Town of Bedford

Electric Utility Rate Study – Public Hearing

RAFTELIS

Agenda

1. Introduction
2. Financial Plan
3. Rate Design
4. Customer Impacts

Project Overview

Utility Financial Planning

- As an enterprise fund, the utility must run like a self-supporting business
- Scale of operations, infrastructure, and investment requires thoughtful planning for future needs

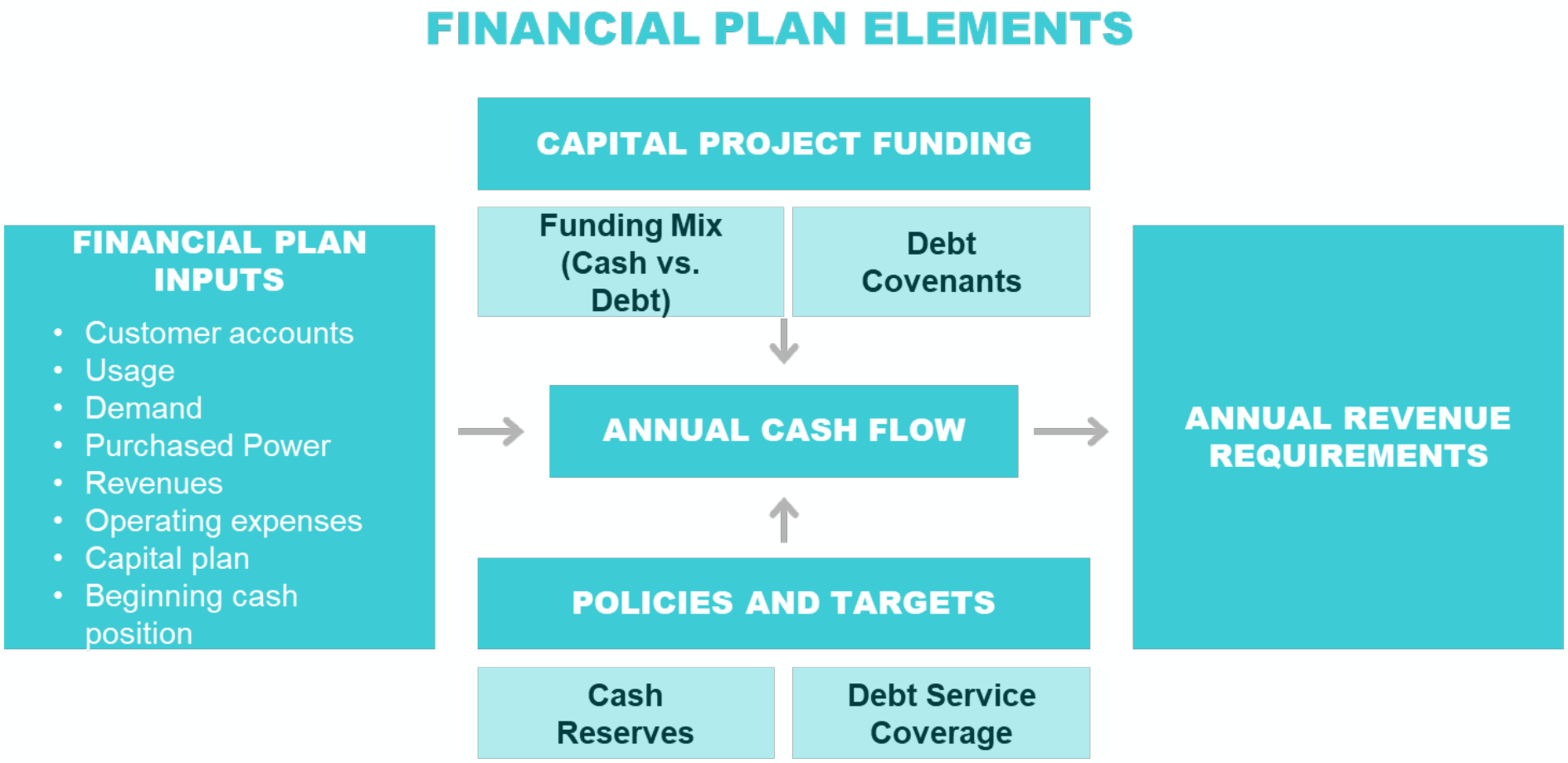
Objective: Balance system reliability, sustainability and financial integrity with customer costs & impacts

