

**CITY OF FAIRMONT
PUBLIC UTILITIES COMMISSION
AGENDA**

Tuesday, November 7, 2023

1. Call to Order
 - 7:30 AM City Hall Conference Room (Second Floor)

2. Roll Call
 - Chair Werre _____
 - Vice-Chair Moltzen _____
 - Secretary Johnson _____
 - Commissioner Struss _____
 - Commissioner Christ _____

- 3 Electric Cost of Service and Rate Design Study- Dave Berg Consulting **(2 - 55)**

- 5 Date and Time of Next Meetings:
 - Regular Meeting - Tuesday, November 21, 2023
 - Work Session - Tuesday, December 5, 2023

- 5 Adjournment



Fairmont Public Utilities Commission
November 7, 2023

Agenda Item: 3.0

From: Julie Zarling, Assistant Finance Director
To: Public Utilities Commission

Subject: Electric Cost of Service and Rate Design Study presented by Dave Berg

Policy/Action Requested:

Vote Required: ___ Simple Majority _____ Roll Call

Recommendation: Informational

Overview:

Dave Berg from Dave Berg Consulting will present his Electric Cost of Service and Rate Design Study.

Budget Impact: N/A

Attachments: Electric Cost of Service and Rate Design Study Preliminary Report & Presentation

PUC Action: _____ Date: _____



**ELECTRIC COST OF SERVICE AND
RATE DESIGN STUDY**

Preliminary Report

November 1, 2023



REPORT OUTLINE

Cover Letter

Section 1 - Introduction

Section 2 – Projected Operating Results – Existing Rates

Section 3 – Cost of Service

Section 4 – Proposed Rates



November 1, 2023

Fairmont Public Utilities Commission

100 Downtown Plaza
Fairmont, MN 56031

Subject: Electric Rate Study

Commission Members:

Dave Berg Consulting, LLC has undertaken a study of the retail rates Fairmont charges its customers for electric service. This report summarizes the analyses undertaken and the resulting recommendations for changes to the existing rates.

The recommended rate adjustments have been made based on overall revenue needs of the electric utility and the results of a cost-of-service analysis. As a result of the study undertaken, annual overall rate increases of 3% in each year from 2024-2027 are recommended. These increases have been recommended to help ensure the continued financial strength of the electric utility. Specific rate design recommendations are included for each retail rate class. The new rates also include a resetting of the Energy Cost Adjustment clause.

Thank you for the opportunity to be of service to Fairmont through the conduct of this study. I wish to express my appreciation for the valuable assistance I received from Fairmont staff relative to the execution of this study.

Sincerely,

Dave Berg Consulting, LLC

David A. Berg, PE
Principal

Dedicated to providing personal service to consumer-owned utilities

Dave Berg Consulting, LLC | 15213 Danbury Ave W, Rosemount, MN 55068 | 612-850-2305

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Section 1

Introduction

The City of Fairmont, MN owns and operates a municipal electric utility providing service to approximately 6,000 residential, commercial, industrial and lighting customers. The electric utility operates under the direction of the Fairmont Public Utilities Commission (Fairmont). This report has been prepared by Dave Berg Consulting, LLC to examine the rates and charges for electric service in Fairmont. The study includes an examination of the allocated cost of service based on an actual 2022 'Test Year.' It also includes projected operating results for 2023-2027 (Study Period). As a result of the analyses undertaken and reported on herein, new proposed electric rates have been recommended for implementation by Fairmont.

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Projected Operating Results Existing Rates

The rates charged for electric services by Fairmont, combined with other operating and non-operating revenues, must be sufficient to meet the cost of providing services to Fairmont's retail customers. This is necessary in order to ensure the long-term financial health of Fairmont. The cost of providing services consists of normal operating expenses such as wholesale power purchases, local distribution, customer and administrative functions, capital improvements and contributions to the City of Fairmont and other non-operating expenses.

An analysis of the operating results for Fairmont during the 2023-2027 Study Period has been performed assuming the current retail rates and charges remain in effect through the Study Period. This analysis has been done to determine the overall need, if any, for additional revenue through rates to meet projected revenue requirements. The analyses and assumptions utilized in these projections are explained below.

Estimated Revenues – Existing Rates

Retail Sales

Fairmont sells retail power and energy to residential, commercial and industrial customers. The only growth in total sales to Fairmont retail customers for the Study Period is an assumed 1 MW industrial expansion at an existing customer in 2024. No other overall sales growth is assumed.

Fairmont offsets certain wholesale costs through its Energy Cost Adjustment (ECA) which is set annually based on wholesale costs from the Southern Minnesota Municipal Power Agency (SMMPA) and the Western Area Power Administration (Western). In 2022 the Fairmont ECA was an additional \$0.006675/kWh for all customers. In 2023,

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that was increased to \$0.013685/kWh. For purposes of the Study Period projections at current rates, it has been assumed that the 2023 ECA will remain unchanged through 2027.

Exhibit 2-A is a summarized listing of Fairmont's historical and projected electric operating results at existing retail rates. The historical and projected revenues from retail sales of power and energy to different groups of customers are included in Charges for Services under Operating Revenues. Charges for Services also includes other miscellaneous revenues including customer service labor and materials, penalties and other revenues.

Revenue Requirements

Purchased Power

Fairmont purchases all of its wholesale power and energy requirements from SMMPA and Western under the terms of long-term wholesale power contracts. Purchased power is the largest single operating expense for Fairmont. In 2022, purchased power accounted for approximately 80% of Fairmont's total operating expenses. Fairmont receives approximately 97.7% of its wholesale requirements from SMMPA, the remaining 2.3% is from Western.

It has been assumed that SMMPA will not increase its current wholesale rates during the Study Period. SMMPA does include a monthly energy cost adjustment (ECA) as part of its wholesale rate structure. For purposes of the wholesale cost projections, it is assumed that the SMMPA ECA will be zero each year. It is assumed that Western rates will increase 4% per year through the Study Period.

Other Operating Expenses

Fairmont incurs other operating expenses associated with local electric system operations. Distribution operating and maintenance expenses are related to the substations, overhead and underground lines and customer facilities located in

Projected Operating Results – Existing Rates

Fairmont. Administrative and other expenses are required for reading meters, sending and processing bills, dealing with customer inquiries, covering utility management, employee benefits, training and other administrative costs. Fairmont also participates in SMMPA demand side management programs designed to reduce customer's use of electric energy. These types of programs are mandated by the state of Minnesota.

Depreciation

Fairmont has annual depreciation costs based on its system investments. Depreciation during the Study Period is based on budgeted Fairmont amounts and future capital improvements. Depreciation is a funded non-cash expense that generates monies available for annual capital improvements and reserves.

Non-operating Revenue (Expenses)

Fairmont's non-operating revenue is primarily associated with investment and grant income. Non-operating expenses include interest payments on debt and payments to the local economic development authority.

City Support

Fairmont makes a direct cash transfer to the City of Fairmont. It has assumed to remain steady at \$579,000 for the Study Period.

Capital Improvements

Fairmont makes annual normal capital investments in its electric system. Annual electric capital improvements for the Study Period, as budgeted by Fairmont, are shown in Table 2-1 below.

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Table 2-1
Electric Capital Improvements by Year

Capital Item	2023	2024	2025	2026	2027
Electric Capital	\$427,500	\$2,173,000	\$10,736,000	\$7,840,000	\$2,265,000

It is assumed that Fairmont will issue bonds to partially pay for the capital improvements listed above. Bond issues are listed in Table 2-2 below, bonds are assumed to have a 20-year term at an annual interest rate of 5%.

Table 2-2
Electric Bond Issues by Year

	2023	2024	2025	2026	2027
Total Bond Issue	\$0	\$800,000	\$9,350,000	\$6,850,000	\$1,000,000

Projected Operating Results – Existing Rates

Based on the assumptions outlined above, the resulting projected operating results assuming continued application of the existing retail rates are summarized in Table 2-3 for the electric utility. A summary presentation of the operating results is shown in Exhibit 2-A.

Projected Operating Results – Existing Rates

**Table 2-3
Projected Operating Results-Electric
Existing Rates**

Fiscal Year	2023	2024	2025	2026	2027
Operating Revenues	\$16,646,504	\$17,301,903	\$17,301,903	\$17,301,903	\$17,301,903
Less Operating Expenses	(15,870,638)	(16,563,883)	(16,704,338)	(16,850,443)	(17,002,426)
Plus Non -Operating Revenue (Expenses)	140,000	(30,000)	(283,750)	(687,540)	(868,382)
Less Transfer Out	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>
Change in Net Position	\$336,488	\$128,642	\$(265,563)	\$(815,459)	\$(1,148,283)
Net Position as Percent of Revenues	2.0%	0.7%	-1.5%	-4.7%	-6.6%

Cash Reserves

A summary of the impact of the projected operating results on Fairmont’s cash reserves for the Study Period is shown at the end of Exhibit 2-A and in Table 2-4 below.

As shown below, under existing retail rates and estimated revenue requirements over the Study Period, the cash reserves for the electric utility are projected to decrease from approximately \$8.2 million at the end of 2022 to approximately \$3.1 million by the end of 2027. As shown in Table 2-4 below, the balance at the end of the Study Period is estimated to be 18% of annual operating revenues.

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Table 2-4
Projected Cash Reserves-Electric
Existing Rates

Fiscal Year	2023	2024	2025	2026	2027
Beginning of Year	\$8,228,503	\$8,587,491	\$7,898,633	\$7,059,595	\$5,512,153
Plus Change in Net Position	336,488	128,642	(265,563)	(815,459)	(1,148,283)
Less Capital Improvements	(427,500)	(2,173,000)	(10,736,000)	(7,840,000)	(2,265,000)
Plus Debt Proceeds	-	800,000	9,350,000	6,850,000	1,000,000
Plus SMMPA Contribution	-	-	350,000	-	-
Plus Cost Share	-	87,500	-	60,000	-
Less Debt Principal	-	-	(24,194)	(308,172)	(530,742)
Plus Depreciation	<u>450,000</u>	<u>468,000</u>	<u>486,720</u>	<u>506,189</u>	<u>526,436</u>
End of Year	\$8,587,491	\$7,898,633	\$7,059,595	\$5,512,153	\$3,094,564
As a percent of Operating Revenue	52%	46%	41%	32%	18%

Fairmont Public Utilities Commission
Electric Operating Results at Existing Rates

