. Heat pump customers could simply pay the TOU rates.
Controlled water heater rates	The controlled water heater rates (page 56) DIFFER from the R-1 rates (page 55) and are higher. How are you going to determine the kWh from the water heater - there is no separate meter for that?	This is an oversight in the report. The water heater rate will mimic the R-1 rate, except for the fixed dollar per month credit that water heater customers receive.
Heat Pump Rates	In 2021 the heat pump rate is 15.644 cents and that is lower than the lowest winter R-1 rate (16.683 cents). Now they are equal. However, in 2025 the heat pump rate is 21.673 cents and the HIGHEST R-1 rate is 20.673 cents. It appears you are getting rid of the heat pump rate, as who would pay more for a special rate that encourages people to use electric heat pumps for winter heating. There is no mention in the report that this is your strategy.	The higher heat pump rates in 2025 are a function of cost of service assumptions that have been changed. When changed, the inversion will not occur.
Bill Line items	I know the board thought it was a good idea to show the components of the bill (meter charge, energy, transmission/capacity, distribution, UCC and CARES) but I think with the proposed new rate structures, it makes more sense to show the total energy charge as one amount, except for TOU which would break out the kWh by on, mid and off peak (to show customers how successful they have been in shifting load).	For the Board's consideration
4% R-1 Surcharge	I assume the R-1 rates shown do not include the 4% surcharge that would be added on once there are sufficient smart meters to have customers other than EV owners choosing a TOU rate structure.	The opt-out R-1 rates do include the 4% surcharge.

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Summer/Winter Rates	In establishing summer and winter rates are we trying to align our rates to more directly reflect true costs? The actual bill looks like it doesn't change that much, is there a benefit for either the customer or CMLP?	The purpose of the summer/winter rate split is to align rates with actual costs.
Why an EV Subscription Rate?	Why we are considering an EV Subscription rate? If the overall COSS and rate study is to understand fixed and variable costs so that we can set a rate design, how does this fit in with anything?	The EV Subscription rate has been proposed solely to attract new EV owners. Encouraging EV adoption is a core CMLP mission. The rate is available only for off-peak charging – maintaining cost alignment.
Does R-1 become the opt-in or opt-out rate?	Does the R1 rate becomes the TOU rate by default? Then the opt-out rate is available should folks choose it?	The R-1 rate keeps its name and becomes the opt-out rate for any customer who chooses not to be transitioned to the TOU rate.
Why is there a demand charge for TOU?	Why does the TOU rate include a demand charge but the other residential rate classes do not?	The Consultant recommended the demand charge as a feature of the TOU rate.
Which rate is cheaper – R1 or TOU?	If I read the tables correctly, it appears that the opt-out rate is cheaper for customer than the RI TOUR. This seems to me to be a disincentive to uptake.	The opt-out rate (also called the R-1 rate) is 4% higher than the TOU rate for the average load profile in order to discourage customers from opting out.
All-electric Rates	Is there a rate that incentives all electric homes or all electric improvements to homes, that does not penalize the homeowner for increased kWh used?	The heat pump rate has historically allowed homes with electric heat to pay the lowest tier charge for their winter heat pump usage. If the Board chooses to pursue TOU with no tiers, then the heat pump rate would not serve the same purpose; but could be used to incentivize heat pumps in some other way.

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Why are Capacity & Transmission Charges Assessed Volumetrically and not as Fixed Charges?	Why are C&T and Distribution included in the Energy Charge? Aren't these more appropriately fixed charges?	<p>Allocating all of CMLP's fixed costs to the meter charge would make the meter charge untenably high. The monthly meter charge per customer includes depreciation expense on the fixed plant in service costs to serve a particular customer class and the costs of customer billing. Not all of these costs are recovered in the meter charge and the unrecovered costs become part of the volumetric (kWh) charges.</p> <p>The capacity and transmission, distribution, and energy charges include the remaining fixed costs not recovered through the meter charge, variable capacity and transmission costs, energy costs, costs of operation and maintenance expenses on plant in service, allocated administrative and general expenses and the return on rate base.</p>												
Off-Peak Definition Continuity	We need to reconcile the various peak and non-peak times throughout the rate schedules. One schedule has a Mid peak from 8PM to midnight? EV charging is 10PM to Noon?	<p>CMLP's <u>existing</u> TOU rate defines on peak as noon to 10PM on weekdays. The <u>proposed</u> opt-out TOU rate would define on peak as 4PM to 8PM on weekdays. In the winter off-peak would be 8PM to 4PM. But in the summer there would be a mid-peak and an off peak as follows:</p> <table border="1" data-bbox="911 1268 1421 1482"> <thead> <tr> <th></th> <th>Summer</th> <th>Winter</th> </tr> </thead> <tbody> <tr> <td>peak</td> <td>4PM-8PM</td> <td>4PM-8PM</td> </tr> <tr> <td>mid-peak</td> <td>8AM-4PM; 8PM-12AM</td> <td></td> </tr> <tr> <td>off-peak</td> <td>12AM-8AM</td> <td>8PM-4PM</td> </tr> </tbody> </table>		Summer	Winter	peak	4PM-8PM	4PM-8PM	mid-peak	8AM-4PM; 8PM-12AM		off-peak	12AM-8AM	8PM-4PM
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AMI meter rollout schedule	The Report suggests waiting until meters are installed before deciding on final rate design – 2022?	If CMLP's RFP for an AMI consultant is issued in Q4 2020, contract execution with an AMI vendor is expected in mid-2022. Roll-out and testing would likely mean that full AMI meter deployment would not happen before 2023.												
REC purchase costs	Where is the cost of rec purchases accounted for in the tariff sheets?	The cost of renewable energy certificate purchases are in the energy rate.												

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EV subscription rate	On the EV subscription charging rate, all customers, regardless of car type, pay the same subscription rate? And I assume this is a per vehicle subscription charge?	The EV subscription rate would be a per vehicle rate payable regardless of car type. It would require a separate meter. The car could charge as much as is required for the same fee. However, all charging must occur off peak.
Is the TOU rate cheaper or more expensive than the R-1 rate?	Is there a significant cost driver for staying in TOUR? Looks like just a marginal incentive to go to TOUR.	The TOU rate is designed to be revenue neutral. That means a typical customer who does not change their usage pattern will see neither a rate increase nor a decrease. The benefit is if a customer can shift some of their usage to mid or off peak. Then they will see savings. How much depends on how much they can shift their load. The marginal savings shown in the report is the difference between the TOU rate and the R-1 rate that has been designed to be 4% higher. Otherwise, the 2 rates would look the same.

Last edited: 9/22/2020