Project Overview

- Financial Plan Update
  - Develop a forecast of revenues and revenue requirements
  - Evaluate sufficiency of existing rates
  - Assess level of future increases
- Rate Design
  - Address financial sufficiency
  - Provide additional transparency and link to cost drivers
    - Power supply costs
    - Allocate increasing power supply costs consistent with cost of service principles

Financial Plan

Financial Plan



Revenue Requirements

- Operating Expenses
  - Projected expenses based on FY 2026 budget
  - Annual increases: 3.0% (excluding Purchased Power)
    - Purchased Power:
      - FY 2027: 15%
      - FY 2028: 10%
      - FY 2029 – FY 2034: 5%
- Debt Service
  - Existing
    - 2017A: Take-out 2017 AMP Note
    - 2017B: Refunds 2008 PNC Electric
  - Existing debt rolls off in FY 2026
  - No proposed debt currently
  - Plan to fund the 5-year CIP with cash (reserve funds or PAYGO)

Revenues

- User Charge Revenues
  - Residential accounts projected to grow at 0.6% beginning in FY 2027
    - Gradual increase to about 1.0% annually through FY 2030
  - All other customer classes held relatively flat through study period
- Other Revenues (Penalties, rebates, etc.)
  - Rental Poles: projected to grow at 2% annually
  - All other revenues held flat through forecast

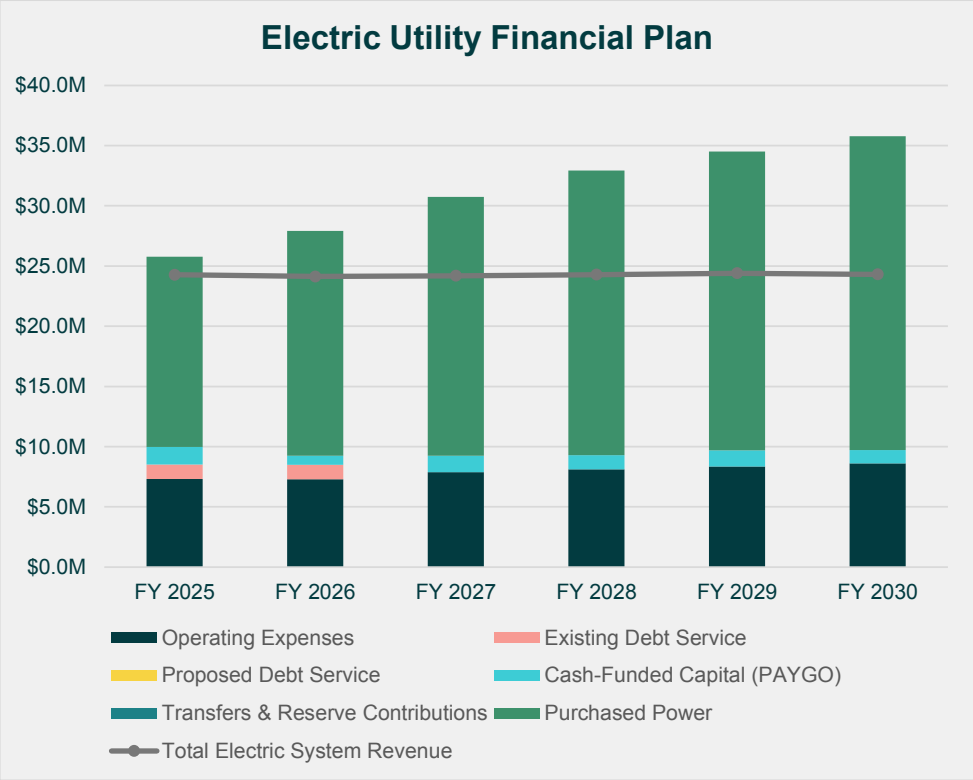
Electric Fund Recommendations

Note: The rate increases applied across the board do not take into consideration any element of the rate design analysis completed to look at alternative rate structures.