	Historical		Projected				
	2021	2022	2023	2024	2025	2026	2027
OPERATING REVENUES							
Charges for services	\$ 15,049,689	\$ 15,132,861	\$ 16,315,064	\$ 16,970,463	\$ 16,970,463	\$ 16,970,463	\$ 16,970,463
Miscellaneous Revenues	321,339	235,577	331,440	331,440	331,440	331,440	331,440
Total Operating Revenues	\$ 15,371,028	\$ 15,368,438	\$ 16,646,504	\$ 17,301,903	\$ 17,301,903	\$ 17,301,903	\$ 17,301,903
OPERATING EXPENSES							
Personnel services	\$ 1,508,825	\$ 1,769,303	\$ 1,853,455	\$ 1,927,593	\$ 2,004,697	\$ 2,084,885	\$ 2,168,280
Supplies	11,594,811	11,926,158	13,031,583	13,611,266	13,633,616	13,656,892	13,681,133
Professional services	265,513	256,446	331,500	344,760	358,550	372,892	387,808
Repairs and maintenance	292,259	184,396	204,100	212,264	220,755	229,585	238,768
Depreciation	480,655	450,055	450,000	468,000	486,720	506,189	526,436
Total Operating Expenses	\$ 14,142,063	\$ 14,586,358	\$ 15,870,638	\$ 16,563,883	\$ 16,704,338	\$ 16,850,443	\$ 17,002,426
Operating Income	\$ 1,228,965	\$ 782,080	\$ 775,866	\$ 738,020	\$ 597,565	\$ 451,459	\$ 299,476
NON-OPERATING INCOME (EXPENSES)							
Investment income	\$ (19,542)	\$ (298,926)	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Operating grant	543,755	325,495	150,000	-	-	-	-
Less Interest Payments	-	-	-	(20,000)	(273,750)	(677,540)	(858,382)
Payments to Economic Development Auth	(73,228)	(83,355)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
Total Non-Operating Revenues (Expenses)	\$ 450,985	\$ (56,786)	\$ 140,000	\$ (30,000)	\$ (283,750)	\$ (687,540)	\$ (868,382)
Income Before Transfers	\$ 1,679,950	\$ 725,294	\$ 915,866	\$ 708,020	\$ 313,815	\$ (236,081)	\$ (568,905)
Transfers in	\$ 63,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	\$ (604,128)	\$ (611,363)	\$ (579,378)	\$ (579,378)	\$ (579,378)	\$ (579,378)	\$ (579,378)
CHANGE IN NET POSITION	\$ 1,139,668	\$ 113,931	\$ 336,488	\$ 128,642	\$ (265,563)	\$ (815,459)	\$ (1,148,283)
PERCENT OF OPERATING REVENUES	7.4%	0.7%	2.0%	0.7%	-1.5%	-4.7%	-6.6%
CASH RESERVES							
Beginning of Year			\$ 8,228,503	\$ 8,587,491	\$ 7,898,633	\$ 7,059,595	\$ 5,512,153
Plus Net Income			336,488	128,642	(265,563)	(815,459)	(1,148,283)
Less Capital Improvements			(427,500)	(2,173,000)	(10,736,000)	(7,840,000)	(2,265,000)
Plus Debt Proceeds			-	800,000	9,350,000	6,850,000	1,000,000
Plus SMMPA Contribution			-	-	350,000	-	-
Plus Cost Share			-	87,500	-	60,000	-
Less Debt Principal			-	-	(24,194)	(308,172)	(530,742)
Plus Depreciation			450,000	468,000	486,720	506,189	526,436
End of Year			\$ 8,587,491	\$ 7,898,633	\$ 7,059,595	\$ 5,512,153	\$ 3,094,564
Percent of Operating Revenues			52%	46%	41%	32%	18%

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Cost-of-Service

A cost-of-service analysis was performed to determine the allocated cost to serve each of Fairmont’s customer classes within the electric utility. Customer classes exist, in part, because the cost to serve different kinds of customers varies. The cost-of-service analysis has been performed on a 2022 ‘Test Year’ based on actual 2022 financials, operations and sales. The results of the cost-of-service study give an indication of the degree of revenue recovery warranted for each class of customers. A comparison of the allocated cost to serve a class of customers and the actual revenues received from that class is taken into consideration during rate design.

Functionalization of Costs

Fairmont’s Test Year electric revenue requirements have been divided into four functional categories. These categories are described below.

Power Supply – the production function is related to the cost of purchases from SMMPA and Western.

Distribution – distribution expenses are related to the Fairmont system for delivering power and energy to Fairmont customers. They include substation and distribution system costs.

Customer – these costs are fixed costs associated with the service facilities utilized to deliver electric power and energy directly to customers. They also include items such as meter reading, billing, collections and dealing with customers by customer service representatives.

Revenue – revenue related costs include certain non-operating revenues, transfers and utility margin.

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Table 3-1 below summarizes the functional electric costs for the 2022 Test Year. The detailed cost functions are shown in Exhibit 3-A.

Table 3-1
Functional Electric Costs
2022 Test Year

Component	Revenue Requirement
Power Supply	\$11,788,672
Distribution	2,423,608
Customer	236,532
Revenue	<u>807,773</u>
Total	\$15,256,584

Classification of Costs

Within each function, the revenue requirements have been divided into distinct cost classifications. These cost classifications are described below.

Demand Related – demand related costs are fixed costs that do not vary with hourly consumption. Demand related costs are required to meet the overall demand of the system as expressed in kW.

Energy Related – energy related costs vary based on hourly consumption in kWh.

Customer Related – costs related to serving, metering and billing of individual customers.

Revenue Related – revenue related costs vary by the amount of revenue received by the utility.

Exhibits 3-B through 3-D show the detailed classification of revenue requirements within the power supply, distribution and customer functions.

Allocation of Costs

Based on an analysis of customer class service characteristics, the classified costs summarized above were allocated to the major Fairmont customer classes. Allocation of costs was performed on a fully-distributed, embedded cost allocation basis. Specific allocation factors were utilized in each of the cost classification categories as described below. Exhibit 3-E contains a summary of the development of the various allocation factors.

Demand Allocations

Customer class demands on a system can be reflected in various ways. Two primary demand allocation types were utilized in this analysis. A common industry allocator known as Coincident Peak Demand (CP) allocator is utilized to allocate demand related costs based on each class' contribution to the system peak demand each month. A 12 CP demand allocator was utilized for production demand costs. A 1 CP demand allocator was utilized for transmission demand costs. A Non-coincident Peak Demand (NCP) reflects a class maximum demand regardless of when it occurs. A 1 NCP method, an estimate of each class' maximum annual demand on the local system, was utilized for allocating local system demand related costs.

Energy Allocations

Each class' share of energy requirements was used to allocate energy related costs. Power supply energy related expenses were allocated based on each customer class' share of total energy requirements.

Customer Allocations

Two separate customer allocators were utilized. The customer facilities (CF) allocator was used to allocate costs associated with the physical facilities required to serve individual customers. The customer service (CS) allocator is

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for allocation of costs associated with customer service – meter reading, billing, collections and customer inquiries. For both the customer facilities and customer service allocators, a weighted customer allocation factor is developed. Weighting factors are developed to represent the difference in service configurations between customer classifications. For instance, a larger customer facility is required for a single large power customer than for a single residential customer, or a single large power customer requires more customer service than a single residential customer.

Revenue Allocations

Revenue related costs were allocated based on each class' share of total demand, energy, customer distribution, customer service and direct costs.

Cost of Service Results

Based on the classifications and allocations described above, the estimated cost to serve each major class of customers for the 2022 Test Year was determined. Exhibit 3-F presents this analysis in detail. Table 3-2 below summarizes the total allocated electric costs for each class compared to the total electric revenues received from the class during 2022.

**Table 3-2
Electric Cost of Service Results
Comparison of Cost and Revenues
2022 Test Year**

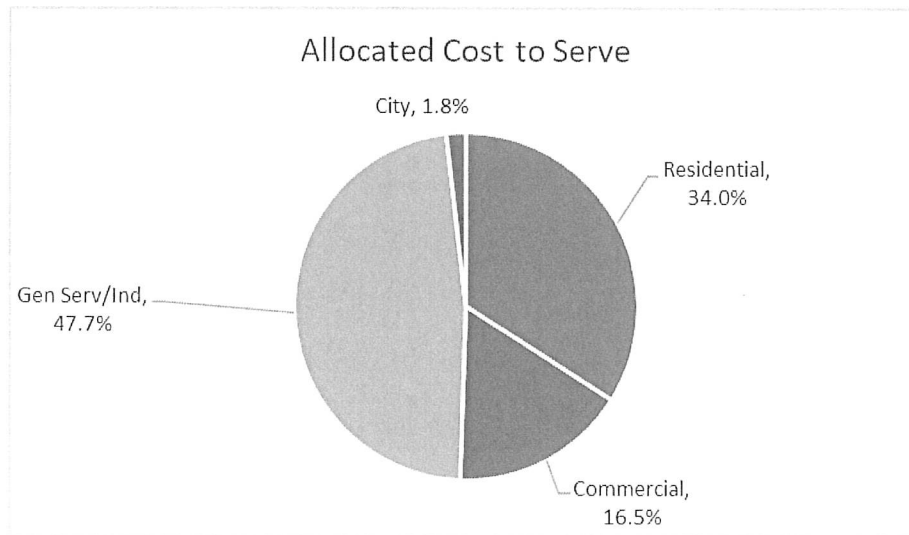
Customer Classification	Allocated Cost to Serve	Revenues
Residential	\$5,188,868	\$4,973,893
Commercial	2,515,474	2,540,592
Gen Service/Industrial	7,276,606	7,540,403
City	<u>275,636</u>	<u>201,696</u>
Total	\$15,256,584	\$15,256,584

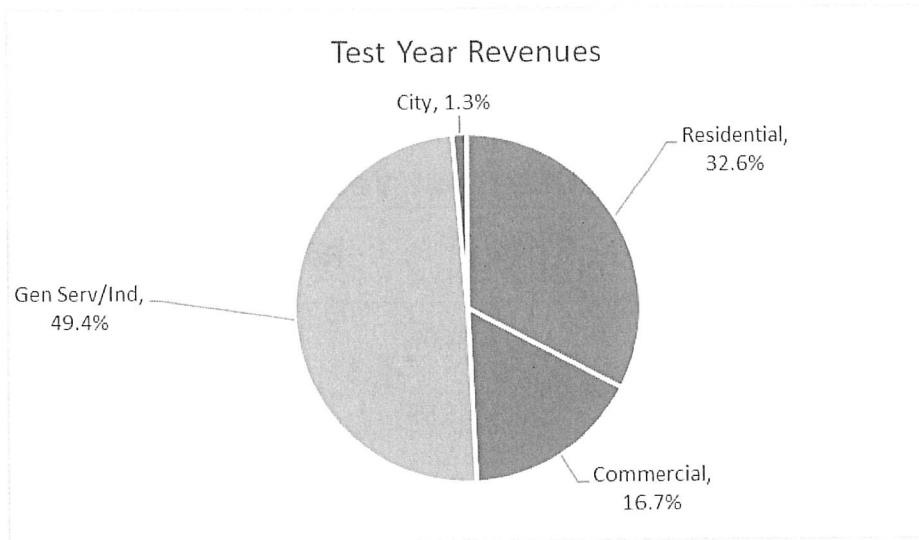
The revenue requirements and revenues as allocated to each class and summarized above are shown on a total dollars basis. Table 3-3 below makes the comparison based on percentages of total cost to serve and total revenues. The charts following Table 3-3 show a graphical comparison between allocated cost to serve and revenues as a percentage of the totals. The percentage increase/(decrease) in each class' revenue shown below is the adjustment necessary to produce revenues from each class in accordance with the allocated cost to serve. The percentage adjustments do not represent the recommended change in each class' rates. The cost-of-service results are one item for consideration in rate design. It is important to note also that the adjustments shown in the table below would not change the total revenue received by the utility and are not indicative of overall revenue needs of the utility going forward. Recommendations regarding rate design are included in Section 4 of this report.

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**Table 3-3
Electric Cost of Service Results
Comparison of % Cost and Revenues
2022 Test Year**

Customer Classification	Allocated Cost to Serve	Revenues	Increase/ (Decrease)
Residential	34.0%	32.6%	4.3%
Commercial	16.5%	16.7%	-1.0%
Gen Service/Industrial	47.7%	49.4%	-3.5%
City	<u>1.8%</u>	<u>1.3%</u>	<u>36.7%</u>
Total	100.0%	100.0%	0.0%





As indicated above, Fairmont's existing class revenues do not exactly match the allocated cost to serve each class. Cost based rates are one of several goals in establishing rates. The relationship between allocated costs and revenues for each class should be considered, in addition to other rate related goals, in developing recommended rates.

Fairmont Public Utilities Commission
2022 Test Year Allocation of Revenue Requirements

REVENUE REQUIREMENT		2022					Classification Basis
		Test Year	Power Supply	Distribution	Customer	Revenue	
OPERATING EXPENSES							
Power Plant							
604-49550-21200	Motor Fuels	-	-	-	-	-	NA
604-49550-21805	Diesel Fuel - #2 Oil	-	-	-	-	-	NA
604-49550-21812	Diesel Fuel - Gas	-	-	-	-	-	NA
604-49550-21815	Capacity Purchased	4,452,091	4,452,091	-	-	-	100% power supply
604-49550-21820	Energy Purchased	7,075,314	7,075,314	-	-	-	100% power supply
604-49550-21825	SMMPA Curtailment/Load Factor	600	600	-	-	-	100% power supply
604-49550-21830	WAPA Energy Purchased	88,780	88,780	-	-	-	100% power supply
604-49550-36215	Property Insurance	-	-	-	-	-	NA
604-49550-38350	Steam Heat	-	-	-	-	-	NA
604-49550-40100	Repairs & Maint - Buildings	-	-	-	-	-	NA
604-49550-40300	Improve Other Than Buildings	-	-	-	-	-	NA
604-49550-40400	Repairs & Maint - Equipment	513	513	-	-	-	100% power supply
604-49550-43712	Contributions to EDA	-	-	-	-	-	NA
604-49550-43900	Other Miscellaneous	-	-	-	-	-	NA
	Total Power Plant	11,617,297	11,617,297	-	-	-	
Electric Distribution							
604-49570-10120	Full-time Employees - Regular	835,608	-	835,608	-	-	100% distribution
604-49570-10220	Full-time Employees - Overtime	33,844	-	33,844	-	-	100% distribution
604-49570-10320	Part-time Employees	-	-	-	-	-	NA
604-49570-12120	PERA Contributions	64,712	-	64,712	-	-	100% distribution
604-49570-12129	PERA Change	-	-	-	-	-	NA
604-49570-12220	FICA Contributions	51,625	-	51,625	-	-	100% distribution
604-49570-12500	Medicare	12,073	-	12,073	-	-	100% distribution
604-49570-13110	OPEB	-	-	-	-	-	NA
604-49570-13120	Health Insurance	156,006	-	156,006	-	-	100% distribution
604-49570-14220	Unemployment Insurance	-	-	-	-	-	NA
604-49570-15100	Work Comp Insurance	32,842	-	32,842	-	-	100% distribution
604-49570-20120	Accessories	10,437	-	10,437	-	-	100% distribution
604-49570-21200	Motor Fuels	19,683	-	19,683	-	-	100% distribution
604-49570-22300	Repair & Mnt Supplies	23,132	-	23,132	-	-	100% distribution
604-49570-22805	Material Sold to Customers	-	-	-	-	-	NA
604-49570-25905	Freight	299	-	299	-	-	100% distribution
604-49570-30500	Medical & Dental Fees	2,034	-	2,034	-	-	100% distribution
604-49570-31200	Other Contracted Services	35,804	-	35,804	-	-	100% distribution
604-49570-32100	Telephone	4,867	-	4,867	-	-	100% distribution
604-49570-33100	Travel & Training	10,010	-	10,010	-	-	100% distribution
604-49570-36215	Property Insurance	8,805	-	8,805	-	-	100% distribution
604-49570-38100	Electric Utilities	7,949	-	7,949	-	-	100% distribution
604-49570-38200	Water	1,692	-	1,692	-	-	100% distribution
604-49570-38300	Gas Utilities	16,006	-	16,006	-	-	100% distribution
604-49570-38420	Refuse Disposal	6,412	-	6,412	-	-	100% distribution
604-49570-38500	Sewer	622	-	622	-	-	100% distribution
604-49570-38600	Storm Sewer	1,187	-	1,187	-	-	100% distribution
604-49570-40100	Repairs & Maint - Buildings	5,560	-	5,560	-	-	100% distribution
604-49570-40200	Repairs & Maint - Structures	734	-	734	-	-	100% distribution
604-49570-40300	Improve Other Than Buildings	93,907	-	93,907	-	-	100% distribution
604-49570-40400	Repairs & Maint - Equipment	72,433	-	72,433	-	-	100% distribution
604-49570-40500	Repairs & Maint - Vehicles	47,403	-	47,403	-	-	100% distribution
604-49570-43720	Right of Way Payments	13,301	-	13,301	-	-	100% distribution
604-49570-43725	Obsolete Line Material	-	-	-	-	-	NA
604-49570-43760	Uniforms	20,119	-	20,119	-	-	100% distribution
604-49570-43900	Other Miscellaneous	13,408	-	13,408	-	-	100% distribution
604-49570-43905	Taxes Paid	-	-	-	-	-	NA
	Total Electric Distribution	1,602,513	-	1,602,513	-	-	
Electric Admin							
604-49590-10120	Full-time Employees - Regular	321,787	32,179	193,072	96,536	-	admin split
604-49590-10220	Full-time Employees - Overtime	1,481	148	889	444	-	admin split
604-49590-10320	Part-time Employees	5,446	545	3,268	1,634	-	admin split
604-49590-12120	PERA Contributions	23,993	2,399	14,396	7,198	-	admin split
604-49590-12220	FICA Contributions	19,333	1,933	11,600	5,800	-	admin split
604-49590-12500	Medicare	4,521	452	2,713	1,356	-	admin split
604-49590-13120	Health Insurance	68,874	6,887	41,324	20,662	-	admin split
604-49590-14220	Unemployment Insurance	-	-	-	-	-	NA
604-49590-13300	Life Insurance	-	-	-	-	-	NA

Fairmont Public Utilities Commission
2022 Test Year Allocation of Revenue Requirements

		2022					
REVENUE REQUIREMENT	Test Year	Power Supply	Distribution	Customer	Revenue	Classification Basis	
604-49590-13400	Disability Insurance	-	-	-	-	NA	
604-49590-15100	Work Comp Insurance	4,136	414	2,482	1,241	admin split	
604-49590-20120	Accessories	4,386	-	-	4,386	100% customer	
604-49590-20220	Computer Supplies	109,218	10,922	65,531	32,765	admin split	
604-49590-24000	Minor Equipment	-	-	-	-	NA	
604-49590-30500	Medical & Dental Fees	-	-	-	-	NA	
604-49590-31015	Consulting Fees	-	-	-	-	NA	
604-49590-31020	Other Professional Services	(36,154)	-	(36,154)	-	100% distribution	
604-49590-31200	Other Contracted Services	53,241	-	53,241	-	100% distribution	
604-49590-32100	Telephone	3,678	-	-	3,678	100% customer	
604-49590-32200	Postage	2,269	-	-	2,269	100% customer	
604-49590-33100	Travel & Training	1,150	115	690	345	admin split	
604-49590-33400	Car Allowance	-	-	-	-	NA	
604-49590-36900	Other General Insurance	18,828	-	18,828	-	100% distribution	
604-49590-42004	Depreciation Expense	-	-	-	-	NA	
604-49590-43700	Bank Charges	1,579	-	-	1,579	100% customer	
604-49590-43705	Uncollectible Accounts	7,891	-	-	7,891	100% customer	
604-49590-43760	Uniforms	-	-	-	-	NA	
604-49590-43800	Credit Card Fees	21,618	-	-	21,618	100% customer	
604-49590-43805	Interest Expense	267	-	-	267	100% customer	
604-49590-43900	Other Miscellaneous	589	-	-	589	100% customer	
	Total Electric Admin	638,131	55,994	371,878	210,260		
Electric Misc							
604-49595-33100	Travel & Training	-	-	-	-	NA	
604-49595-40400	Repairs & Maint - Equipment	-	-	-	-	NA	
604-49595-42004	Depreciation Expense	450,055	-	450,055	-	100% distribution	
604-49595-43300	Dues & Memberships	29,357	-	-	29,357	100% customer	
604-49595-43702	MN QBE Assessment	-	-	-	-	NA	
604-49595-43901	Comm/Ind Lighting Rebate	55,608	55,608	-	-	100% power supply	
604-49595-43902	Comm/Ind A/C Rebate	800	800	-	-	100% power supply	
604-49595-43903	Comm/Ind Motor Rebate	100	100	-	-	100% power supply	
604-49595-43904	Comm/Ind Custom Rebate	-	-	-	-	NA	
604-49595-43906	Comm/Ind Air Source Heat Pump	-	-	-	-	NA	
604-49595-43907	Comm Food Service Rebate	-	-	-	-	NA	
604-49595-43908	Comm/Ind Variable Speed Drive	-	-	-	-	NA	
604-49595-43909	Comm/Ind Vending Rebate	-	-	-	-	NA	
604-49595-43911	Compressed Air Leak Rebate	-	-	-	-	NA	
604-49595-43980	Res Compact Fluorescent Rebate	991	991	-	-	100% power supply	
604-49595-43981	Res A/C Rebate	10,530	10,530	-	-	100% power supply	
604-49595-43982	Res Air Source Heat Pump	5,835	5,835	-	-	100% power supply	
604-49595-43983	Res Ground Source Heat Pump	1,248	1,248	-	-	100% power supply	
604-49595-43984	Res Room A/C Rebate	50	50	-	-	100% power supply	
604-49595-43985	Res Refrigerator Rebate	950	950	-	-	100% power supply	
604-49595-43986	Res Freezer Rebate	95	95	-	-	100% power supply	
604-49595-43987	Res Washing Machine Rebate	805	805	-	-	100% power supply	
604-49595-43988	Res Dishwasher Rebate	790	790	-	-	100% power supply	
604-49595-43989	Res Ceiling Fan Rebate	9,054	9,054	-	-	100% power supply	
604-49595-43990	Furnace Fan Motor Rebate	4,050	4,050	-	-	100% power supply	
604-49595-43991	Marathon Water Heater Program	-	-	-	-	NA	
604-49595-43992	Low Income Conservation Assist	6,141	6,141	-	-	100% power supply	
604-49595-43993	Misc Conservation Assistance	12,296	12,296	-	-	100% power supply	
604-49595-43994	Lamp & Ballast Recycling	3,859	3,859	-	-	100% power supply	
604-49595-43995	Dehumidifier Rebate	2,669	2,669	-	-	100% power supply	
604-49595-43996	Habitat for Humanity Rebates	-	-	-	-	NA	
604-49595-43997	Central A/C Clean & Tune-up	20	20	-	-	100% power supply	
604-49595-43998	Smart Thermostat Rebate	90	90	-	-	100% power supply	
	Total Electric Misc	595,393	115,981	450,055	29,357		
	Total Operating Expenses	14,453,335	11,789,272	2,424,446	239,617		
Non-Operating Revenues (Expenses)							
	Investment income	(298,926)	-	-	(298,926)	100% revenue	
	Operating grant	325,495	-	-	325,495	100% revenue	
	Less Interest Payments	-	-	-	-	NA	
	Payments to Econ Devel Auth	(83,355)	-	-	(83,355)	100% revenue	
	Total Non-Operating Rev (Exp)	(56,786)	-	-	(56,786)		

Fairmont Public Utilities Commission
2022 Test Year Allocation of Revenue Requirements

<u>REVENUE REQUIREMENT</u>	2022					<u>Classification Basis</u>
	<u>Test Year</u>	<u>Power Supply</u>	<u>Distribution</u>	<u>Customer</u>	<u>Revenue</u>	
Other Operating Revenues						
SMMPA Curtailment	600	600	-	-	-	100% power supply
Surge Protection	839	-	839	-	-	100% distribution
Customer Serv Labor	725	-	-	725	-	100% customer
Customer Serv Material	2,360	-	-	2,360	-	100% customer
Penalties	103,674	-	-	-	103,674	100% revenue
Misc Operating	123,691	-	-	-	123,691	100% revenue
Street Lighting	40,687	-	-	-	40,687	100% revenue
Security Lighting	6,339	-	-	-	6,339	100% revenue
Total Other Operating Revenue	278,915	600	839	3,085	274,391	
Transfer Out	611,363	-	-	-	611,363	100% revenue
Margin	414,015	-	-	-	414,015	100% revenue
Total Revenue Requirement	\$ 15,256,584	\$ 11,788,672	\$ 2,423,608	\$ 236,532	\$ 807,773	