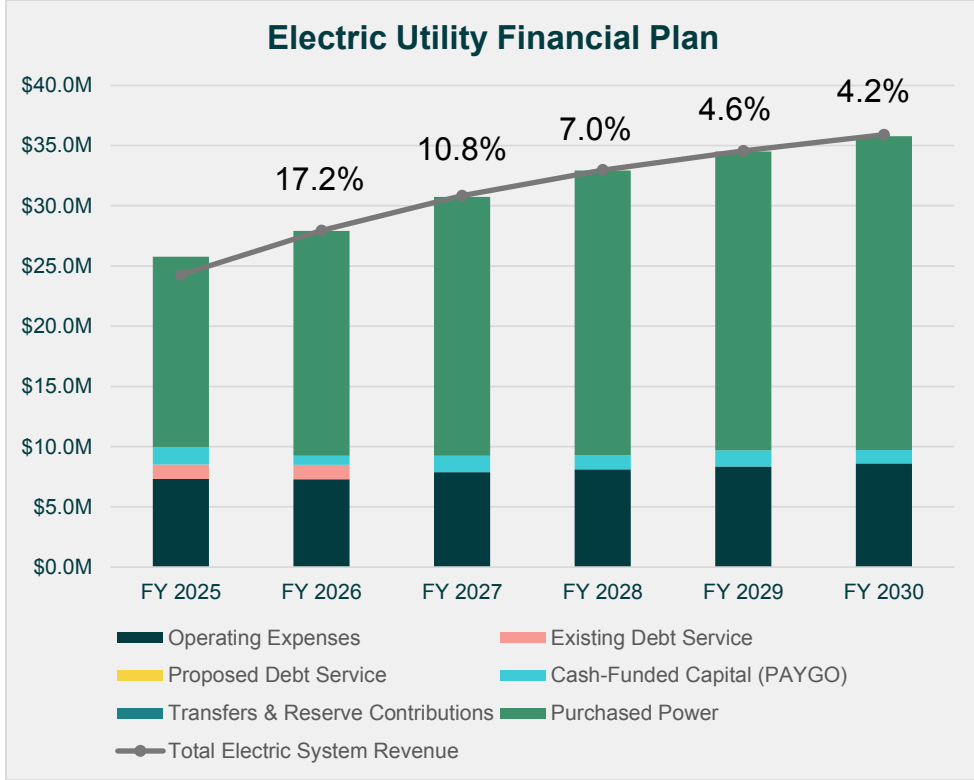
- Rate increase projections for all rate categories across the board
  - FY 2026: 17.2%
  - FY 2027: 10.8%
  - FY 2028: 7.0%
  - FY 2029: 4.6%
  - FY 2030: 4.2%
- To address operating and capital expenses
  - Significant increase in purchased power
    - Upstream capacity costs
- Maintain reasonable levels of reserve
  - Minimum policy balances
  - Combined target about 300 days O&M (excluding purchased power)

Electric Utility Financial Plan

Current Rates (No Increase)