Fairmont Public Utilities Commission
2022 Test Year Power Supply Classification

<u>REVENUE REQUIREMENT</u>		<u>Test</u>	<u>Demand</u>	<u>Transmission</u>	<u>Energy</u>	<u>Classification Basis</u>
		<u>Year</u>				
OPERATING EXPENSES						
Power Plant						
604-49550-21200	Motor Fuels	-	-	-	-	NA
604-49550-21805	Diesel Fuel - #2 Oil	-	-	-	-	NA
604-49550-21812	Diesel Fuel - Gas	-	-	-	-	NA
604-49550-21815	Capacity Purchased	4,452,091	3,370,483	1,081,609	-	per SMMPA demand
604-49550-21820	Energy Purchased	7,075,314	-	-	7,075,314	100% energy
604-49550-21825	SMMPA Curtailment/Load Factor	600	600	-	-	100% demand
604-49550-21830	WAPA Energy Purchased	88,780	43,423	-	45,357	per WAPA
604-49550-36215	Property Insurance	-	-	-	-	NA
604-49550-38350	Steam Heat	-	-	-	-	NA
604-49550-40100	Repairs & Maint - Buildings	-	-	-	-	NA
604-49550-40300	Improve Other Than Buildings	-	-	-	-	NA
604-49550-40400	Repairs & Maint - Equipment	513	513	-	-	100% demand
604-49550-43712	Contributions to EDA	-	-	-	-	NA
604-49550-43900	Other Miscellaneous	-	-	-	-	NA
	Total Power Plant	11,617,297	3,415,018	1,081,609	7,120,670	
Electric Distribution						
604-49570-10120	Full-time Employees - Regular	-	-	-	-	NA
604-49570-10220	Full-time Employees - Overtime	-	-	-	-	NA
604-49570-10320	Part-time Employees	-	-	-	-	NA
604-49570-12120	PERA Contributions	-	-	-	-	NA
604-49570-12129	PERA Change	-	-	-	-	NA
604-49570-12220	FICA Contributions	-	-	-	-	NA
604-49570-12500	Medicare	-	-	-	-	NA
604-49570-13110	OPEB	-	-	-	-	NA
604-49570-13120	Health Insurance	-	-	-	-	NA
604-49570-14220	Unemployment Insurance	-	-	-	-	NA
604-49570-15100	Work Comp Insurance	-	-	-	-	NA
604-49570-20120	Accessories	-	-	-	-	NA
604-49570-21200	Motor Fuels	-	-	-	-	NA
604-49570-22300	Repair & Mnt Supplies	-	-	-	-	NA
604-49570-22805	Material Sold to Customers	-	-	-	-	NA
604-49570-25905	Freight	-	-	-	-	NA
604-49570-30500	Medical & Dental Fees	-	-	-	-	NA
604-49570-31200	Other Contracted Services	-	-	-	-	NA
604-49570-32100	Telephone	-	-	-	-	NA
604-49570-33100	Travel & Training	-	-	-	-	NA
604-49570-36215	Property Insurance	-	-	-	-	NA
604-49570-38100	Electric Utilities	-	-	-	-	NA
604-49570-38200	Water	-	-	-	-	NA
604-49570-38300	Gas Utilities	-	-	-	-	NA
604-49570-38420	Refuse Disposal	-	-	-	-	NA
604-49570-38500	Sewer	-	-	-	-	NA
604-49570-38600	Storm Sewer	-	-	-	-	NA
604-49570-40100	Repairs & Maint - Buildings	-	-	-	-	NA
604-49570-40200	Repairs & Maint - Structures	-	-	-	-	NA
604-49570-40300	Improve Other Than Buildings	-	-	-	-	NA
604-49570-40400	Repairs & Maint - Equipment	-	-	-	-	NA
604-49570-40500	Repairs & Maint - Vehicles	-	-	-	-	NA
604-49570-43720	Right of Way Payments	-	-	-	-	NA
604-49570-43725	Obsolete Line Material	-	-	-	-	NA
604-49570-43760	Uniforms	-	-	-	-	NA
604-49570-43900	Other Miscellaneous	-	-	-	-	NA
604-49570-43905	Taxes Paid	-	-	-	-	NA
	Total Electric Distribution	-	-	-	-	
Electric Admin						
604-49590-10120	Full-time Employees - Regular	32,179	32,179	-	-	100% demand
604-49590-10220	Full-time Employees - Overtime	148	148	-	-	100% demand
604-49590-10320	Part-time Employees	545	545	-	-	100% demand
604-49590-12120	PERA Contributions	2,399	2,399	-	-	100% demand
604-49590-12220	FICA Contributions	1,933	1,933	-	-	100% demand
604-49590-12500	Medicare	452	452	-	-	100% demand
604-49590-13120	Health Insurance	6,887	6,887	-	-	100% demand

Fairmont Public Utilities Commission
2022 Test Year Power Supply Classification

<u>REVENUE REQUIREMENT</u>		<u>Test</u>	<u>Demand</u>	<u>Transmission</u>	<u>Energy</u>	<u>Classification Basis</u>
		<u>Year</u>				
604-49590-14220	Unemployment Insurance	-	-	-	-	NA
604-49590-13300	Life Insurance	-	-	-	-	NA
604-49590-13400	Disability Insurance	-	-	-	-	NA
604-49590-15100	Work Comp Insurance	414	414	-	-	100% demand
604-49590-20120	Accessories	-	-	-	-	NA
604-49590-20220	Computer Supplies	10,922	10,922	-	-	100% demand
604-49590-24000	Minor Equipment	-	-	-	-	NA
604-49590-30500	Medical & Dental Fees	-	-	-	-	NA
604-49590-31015	Consulting Fees	-	-	-	-	NA
604-49590-31020	Other Professional Services	-	-	-	-	NA
604-49590-31200	Other Contracted Services	-	-	-	-	NA
604-49590-32100	Telephone	-	-	-	-	NA
604-49590-32200	Postage	-	-	-	-	NA
604-49590-33100	Travel & Training	115	115	-	-	100% demand
604-49590-33400	Car Allowance	-	-	-	-	NA
604-49590-36900	Other General Insurance	-	-	-	-	NA
604-49590-42004	Depreciation Expense	-	-	-	-	NA
604-49590-43700	Bank Charges	-	-	-	-	NA
604-49590-43705	Uncollectible Accounts	-	-	-	-	NA
604-49590-43760	Uniforms	-	-	-	-	NA
604-49590-43800	Credit Card Fees	-	-	-	-	NA
604-49590-43805	Interest Expense	-	-	-	-	NA
604-49590-43900	Other Miscellaneous	-	-	-	-	NA
	Total Electric Admin	55,994	55,994	-	-	
Electric Misc						
604-49595-33100	Travel & Training	-	-	-	-	NA
604-49595-40400	Repairs & Maint - Equipment	-	-	-	-	NA
604-49595-42004	Depreciation Expense	-	-	-	-	NA
604-49595-43300	Dues & Memberships	-	-	-	-	NA
604-49595-43702	MN QBE Assessment	-	-	-	-	NA
604-49595-43901	Comm/Ind Lighting Rebate	55,608	-	-	55,608	100% energy
604-49595-43902	Comm/Ind A/C Rebate	800	-	-	800	100% energy
604-49595-43903	Comm/Ind Motor Rebate	100	-	-	100	100% energy
604-49595-43904	Comm/Ind Custom Rebate	-	-	-	-	NA
604-49595-43906	Comm/Ind Air Source Heat Pump	-	-	-	-	NA
604-49595-43907	Comm Food Service Rebate	-	-	-	-	NA
604-49595-43908	Comm/Ind Variable Speed Drive	-	-	-	-	NA
604-49595-43909	Comm/Ind Vending Rebate	-	-	-	-	NA
604-49595-43911	Compressed Air Leak Rebate	-	-	-	-	NA
604-49595-43980	Res Compact Fluorescent Rebate	991	-	-	991	100% energy
604-49595-43981	Res A/C Rebate	10,530	-	-	10,530	100% energy
604-49595-43982	Res Air Source Heat Pump	5,835	-	-	5,835	100% energy
604-49595-43983	Res Ground Source Heat Pump	1,248	-	-	1,248	100% energy
604-49595-43984	Res Room A/C Rebate	50	-	-	50	100% energy
604-49595-43985	Res Refrigerator Rebate	950	-	-	950	100% energy
604-49595-43986	Res Freezer Rebate	95	-	-	95	100% energy
604-49595-43987	Res Washing Machine Rebate	805	-	-	805	100% energy
604-49595-43988	Res Dishwasher Rebate	790	-	-	790	100% energy
604-49595-43989	Res Ceiling Fan Rebate	9,054	-	-	9,054	100% energy
604-49595-43990	Furnace Fan Motor Rebate	4,050	-	-	4,050	100% energy
604-49595-43991	Marathon Water Heater Program	-	-	-	-	NA
604-49595-43992	Low Income Conservation Assist	6,141	-	-	6,141	100% energy
604-49595-43993	Misc Conservation Assistance	12,296	-	-	12,296	100% energy
604-49595-43994	Lamp & Ballast Recycling	3,859	-	-	3,859	100% energy
604-49595-43995	Dehumidifier Rebate	2,669	-	-	2,669	100% energy
604-49595-43996	Habitat for Humanity Rebates	-	-	-	-	NA
604-49595-43997	Central A/C Clean & Tune-up	20	-	-	20	100% energy
604-49595-43998	Smart Thermostat Rebate	90	-	-	90	100% energy
	Total Electric Misc	115,981	-	-	115,981	
	Total Operating Expenses	11,789,272	3,471,012	1,081,609	7,236,652	
Non-Operating Revenues (Expenses)						
	Investment income	-	-	-	-	NA
	Operating grant	-	-	-	-	NA

Fairmont Public Utilities Commission
 2022 Test Year Power Supply Classification

<u>REVENUE REQUIREMENT</u>	<u>Test Year</u>	<u>Demand</u>	<u>Transmission</u>	<u>Energy</u>	<u>Classification Basis</u>
Less Interest Payments	-	-	-	-	NA
Payments to Econ Devel Auth	-	-	-	-	NA
Total Non-Operating Rev (Exp)	-	-	-	-	
Other Operating Revenues					
SMPMA Curtailment	600	600	-	-	100% demand
Surge Protection	-	-	-	-	NA
Customer Serv Labor	-	-	-	-	NA
Customer Serv Material	-	-	-	-	NA
Penalties	-	-	-	-	NA
Misc Operating	-	-	-	-	NA
Street Lighting	-	-	-	-	NA
Security Lighting	-	-	-	-	NA
Total Other Operating Revenue	600	600	-	-	
Transfer Out	-	-	-	-	100% demand
Margin	-	-	-	-	100% demand
Total Revenue Requirement	\$ 11,788,672	\$ 3,470,412	\$ 1,081,609	\$ 7,236,652	

Fairmont Public Utilities Commission
2022 Test Year Distribution Classification

<u>REVENUE REQUIREMENT</u>		<u>Test</u>	<u>Distribution</u>	<u>Customer</u>	<u>Classification Basis</u>
OPERATING EXPENSES		<u>Year</u>	<u>Demand</u>	<u>Facilities</u>	
Power Plant					
604-49550-21200	Motor Fuels	-	-	-	NA
604-49550-21805	Diesel Fuel - #2 Oil	-	-	-	NA
604-49550-21812	Diesel Fuel - Gas	-	-	-	NA
604-49550-21815	Capacity Purchased	-	-	-	NA
604-49550-21820	Energy Purchased	-	-	-	NA
604-49550-21825	SMMPA Curtailment/Load Factor	-	-	-	NA
604-49550-21830	WAPA Energy Purchased	-	-	-	NA
604-49550-36215	Property Insurance	-	-	-	NA
604-49550-38350	Steam Heat	-	-	-	NA
604-49550-40100	Repairs & Maint - Buildings	-	-	-	NA
604-49550-40300	Improve Other Than Buildings	-	-	-	NA
604-49550-40400	Repairs & Maint - Equipment	-	-	-	NA
604-49550-43712	Contributions to EDA	-	-	-	NA
604-49550-43900	Other Miscellaneous	-	-	-	NA
	Total Power Plant	-	-	-	
Electric Distribution					
604-49570-10120	Full-time Employees - Regular	835,608	568,213	267,395	Dist/Cust split
604-49570-10220	Full-time Employees - Overtime	33,844	23,014	10,830	Dist/Cust split
604-49570-10320	Part-time Employees	-	-	-	NA
604-49570-12120	PERA Contributions	64,712	44,004	20,708	Dist/Cust split
604-49570-12129	PERA Change	-	-	-	NA
604-49570-12220	FICA Contributions	51,625	35,105	16,520	Dist/Cust split
604-49570-12500	Medicare	12,073	8,210	3,863	Dist/Cust split
604-49570-13110	OPEB	-	-	-	NA
604-49570-13120	Health Insurance	156,006	106,084	49,922	Dist/Cust split
604-49570-14220	Unemployment Insurance	-	-	-	NA
604-49570-15100	Work Comp Insurance	32,842	22,332	10,509	Dist/Cust split
604-49570-20120	Accessories	10,437	10,437	-	100% Dist demand
604-49570-21200	Motor Fuels	19,683	19,683	-	100% Dist demand
604-49570-22300	Repair & Mnt Supplies	23,132	15,729	7,402	Dist/Cust split
604-49570-22805	Material Sold to Customers	-	-	-	NA
604-49570-25905	Freight	299	299	-	100% Dist demand
604-49570-30500	Medical & Dental Fees	2,034	1,383	651	Dist/Cust split
604-49570-31200	Other Contracted Services	35,804	35,804	-	100% Dist demand
604-49570-32100	Telephone	4,867	3,310	1,558	Dist/Cust split
604-49570-33100	Travel & Training	10,010	6,807	3,203	Dist/Cust split
604-49570-36215	Property Insurance	8,805	5,987	2,818	Dist/Cust split
604-49570-38100	Electric Utilities	7,949	7,949	-	100% Dist demand
604-49570-38200	Water	1,692	1,692	-	100% Dist demand
604-49570-38300	Gas Utilities	16,006	16,006	-	100% Dist demand
604-49570-38420	Refuse Disposal	6,412	6,412	-	100% Dist demand
604-49570-38500	Sewer	622	622	-	100% Dist demand
604-49570-38600	Storm Sewer	1,187	1,187	-	100% Dist demand
604-49570-40100	Repairs & Maint - Buildings	5,560	5,560	-	100% Dist demand
604-49570-40200	Repairs & Maint - Structures	734	734	-	100% Dist demand
604-49570-40300	Improve Other Than Buildings	93,907	93,907	-	100% Dist demand
604-49570-40400	Repairs & Maint - Equipment	72,433	49,254	23,178	Dist/Cust split
604-49570-40500	Repairs & Maint - Vehicles	47,403	32,234	15,169	Dist/Cust split
604-49570-43720	Right of Way Payments	13,301	13,301	-	100% Dist demand
604-49570-43725	Obsolete Line Material	-	-	-	NA
604-49570-43760	Uniforms	20,119	13,681	6,438	Dist/Cust split
604-49570-43900	Other Miscellaneous	13,408	13,408	-	100% Dist demand
604-49570-43905	Taxes Paid	-	-	-	NA
	Total Electric Distribution	1,602,513	1,162,349	440,164	
Electric Admin					

Fairmont Public Utilities Commission
2022 Test Year Distribution Classification

<u>REVENUE REQUIREMENT</u>		Test Year	Distribution Demand	Customer Facilities	<u>Classification Basis</u>
604-49590-10120	Full-time Employees - Regular	193,072	131,289	61,783	Dist/Cust split
604-49590-10220	Full-time Employees - Overtime	889	604	284	Dist/Cust split
604-49590-10320	Part-time Employees	3,268	2,222	1,046	Dist/Cust split
604-49590-12120	PERA Contributions	14,396	9,789	4,607	Dist/Cust split
604-49590-12220	FICA Contributions	11,600	7,888	3,712	Dist/Cust split
604-49590-12500	Medicare	2,713	1,845	868	Dist/Cust split
604-49590-13120	Health Insurance	41,324	28,100	13,224	Dist/Cust split
604-49590-14220	Unemployment Insurance	-	-	-	NA
604-49590-13300	Life Insurance	-	-	-	NA
604-49590-13400	Disability Insurance	-	-	-	NA
604-49590-15100	Work Comp Insurance	2,482	1,687	794	Dist/Cust split
604-49590-20120	Accessories	-	-	-	NA
604-49590-20220	Computer Supplies	65,531	44,561	20,970	Dist/Cust split
604-49590-24000	Minor Equipment	-	-	-	NA
604-49590-30500	Medical & Dental Fees	-	-	-	NA
604-49590-31015	Consulting Fees	-	-	-	NA
604-49590-31020	Other Professional Services	(36,154)	(36,154)	-	100% Dist demand
604-49590-31200	Other Contracted Services	53,241	53,241	-	100% Dist demand
604-49590-32100	Telephone	-	-	-	NA
604-49590-32200	Postage	-	-	-	NA
604-49590-33100	Travel & Training	690	469	221	Dist/Cust split
604-49590-33400	Car Allowance	-	-	-	NA
604-49590-36900	Other General Insurance	18,828	12,803	6,025	Dist/Cust split
604-49590-42004	Depreciation Expense	-	-	-	NA
604-49590-43700	Bank Charges	-	-	-	NA
604-49590-43705	Uncollectible Accounts	-	-	-	NA
604-49590-43760	Uniforms	-	-	-	NA
604-49590-43800	Credit Card Fees	-	-	-	NA
604-49590-43805	Interest Expense	-	-	-	NA
604-49590-43900	Other Miscellaneous	-	-	-	NA
	Total Electric Admin	371,878	258,345	113,533	
Electric Misc					
604-49595-33100	Travel & Training	-	-	-	NA
604-49595-40400	Repairs & Maint - Equipment	-	-	-	NA
604-49595-42004	Depreciation Expense	450,055	306,037	144,018	Dist/Cust split
604-49595-43300	Dues & Memberships	-	-	-	NA
604-49595-43702	MN QBE Assessment	-	-	-	NA
604-49595-43901	Comm/Ind Lighting Rebate	-	-	-	NA
604-49595-43902	Comm/Ind A/C Rebate	-	-	-	NA
604-49595-43903	Comm/Ind Motor Rebate	-	-	-	NA
604-49595-43904	Comm/Ind Custom Rebate	-	-	-	NA
604-49595-43906	Comm/Ind Air Source Heat Pump	-	-	-	NA
604-49595-43907	Comm Food Service Rebate	-	-	-	NA
604-49595-43908	Comm/Ind Variable Speed Drive	-	-	-	NA
604-49595-43909	Comm/Ind Vending Rebate	-	-	-	NA
604-49595-43911	Compressed Air Leak Rebate	-	-	-	NA
604-49595-43980	Res Compact Fluorescent Rebate	-	-	-	NA
604-49595-43981	Res A/C Rebate	-	-	-	NA
604-49595-43982	Res Air Source Heat Pump	-	-	-	NA
604-49595-43983	Res Ground Source Heat Pump	-	-	-	NA
604-49595-43984	Res Room A/C Rebate	-	-	-	NA
604-49595-43985	Res Refrigerator Rebate	-	-	-	NA
604-49595-43986	Res Freezer Rebate	-	-	-	NA
604-49595-43987	Res Washing Machine Rebate	-	-	-	NA
604-49595-43988	Res Dishwasher Rebate	-	-	-	NA
604-49595-43989	Res Ceiling Fan Rebate	-	-	-	NA
604-49595-43990	Furnace Fan Motor Rebate	-	-	-	NA
604-49595-43991	Marathon Water Heater Program	-	-	-	NA

Fairmont Public Utilities Commission
2022 Test Year Distribution Classification

<u>REVENUE REQUIREMENT</u>	<u>Test Year</u>	<u>Distribution Demand</u>	<u>Customer Facilities</u>	<u>Classification Basis</u>
604-49595-43992	-	-	-	NA
604-49595-43993	-	-	-	NA
604-49595-43994	-	-	-	NA
604-49595-43995	-	-	-	NA
604-49595-43996	-	-	-	NA
604-49595-43997	-	-	-	NA
604-49595-43998	-	-	-	NA
Total Electric Misc	450,055	306,037	144,018	
Total Operating Expenses	2,424,446	1,726,731	697,715	
Non-Operating Revenues (Expenses)				
Investment income	-	-	-	NA
Operating grant	-	-	-	NA
Less Interest Payments	-	-	-	NA
Payments to Econ Devel Auth	-	-	-	NA
Total Non-Operating Rev (Exp)	-	-	-	
Other Operating Revenues				
SMMPA Curtailment	-	-	-	NA
Surge Protection	839	839	-	100% Dist demand
Customer Serv Labor	-	-	-	NA
Customer Serv Material	-	-	-	NA
Penalties	-	-	-	NA
Misc Operating	-	-	-	NA
Street Lighting	-	-	-	NA
Security Lighting	-	-	-	NA
Total Other Operating Revenue	839	839	-	
Transfer Out	-	-	-	NA
Margin	-	-	-	NA
Total Revenue Requirement	\$ 2,423,608	\$ 1,725,893	\$ 697,715	

Fairmont Public Utilities Commission
2022 Test Year Customer Classification

<u>REVENUE REQUIREMENT</u>		<u>Test</u>	<u>Customer</u>	<u>Classification Basis</u>
<u>OPERATING EXPENSES</u>		<u>Year</u>		
Power Plant				
604-49550-21200	Motor Fuels	-	-	NA
604-49550-21805	Diesel Fuel - #2 Oil	-	-	NA
604-49550-21812	Diesel Fuel - Gas	-	-	NA
604-49550-21815	Capacity Purchased	-	-	NA
604-49550-21820	Energy Purchased	-	-	NA
604-49550-21825	SMMPA Curtailment/Load Factor	-	-	NA
604-49550-21830	WAPA Energy Purchased	-	-	NA
604-49550-36215	Property Insurance	-	-	NA
604-49550-38350	Steam Heat	-	-	NA
604-49550-40100	Repairs & Maint - Buildings	-	-	NA
604-49550-40300	Improve Other Than Buildings	-	-	NA
604-49550-40400	Repairs & Maint - Equipment	-	-	NA
604-49550-43712	Contributions to EDA	-	-	NA
604-49550-43900	Other Miscellaneous	-	-	NA
	Total Power Plant	-	-	
Electric Distribution				
604-49570-10120	Full-time Employees - Regular	-	-	NA
604-49570-10220	Full-time Employees - Overtime	-	-	NA
604-49570-10320	Part-time Employees	-	-	NA
604-49570-12120	PERA Contributions	-	-	NA
604-49570-12129	PERA Change	-	-	NA
604-49570-12220	FICA Contributions	-	-	NA
604-49570-12500	Medicare	-	-	NA
604-49570-13110	OPEB	-	-	NA
604-49570-13120	Health Insurance	-	-	NA
604-49570-14220	Unemployment Insurance	-	-	NA
604-49570-15100	Work Comp Insurance	-	-	NA
604-49570-20120	Accessories	-	-	NA
604-49570-21200	Motor Fuels	-	-	NA
604-49570-22300	Repair & Mnt Supplies	-	-	NA
604-49570-22805	Material Sold to Customers	-	-	NA
604-49570-25905	Freight	-	-	NA
604-49570-30500	Medical & Dental Fees	-	-	NA
604-49570-31200	Other Contracted Services	-	-	NA
604-49570-32100	Telephone	-	-	NA
604-49570-33100	Travel & Training	-	-	NA
604-49570-36215	Property Insurance	-	-	NA
604-49570-38100	Electric Utilities	-	-	NA
604-49570-38200	Water	-	-	NA
604-49570-38300	Gas Utilities	-	-	NA
604-49570-38420	Refuse Disposal	-	-	NA
604-49570-38500	Sewer	-	-	NA
604-49570-38600	Storm Sewer	-	-	NA
604-49570-40100	Repairs & Maint - Buildings	-	-	NA
604-49570-40200	Repairs & Maint - Structures	-	-	NA
604-49570-40300	Improve Other Than Buildings	-	-	NA
604-49570-40400	Repairs & Maint - Equipment	-	-	NA
604-49570-40500	Repairs & Maint - Vehicles	-	-	NA