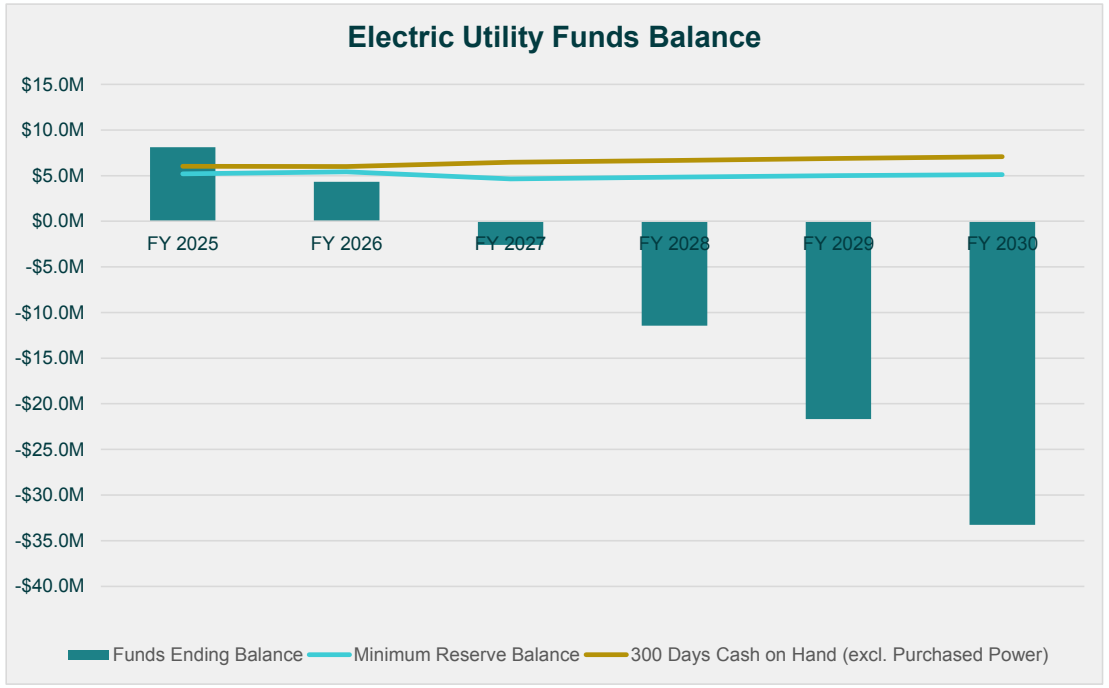


Proposed Rates

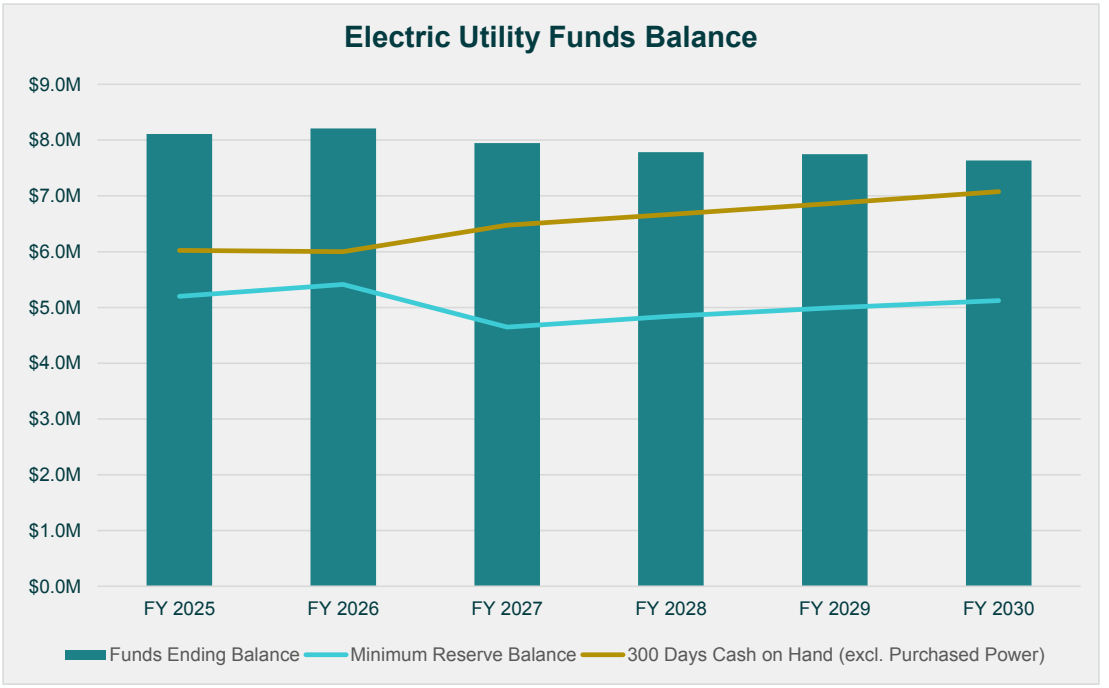


Reserve Position

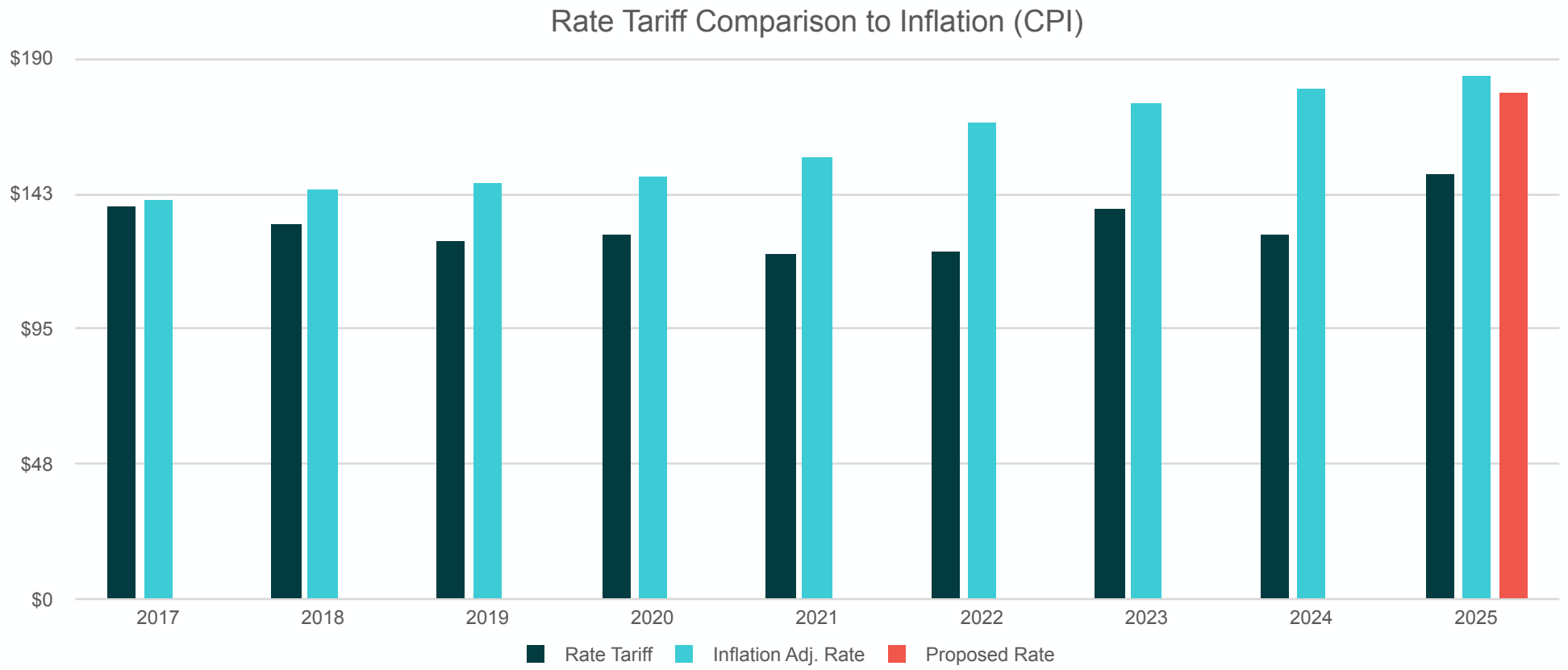
Current Rates (No Increase)



Proposed Rates



Historical Rates Compared to Inflation



Rate Design and Customer Impacts

Rate Design Background

- Existing Rate Structure
  - Fixed monthly charge
  - Usage (Energy) Charge ($/kWh)
  - Demand Charge ($/kW)
  - Reactive Demand Charge ($/KVAR)
  - Power Cost Adjustment (PCA) ($/kWh)
    - Portion of existing usage charge
      - $0.06369 per kWh
    - Power supply cost recovery mechanism per kWh

- Increasing Power Supply Costs
  - Transmission capacity
    - Significant increase in FY 26 Budget (PJM)
  - Future increases in both generation and transmission capacity projected in FY 27 and FY 28

Rate Design Objectives

- Unbundle PCA from base rates to provide transparency and total cost recovery flexibility
- Allocate increasing power supply costs equitably across customer classes
  - Electric systems are designed, built, and operated to meet peak demand
  - Residential customers are less efficient users of electricity since they are weather sensitive (require more excess capacity)
  - Larger customers are more efficient users of electricity since they use power for commercial or industrial processes (require less excess capacity)
- Proportionate reductions in usage (energy), demand, and reactive demand charges

Rate Design Results (FY 2026)

FY 2026 Rates Under Existing Structure	
Residential	
Monthly Charge ($/month)	$ 29.31
Energy Charge ($/kWh)	
0-900 kWh	$ 0.11088
Over 900 kWh	$ 0.09194
PCA ($/kWh)	$ 0.03638
Sanctuary Worship	
Monthly Charge ($/month)	$ 29.31
Energy Charge ($/kWh)	
0-900 kWh	$ 0.11088
Over 900 kWh	$ 0.09194
PCA ($/kWh)	$ 0.03638
Small General Service	
Monthly Charge ($/month)	$ 41.50
Energy Charge ($/kWh)	$ 0.08829
Demand Charge ($/kW)	
0-2.5 kW	$ -
Over 2.5 kW	$ 6.95
PCA ($/kWh)	$ 0.03638