Fairmont Public Utilities Commission
2022 Test Year Customer Classification

<u>REVENUE REQUIREMENT</u>		Test <u>Year</u>	<u>Customer</u>	<u>Classification Basis</u>
604-49570-43720	Right of Way Payments	-	-	NA
604-49570-43725	Obsolete Line Material	-	-	NA
604-49570-43760	Uniforms	-	-	NA
604-49570-43900	Other Miscellaneous	-	-	NA
604-49570-43905	Taxes Paid	-	-	NA
	Total Electric Distribution	-	-	
Electric Admin				
604-49590-10120	Full-time Employees - Regular	96,536	96,536	100% Customer
604-49590-10220	Full-time Employees - Overtime	444	444	100% Customer
604-49590-10320	Part-time Employees	1,634	1,634	100% Customer
604-49590-12120	PERA Contributions	7,198	7,198	100% Customer
604-49590-12220	FICA Contributions	5,800	5,800	100% Customer
604-49590-12500	Medicare	1,356	1,356	100% Customer
604-49590-13120	Health Insurance	20,662	20,662	100% Customer
604-49590-14220	Unemployment Insurance	-	-	NA
604-49590-13300	Life Insurance	-	-	NA
604-49590-13400	Disability Insurance	-	-	NA
604-49590-15100	Work Comp Insurance	1,241	1,241	100% Customer
604-49590-20120	Accessories	4,386	4,386	100% Customer
604-49590-20220	Computer Supplies	32,765	32,765	100% Customer
604-49590-24000	Minor Equipment	-	-	NA
604-49590-30500	Medical & Dental Fees	-	-	NA
604-49590-31015	Consulting Fees	-	-	NA
604-49590-31020	Other Professional Services	-	-	NA
604-49590-31200	Other Contracted Services	-	-	NA
604-49590-32100	Telephone	3,678	3,678	100% Customer
604-49590-32200	Postage	2,269	2,269	100% Customer
604-49590-33100	Travel & Training	345	345	100% Customer
604-49590-33400	Car Allowance	-	-	NA
604-49590-36900	Other General Insurance	-	-	NA
604-49590-42004	Depreciation Expense	-	-	NA
604-49590-43700	Bank Charges	1,579	1,579	100% Customer
604-49590-43705	Uncollectible Accounts	7,891	7,891	100% Customer
604-49590-43760	Uniforms	-	-	NA
604-49590-43800	Credit Card Fees	21,618	21,618	100% Customer
604-49590-43805	Interest Expense	267	267	100% Customer
604-49590-43900	Other Miscellaneous	589	589	100% Customer
	Total Electric Admin	210,260	210,260	
Electric Misc				
604-49595-33100	Travel & Training	-	-	NA
604-49595-40400	Repairs & Maint - Equipment	-	-	NA
604-49595-42004	Depreciation Expense	-	-	NA
604-49595-43300	Dues & Memberships	29,357	29,357	100% Customer
604-49595-43702	MN QBE Assessment	-	-	NA
604-49595-43901	Comm/Ind Lighting Rebate	-	-	NA
604-49595-43902	Comm/Ind A/C Rebate	-	-	NA
604-49595-43903	Comm/Ind Motor Rebate	-	-	NA
604-49595-43904	Comm/Ind Custom Rebate	-	-	NA
604-49595-43906	Comm/Ind Air Source Heat Pump	-	-	NA

Fairmont Public Utilities Commission
2022 Test Year Customer Classification

<u>REVENUE REQUIREMENT</u>	<u>Test Year</u>	<u>Customer</u>	<u>Classification Basis</u>
604-49595-43907	-	-	NA
604-49595-43908	-	-	NA
604-49595-43909	-	-	NA
604-49595-43911	-	-	NA
604-49595-43980	-	-	NA
604-49595-43981	-	-	NA
604-49595-43982	-	-	NA
604-49595-43983	-	-	NA
604-49595-43984	-	-	NA
604-49595-43985	-	-	NA
604-49595-43986	-	-	NA
604-49595-43987	-	-	NA
604-49595-43988	-	-	NA
604-49595-43989	-	-	NA
604-49595-43990	-	-	NA
604-49595-43991	-	-	NA
604-49595-43992	-	-	NA
604-49595-43993	-	-	NA
604-49595-43994	-	-	NA
604-49595-43995	-	-	NA
604-49595-43996	-	-	NA
604-49595-43997	-	-	NA
604-49595-43998	-	-	NA
Total Electric Misc	29,357	29,357	
Total Operating Expenses	239,617	239,617	
Non-Operating Revenues (Expenses)			
Investment income	-	-	NA
Operating grant	-	-	NA
Less Interest Payments	-	-	NA
Payments to Econ Devel Auth	-	-	NA
Total Non-Operating Rev (Exp)	-	-	
Other Operating Revenues			
SMMPA Curtailment	-	-	NA
Surge Protection	-	-	NA
Customer Serv Labor	725	725	100% Customer
Customer Serv Material	2,360	2,360	100% Customer
Penalties	-	-	NA
Misc Operating	-	-	NA
Street Lighting	-	-	NA
Security Lighting	-	-	NA
Total Other Operating Revenue	3,085	3,085	
Transfer Out	-	-	NA
Margin	-	-	NA
Total Revenue Requirement	\$ 236,532	\$ 236,532	

Fairmont Public Utilities Commission
2022 Test Year Allocation Factors

	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Gen Service/ Industrial</u>	<u>City</u>
Demand Allocation Factors					
12 Coincident Peak (kW)	281,779	93,063	46,039	137,209	5,467
12 CP	100.0%	33.0%	16.3%	48.7%	1.9%
1 Coincident Peak (kW)	30,425	11,209	5,522	13,213	480
1 CP	100.0%	36.8%	18.1%	43.4%	1.6%
1 Non-coincident Peak (kW)	38,568	15,611	6,908	15,364	684
1 NCP	100.0%	40.5%	17.9%	39.8%	1.8%
Energy Allocation Factors					
Energy Requirements (kWh)	144,227,814	42,223,790	22,623,594	76,624,072	2,756,358
E	100.0%	29.3%	15.7%	53.1%	1.9%
Customers					
Number of Customers	5,865	5,008	792	63	2
Customer Facility Weight		1	2	40	50
Customer Service Weight		1	2	4	2
Customer Facilities Allocation Factor					
Weighted Number of Cust	9,212	5,008	1,584	2,520	100
CF	100.0%	54.4%	17.2%	27.4%	1.1%
Customer Service Allocation Factor					
Weighted Number of Cust	6,848	5,008	1,584	252	4
CS	100.0%	73.1%	23.1%	3.7%	0.1%
Revenue Allocator					
Sum Other Rev Reqs	14,448,812	4,914,139	2,382,291	6,891,340	261,042
R	100.0%	34.0%	16.5%	47.7%	1.8%

Fairmont Public Utilities Commission
2022 Test Year Allocation of Revenue Requirements

	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Gen Service/ Industrial</u>	<u>City</u>	<u>Allocation Factor</u>
<u>Power Supply</u>						
Demand	3,470,412	1,146,174	567,026	1,689,877	67,336	12 CP
Transmission	1,081,609	398,495	196,305	469,730	17,079	1 CP
Energy	<u>7,236,652</u>	<u>2,118,585</u>	<u>1,135,142</u>	<u>3,844,624</u>	<u>138,301</u>	E
Total Demand	11,788,672	3,663,254	1,898,473	6,004,230	222,715	
<u>Distribution</u>						
Distribution Demand	1,725,893	698,603	309,134	687,541	30,615	1 NCP
Customer Facilities	<u>697,715</u>	<u>379,305</u>	<u>119,972</u>	<u>190,864</u>	<u>7,574</u>	CF
Total Energy	2,423,608	1,077,908	429,106	878,405	38,189	
<u>Customer</u>						
Customer Service	<u>236,532</u>	<u>172,978</u>	<u>54,712</u>	<u>8,704</u>	<u>138</u>	CS
Total Customer Service	236,532	172,978	54,712	8,704	138	
<u>Revenue</u>						
Other Revenue	(217,605)	(74,009)	(35,878)	(103,786)	(3,931)	R
Transfers	611,363	207,929	100,800	291,589	11,045	R
Margin	<u>414,015</u>	<u>140,809</u>	<u>68,262</u>	<u>197,464</u>	<u>7,480</u>	R
Total Revenue	807,773	274,729	133,184	385,266	14,594	
Total Revenue Requirements	15,256,584	5,188,868	2,515,474	7,276,606	275,636	
Total Revenues	15,256,584	4,973,893	2,540,592	7,540,403	201,696	
Percent Revenue Requirements	100.0%	34.0%	16.5%	47.7%	1.8%	
Percent Revenues	100.0%	32.6%	16.7%	49.4%	1.3%	
Percent Change	0.0%	4.3%	-1.0%	-3.5%	36.7%	
Revenue Req/kWh	0.106	0.123	0.111	0.095	0.100	
Revenue/kWh	0.106	0.118	0.112	0.098	0.073	

Section 4

Proposed Rates

Changes to rates are generally based on the overall need for revenues and results of the cost-of-service analyses. The projected operating results at existing rates as presented in Section 2 of this report outline the overall revenue needs of the electric utility. Section 3 summarizes the cost-of-service results. These factors have been considered in developing the proposed rates summarized in this section of the report.

Proposed Rates

Revenue Needs

In Section 2, it shows that Fairmont's projected annual change in net position, assuming continuation of the existing retail rates, decreases from 2.0 percent of revenue in 2023 to negative 6.6% of revenue in 2027. Projected cash reserves are projected to decrease from \$8.2 million to \$3.1 million during the same period.

A series of annual 3% overall rate increases are recommended through the Study Period. These adjustments are necessary to meet a goal of end of period reserves equal to \$8 million or approaching 50% of annual operating revenue.

Rate Design Adjustments

As outlined above, a series of annual rate increases in revenues through rates is recommended at this time. These changes are explained below and presented in Exhibit 4-A at the end of this section of this report. As outlined in Section 3 of the report, the overall distribution of revenues as compared to allocated revenue requirements by class were shown to be within an acceptable range for the major customer classes. As a result, the 3% annual increases have been distributed across all classes of customers.

Section 4

Energy Cost Adjustment

Fairmont has a current retail ECA which is set annually based on wholesale costs from SMMPA and Western. In 2022 the Fairmont ECA was an additional \$0.006675/kWh for all customers. In 2023, that was increased to \$0.013685/kWh. It is recommended that the current ECA charges be moved into the regular published rates and the retail ECA approach be altered. As shown at the bottom of Exhibit 4-A, the retail ECA currently is \$0.013685/kWh as listed above. For future years, the ECA is shown as zero. If this change alone were made, Fairmont's revenue would decrease by the current ECA amount per kWh, which would reduce overall revenues by approximately \$2 million per year. To offset that reduction, all retail energy rates are adjusted up by the same amount per kWh that the ECA is decreased. This does not result in a rate increase, the increase in the published rates is identical to the decrease in the ECA and the net impact on retail bills is zero.

SMMPA is currently projecting no increase in wholesale rates for future years. However, SMMPA does have a wholesale ECA which is currently projected to be zero. SMMPA uses this wholesale ECA to pass on variations in its wholesale requirements based on fuel cost and market conditions outside its control. These charges can vary each month. It is recommended that Fairmont adopt a new retail ECA that varies monthly and matches the SMMPA wholesale ECA. Whatever wholesale ECA on a \$/kWh basis is charged by SMMPA on its monthly bill would be included in the following month on Fairmont's bills to its retail customers. It would be a monthly straight pass-through of the SMMPA wholesale ECA.