FY 2026 Rates Under Proposed Structure	
Residential	
Monthly Charge ($/month)	$ 25.00
Energy Charge ($/kWh)	
0-900 kWh	$ 0.03879
Over 900 kWh	$ 0.03217
PCA ($/kWh)	$ 0.11504
Sanctuary Worship	
Monthly Charge ($/month)	$ 25.00
Energy Charge ($/kWh)	
0-900 kWh	$ 0.03879
Over 900 kWh	$ 0.03217
PCA ($/kWh)	$ 0.11504
Small General Service	
Monthly Charge ($/month)	$ 35.40
Energy Charge ($/kWh)	$ 0.03089
Demand Charge ($/kW)	
0-2.5 kW	$ -
Over 2.5 kW	$ 2.43
PCA ($/kWh)	$ 0.10668

Rate Design Results (continued)

FY 2026 Rates Under Existing Structure	
Large General Service (120-1000 volts delivery)	
Monthly Charge ($/month)	$ 175.85
Energy Charge ($/kWh)	$ 0.04757
Demand Charge ($/kW)	$ 17.99
Reactive Demand Charge ($/KVAR)	$ 0.58134
PCA ($/kWh)	$ 0.03638
Large General Service (over 1000 volts delivery)	
Monthly Charge ($/month)	$ 240.33
Energy Charge ($/kWh)	$ 0.04757
Demand Charge ($/kW)	$ 16.90
Reactive Demand Charge ($/KVAR)	$ 0.58134
PCA ($/kWh)	$ 0.03638
Large Capacity Service (2.4-40 KV)	
Monthly Charge ($/month)	$ 592.04
Energy Charge ($/kWh)	$ 0.03562
Demand Charge ($/kW)	$ 16.37
Reactive Demand Charge ($/KVAR)	$ 1.27899
PCA ($/kWh)	$ 0.03565
Large Capacity Service (over 40 KV)	
Monthly Charge ($/month)	$ 1,295.45
Energy Charge ($/kWh)	$ 0.03349
Demand Charge ($/kW)	$ 14.68
Reactive Demand Charge ($/KVAR)	$ 1.27899
PCA ($/kWh)	$ 0.03565

FY 2026 Rates Under Proposed Structure	
Large General Service (120-1000 volts delivery)	
Monthly Charge ($/month)	$ 150.00
Energy Charge ($/kWh)	$ 0.01664
Demand Charge ($/kW)	$ 6.30
Reactive Demand Charge ($/KVAR)	$ 0.20340
PCA ($/kWh)	$ 0.09413
Large General Service (over 1000 volts delivery)	
Monthly Charge ($/month)	$ 205.00
Energy Charge ($/kWh)	$ 0.01664
Demand Charge ($/kW)	$ 5.91
Reactive Demand Charge ($/KVAR)	$ 0.20340
PCA ($/kWh)	$ 0.08516
Large Capacity Service (2.4-40 KV)	
Monthly Charge ($/month)	$ 505.00
Energy Charge ($/kWh)	$ 0.01246
Demand Charge ($/kW)	$ 5.73
Reactive Demand Charge ($/KVAR)	$ 0.44749
PCA ($/kWh)	$ 0.07687
Large Capacity Service (over 40 KV)	
Monthly Charge ($/month)	$ 1,105.00
Energy Charge ($/kWh)	$ 0.01172
Demand Charge ($/kW)	$ 5.14
Reactive Demand Charge ($/KVAR)	$ 0.44749
PCA ($/kWh)	$ 0.07687

Customer Impacts

Customer Impacts – Residential

Residential	FY 2025	FY 2026
Proposed Rate Structure	$ 153.82	$ 184.67
$ Increase - Proposed		$ 30.85
Current Rate Structure	$ 153.82	$ 180.33
$ Increase - Current		$ 26.51

Customer Impacts – Small General Service

Small General Service	FY 2025	FY 2026
Proposed Rate Structure	$ 427.88	$ 488.62
$ Increase - Proposed		$ 60.74
Current Rate Structure	$ 427.88	$ 501.63
$ Increase - Current		$ 73.75

Customer Impacts – Large Capacity Service

Large Capacity Service	FY 2025	FY 2026
Proposed Rate Structure	$ 93,490.54	$ 104,473.26
$ Increase - Proposed		$ 10,982.73
Current Rate Structure	$ 93,490.54	$ 109,604.25
$ Increase - Current		$ 16,113.72

Thank you!

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