Residential/Residential Heat/Rural

For Residential customers, the recommended rate increase includes increasing the monthly customer charge by \$1.25 each year to move the current \$5/mo rate to \$10/mo by 2027. As shown in Exhibit 4-A, the first 500 kWh of energy for Residential customers has a rate of \$.1060/kWh. Including the current ECA, these customers are effectively billed \$.1197/kWh for energy. The effective first block energy rate is increased by

Proposed Rates

\$0.001/kWh (0.1207 minus 0.1197) in 2024. The current Residential rate structure is a ‘declining block’ structure. Energy over 500 kWh per month is billed at a lower rate. In the last rate study for Fairmont, it was recommended that this rate structure be eliminated over time to adopt a single energy rate for Residential customers. That is achieved in the proposed rate in 2024 by raising the second block rate an additional \$0.002/kWh to equalize the energy rates. The combination of customer charge increase and energy charge adjustments results in an overall 3% increase for the Residential class as a whole each year.

Table 4-1 below shows the impact on monthly bills for an average Residential customer (620 kWh).

**Table 4-1
Residential Monthly Bill Impacts**

	Monthly Bill				
	Current	2024 Proposed	2025 Proposed	2026 Proposed	2027 Proposed
<u>Residential Bill Impact</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
Residential 620 kWh (avg customer)	\$ 78.96	\$ 81.08	\$ 83.51	\$ 86.00	\$ 88.55
Increase over previous year (\$)		\$ 2.12	\$ 2.43	\$ 2.49	\$ 2.55
Increase over previous year (%)		2.7%	3.0%	3.0%	3.0%

Fairmont also has a Residential Heat rate for customers with electric heat. This rate also has a declining block rate structure. For this rate, the declining block structure has been maintained. It is a rate designed to promote use of electric heat by Residential customers.

Fairmont has a Rural Residential rate for customers outside the City limits. The changes to this rate mirror the changes to the regular Residential rate explained above.

Commercial

Fairmont’s has a Commercial rate and a Commercial Seasonal Heat rate for commercial customers. The proposed rate changes shown for these customers result in overall annual 3% increases for Commercial customers.

Section 4

General Service/Industrial/All Electric

Customers served under the General Service, Industrial and All Electric rates are billed both a demand and energy charge each month. These rates are all currently the same. The structures of these rates have been maintained and both rate components have been altered to result in an average overall increase of 3% each year.

City

The cost-of-service results indicate that the City rates are receiving a subsidy from other retail customers. This is one way that the Fairmont electric department supports the overall City of Fairmont. The City rate and the Municipal Street Lighting rates have been increased as shown in Exhibit 4-A.

Security Lighting

The current rates are increased by the annual 3% per year rate increase.

Projected Operating Results/Cash Reserves - Proposed Rates

The resulting projected operating results assuming implementation of all the proposed rates summarized above are shown in Exhibit 4-B and summarized in Table 4-2 below.

**Table 4-2
Projected Operating Results-Electric
Proposed Rates**

Fiscal Year	2023	2024	2025	2026	2027
Operating Revenues	\$16,646,504	\$17,800,478	\$18,325,430	\$18,859,432	\$19,400,056
Less Operating Expenses	(15,870,638)	(16,563,883)	(16,704,338)	(16,850,443)	(17,002,426)
Plus Non -Operating Revenue (Expenses)	140,000	(30,000)	(283,750)	(687,540)	(868,382)
Less Transfer Out	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>
Change in Net Position	\$336,488	\$627,218	\$757,964	\$742,070	\$949,871
Net Position as Percent of Revenues	2.0%	3.5%	4.1%	3.9%	4.9%

The projected cash reserves assuming implementation of proposed rates is shown at the bottom of Exhibit 4-B and summarized in Table 4-3 below. Projected reserves at the end of the Study Period are estimated to reach \$8.3 million or 43% of operating revenues.

Section 4

Table 4-3
Projected Cash Reserves-Electric
Proposed Rates


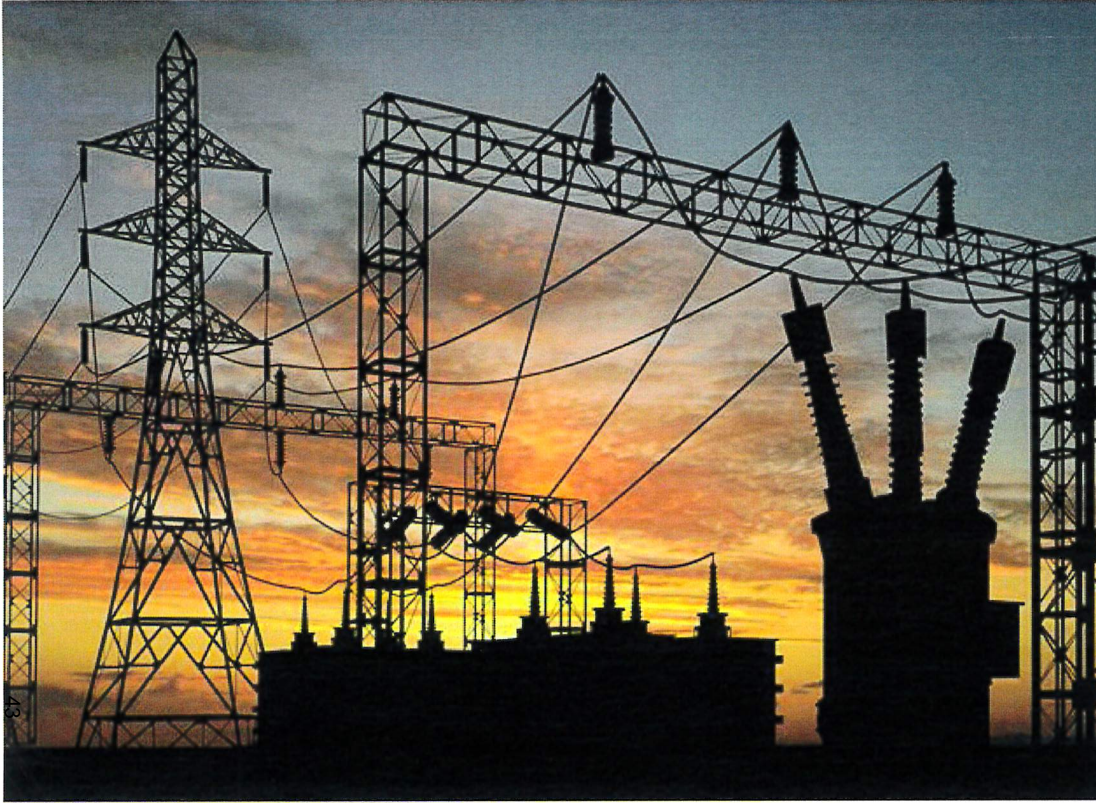
Fiscal Year	2023	2024	2025	2026	2027
Beginning of Year	\$8,228,503	\$8,587,491	\$8,397,208	\$8,581,698	\$8,591,786
Plus Change in Net Position	336,488	627,218	757,964	742,070	949,871
Less Capital Improvements	(427,500)	(2,173,000)	(10,736,000)	(7,840,000)	(2,265,000)
Plus Debt Proceeds	-	800,000	9,350,000	6,850,000	1,000,000
Plus SMMPA Contribution	-	-	350,000	-	-
Plus Cost Share	-	87,500	-	60,000	-
Less Debt Principal	-	-	(24,194)	(308,172)	(530,742)
Plus Depreciation	<u>450,000</u>	<u>468,000</u>	<u>486,720</u>	<u>506,189</u>	<u>526,436</u>
End of Year	\$8,587,491	\$8,397,208	\$8,581,698	\$8,591,786	\$8,272,350
As a percent of Operating Revenue	52%	47%	47%	46%	43%

Fairmont Public Utilities Commission
Existing and Proposed Electric Rates

<u>Class</u>	2024					2025					2026					2027				
	Current		Proposed		Proposed		Proposed		Proposed		Proposed		Proposed		Proposed		Proposed			
	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate		
Residential																				
Customer (per month)	\$	5.00	\$	6.25	\$	7.50	\$	8.75	\$	10.00										
Energy - (0-500 kWh)	\$	0.1060	\$	0.1207	\$	0.1226	\$	0.1246	\$	0.1267										
Energy - (over 500 kWh)	\$	0.1040	\$	0.1207	\$	0.1226	\$	0.1246	\$	0.1267										
Residential Heat																				
Customer (per month)	\$	5.00	\$	6.25	\$	7.50	\$	8.75	\$	10.00										
Energy - (0-500 kWh)	\$	0.1040	\$	0.1198	\$	0.1220	\$	0.1244	\$	0.1267										
Energy - (over 500 kWh)	\$	0.0980	\$	0.1138	\$	0.1160	\$	0.1184	\$	0.1207										
Commercial																				
Customer (per month)	\$	10.00	\$	13.00	\$	16.00	\$	19.00	\$	22.00										
Energy - all kWh	\$	0.1030	\$	0.1190	\$	0.1214	\$	0.1239	\$	0.1260										
General Service																				
Energy - all kWh	\$	0.0600	\$	0.0759	\$	0.0782	\$	0.0805	\$	0.0829										
Demand - all kW	\$	13.70	\$	14.11	\$	14.53	\$	14.97	\$	15.42										
Industrial																				
Energy - all kWh	\$	0.0600	\$	0.0759	\$	0.0782	\$	0.0805	\$	0.0829										
Demand - all kW	\$	13.70	\$	14.11	\$	14.53	\$	14.97	\$	15.42										
All Electric																				
Energy - all kWh	\$	0.0600	\$	0.0759	\$	0.0782	\$	0.0805	\$	0.0829										
Demand - all kW	\$	13.70	\$	14.11	\$	14.53	\$	14.97	\$	15.42										
Rural																				
Customer (per month)	\$	8.00	\$	9.25	\$	10.50	\$	11.75	\$	13.00										
Energy - (0-1400 kWh)	\$	0.1080	\$	0.1228	\$	0.1258	\$	0.1289	\$	0.1321										
Energy - (over 1400 kWh)	\$	0.1050	\$	0.1228	\$	0.1258	\$	0.1289	\$	0.1321										
Commercial Seasonal Heat																				
Customer (per month)	\$	10.00	\$	13.00	\$	16.00	\$	19.00	\$	22.00										
Energy - all kWh	\$	0.0710	\$	0.0872	\$	0.0897	\$	0.0924	\$	0.0951										
City																				
Energy - all kWh	\$	0.0665	\$	0.0826	\$	0.0851	\$	0.0877	\$	0.0903										
Municipal Street Lighting																				
Energy - all kWh	\$	0.0750	\$	0.0914	\$	0.0941	\$	0.0914	\$	0.0941										
Security Lights																				
ML	\$	4.60	\$	4.75	\$	4.90	\$	5.05	\$	5.20										
ML1	\$	2.05	\$	2.10	\$	2.15	\$	2.20	\$	2.25										
ML1NT	\$	2.05	\$	2.10	\$	2.15	\$	2.20	\$	2.25										
MLNT	\$	4.60	\$	4.75	\$	4.90	\$	5.05	\$	5.20										
ECA	\$	0.013685	\$	-	\$	-	\$	-	\$	-										

Fairmont Public Utilities Commission
Electric Operating Results at Proposed Rates

	Historical		Projected				
	2021	2022	2023	2024	2025	2026	2027
OPERATING REVENUES							
Charges for services	\$ 15,049,689	\$ 15,132,861	\$ 16,315,064	\$ 17,469,038	\$ 17,993,990	\$ 18,527,992	\$ 19,068,616
Miscellaneous Revenues	321,339	235,577	331,440	331,440	331,440	331,440	331,440
Total Operating Revenues	\$ 15,371,028	\$ 15,368,438	\$ 16,646,504	\$ 17,800,478	\$ 18,325,430	\$ 18,859,432	\$ 19,400,056
OPERATING EXPENSES							
Personnel services	\$ 1,508,825	\$ 1,769,303	\$ 1,853,455	\$ 1,927,593	\$ 2,004,697	\$ 2,084,885	\$ 2,168,280
Supplies	11,594,811	11,926,158	13,031,583	13,611,266	13,633,616	13,656,892	13,681,133
Professional services	265,513	256,446	331,500	344,760	358,550	372,892	387,808
Repairs and maintenance	292,259	184,396	204,100	212,264	220,755	229,585	238,768
Depreciation	480,655	450,055	450,000	468,000	486,720	506,189	526,436
Total Operating Expenses	\$ 14,142,063	\$ 14,586,358	\$ 15,870,638	\$ 16,563,883	\$ 16,704,338	\$ 16,850,443	\$ 17,002,426
Operating Income	\$ 1,228,965	\$ 782,080	\$ 775,866	\$ 1,236,596	\$ 1,621,092	\$ 2,008,989	\$ 2,397,630
NON-OPERATING INCOME (EXPENSES)							
Investment income	\$ (19,542)	\$ (298,926)	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Operating grant	543,755	325,495	150,000	-	-	-	-
Less Interest Payments	-	-	-	(20,000)	(273,750)	(677,540)	(858,382)
Payments to Economic Development Auth	(73,228)	(83,355)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
Total Non-Operating Revenues (Expenses)	\$ 450,985	\$ (56,786)	\$ 140,000	\$ (30,000)	\$ (283,750)	\$ (687,540)	\$ (868,382)
Income Before Transfers	\$ 1,679,950	\$ 725,294	\$ 915,866	\$ 1,206,596	\$ 1,337,342	\$ 1,321,448	\$ 1,529,249
Transfers in	\$ 63,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	\$ (604,128)	\$ (611,363)	\$ (579,378)	\$ (579,378)	\$ (579,378)	\$ (579,378)	\$ (579,378)
CHANGE IN NET POSITION	\$ 1,139,668	\$ 113,931	\$ 336,488	\$ 627,218	\$ 757,964	\$ 742,070	\$ 949,871
PERCENT OF OPERATING REVENUES	7.4%	0.7%	2.0%	3.5%	4.1%	3.9%	4.9%
CASH RESERVES							
Beginning of Year			\$ 8,228,503	\$ 8,587,491	\$ 8,397,208	\$ 8,581,698	\$ 8,591,786
Plus Net Income			336,488	627,218	757,964	742,070	949,871
Less Capital Improvements			(427,500)	(2,173,000)	(10,736,000)	(7,840,000)	(2,265,000)
Plus Debt Proceeds			-	800,000	9,350,000	6,850,000	1,000,000
Plus SMMPA Contribution			-	-	350,000	-	-
Plus Cost Share			-	87,500	-	60,000	-
Less Debt Principal			-	-	(24,194)	(308,172)	(530,742)
Plus Depreciation			450,000	468,000	486,720	506,189	526,436
End of Year			\$ 8,587,491	\$ 8,397,208	\$ 8,581,698	\$ 8,591,786	\$ 8,272,350
Percent of Operating Revenues			52%	47%	47%	46%	43%



Information For Your Records

BILL DATE		Apr 3, 2012
TOTAL AMOUNT DUE BY	Apr 24, 2012	\$93.66
AMOUNT PAYABLE AFTER DUE DATE		\$95.06
Total Electric Charges		\$74.78
Total Lighting Charges		\$20.31
Total Miscellaneous Charges		-\$1.43
Current Amount Due		
Prior Amount Due		\$93.66
Total Amount Due		\$93.66

INFORMATION

Electric Cost of Service and Rate Design Study

Fairmont Public Utilities Commission

David A. Berg, PE

Principal - Dave Berg Consulting

Nov. 7, 2023

Capital Improvements

Electric Capital Improvements by Year

Capital Item	2023	2024	2025	2026	2027
Electric Capital	\$427,500	\$2,173,000	\$10,736,000	\$7,840,000	\$2,265,000

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New Debt Issues

Electric Bond Issues by Year

	2023	2024	2025	2026	2027
Total Bond Issue	\$0	\$800,000	\$9,350,000	\$6,850,000	\$1,000,000

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Projected Operating Results – Existing Rates

Projected Operating Results-Electric Existing Rates

Fiscal Year	2023	2024	2025	2026	2027
Operating Revenues	\$16,646,504	\$17,301,903	\$17,301,903	\$17,301,903	\$17,301,903
Less Operating Expenses	(15,870,638)	(16,563,883)	(16,704,338)	(16,850,443)	(17,002,426)
Plus Non -Operating Revenue (Expenses)	140,000	(30,000)	(283,750)	(687,540)	(868,382)
Less Transfer Out	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>
Change in Net Position	\$336,488	\$128,642	\$(265,563)	\$(815,459)	\$(1,148,283)
Net Position as Percent of Revenues	2.0%	0.7%	-1.5%	-4.7%	-6.6%

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Projected Cash Reserves – Existing Rates

Projected Cash Reserves-Electric Existing Rates

Fiscal Year	2023	2024	2025	2026	2027
Beginning of Year	\$8,228,503	\$8,587,491	\$7,898,633	\$7,059,595	\$5,512,153
<u>Plus</u> Change in Net Position	336,488	128,642	(265,563)	(815,459)	(1,148,283)
Less Capital Improvements	(427,500)	(2,173,000)	(10,736,000)	(7,840,000)	(2,265,000)
<u>Plus</u> Debt Proceeds	-	800,000	9,350,000	6,850,000	1,000,000
<u>Plus</u> SMMPA Contribution	-	-	350,000	-	-
<u>Plus</u> Cost Share	-	87,500	-	60,000	-
Less Debt Principal	-	-	(24,194)	(308,172)	(530,742)
<u>Plus</u> Depreciation	<u>450,000</u>	<u>468,000</u>	<u>486,720</u>	<u>506,189</u>	<u>526,436</u>
End of Year	\$8,587,491	\$7,898,633	\$7,059,595	\$5,512,153	\$3,094,564
As a percent of Operating Revenue	52%	46%	41%	32%	18%

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Electric Cost of Service Results

COMPARISON OF REVENUES AND ALLOCATED ELECTRIC COSTS 2022 TEST YEAR

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Customer Classification	Total Allocated Costs	Total Revenues	Difference
Residential	34.0%	32.6%	4.3%
Commercial	16.5%	16.7%	-1.0%
Gen Serv/Ind	47.7%	49.4%	-3.5%
City	1.8%	1.3%	36.7%
Total	100.0%	100.0%	0.0%

Electric Rate Recommendations

- Increase rates to maintain reserves at 50% of revenue
- Implement 3% annual overall rate increases
 - Zero out ECA and move charges into regular rates
 - Implement new monthly ECA that passes through SMMPA ECA
 - Increase residential customer charge to \$10 over 4-year period
 - Eliminate residential declining block energy rate structure

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Proposed Rates – pg 1

Fairmont Public Utilities Commission Existing and Proposed Electric Rates

Class	Current	2024	2025	2026	2027
	Rate	Proposed Rate	Proposed Rate	Proposed Rate	Proposed Rate
Residential					
Customer (per month)	\$ 5.00	\$ 6.25	\$ 7.50	\$ 8.75	\$ 10.00
Energy - (0-500 kWh)	\$ 0.1060	\$ 0.1207	\$ 0.1226	\$ 0.1246	\$ 0.1267
Energy - (over 500 kWh)	\$ 0.1040	\$ 0.1207	\$ 0.1226	\$ 0.1246	\$ 0.1267
Residential Heat					
Customer (per month)	\$ 5.00	\$ 6.25	\$ 7.50	\$ 8.75	\$ 10.00
Energy - (0-500 kWh)	\$ 0.1040	\$ 0.1198	\$ 0.1220	\$ 0.1244	\$ 0.1267
Energy - (over 500 kWh)	\$ 0.0980	\$ 0.1138	\$ 0.1160	\$ 0.1184	\$ 0.1207
Commercial					
Customer (per month)	\$ 10.00	\$ 13.00	\$ 16.00	\$ 19.00	\$ 22.00
Energy - all kWh	\$ 0.1030	\$ 0.1190	\$ 0.1214	\$ 0.1239	\$ 0.1260
General Service					
Energy - all kWh	\$ 0.0600	\$ 0.0759	\$ 0.0782	\$ 0.0805	\$ 0.0829
Demand - all kW	\$ 13.70	\$ 14.11	\$ 14.53	\$ 14.97	\$ 15.42
Industrial					
Energy - all kWh	\$ 0.0600	\$ 0.0759	\$ 0.0782	\$ 0.0805	\$ 0.0829
Demand - all kW	\$ 13.70	\$ 14.11	\$ 14.53	\$ 14.97	\$ 15.42
All Electric					
Energy - all kWh	\$ 0.0600	\$ 0.0759	\$ 0.0782	\$ 0.0805	\$ 0.0829
Demand - all kW	\$ 13.70	\$ 14.11	\$ 14.53	\$ 14.97	\$ 15.42

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Proposed Rates – pg 2

Fairmont Public Utilities Commission Existing and Proposed Electric Rates

Class	Current Rate	2024	2025	2026	2027
		Proposed Rate	Proposed Rate	Proposed Rate	Proposed Rate
Rural					
Customer (per month)	\$ 8.00	\$ 9.25	\$ 10.50	\$ 11.75	\$ 13.00
Energy - (0-1400 kWh)	\$ 0.1080	\$ 0.1228	\$ 0.1258	\$ 0.1289	\$ 0.1321
Energy - (over 1400 kWh)	\$ 0.1050	\$ 0.1228	\$ 0.1258	\$ 0.1289	\$ 0.1321
Commercial Seasonal Heat					
Customer (per month)	\$ 10.00	\$ 13.00	\$ 16.00	\$ 19.00	\$ 22.00
Energy - all kWh	\$ 0.0710	\$ 0.0872	\$ 0.0897	\$ 0.0924	\$ 0.0951
City					
Energy - all kWh	\$ 0.0665	\$ 0.0826	\$ 0.0851	\$ 0.0877	\$ 0.0903
Municipal Street Lighting					
Energy - all kWh	\$ 0.0750	\$ 0.0914	\$ 0.0941	\$ 0.0914	\$ 0.0941
Security Lights					
ML	\$ 4.60	\$ 4.75	\$ 4.90	\$ 5.05	\$ 5.20
ML1	\$ 2.05	\$ 2.10	\$ 2.15	\$ 2.20	\$ 2.25
ML1NT	\$ 2.05	\$ 2.10	\$ 2.15	\$ 2.20	\$ 2.25
MLNT	\$ 4.60	\$ 4.75	\$ 4.90	\$ 5.05	\$ 5.20
ECA	\$ 0.013685	\$ -	\$ -	\$ -	\$ -

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Electric Rate Residential Impact

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	Monthly Bill				
	Current	2024	2025	2026	2027
<u>Residential Bill Impact</u>	<u>Rate</u>	<u>Proposed Rate</u>	<u>Proposed Rate</u>	<u>Proposed Rate</u>	<u>Proposed Rate</u>
Residential 620 kWh (avg customer)	\$ 78.96	\$ 81.08	\$ 83.51	\$ 86.00	\$ 88.55
Increase over previous year (\$)		\$ 2.12	\$ 2.43	\$ 2.49	\$ 2.55
Increase over previous year (%)		2.7%	3.0%	3.0%	3.0%

Projected Operating Results – Proposed Rates

Projected Operating Results-Electric Proposed Rates

Fiscal Year	2023	2024	2025	2026	2027
Operating Revenues	\$16,646,504	\$17,800,478	\$18,325,430	\$18,859,432	\$19,400,056
Less Operating Expenses	(15,870,638)	(16,563,883)	(16,704,338)	(16,850,443)	(17,002,426)
Plus Non -Operating Revenue (Expenses)	140,000	(30,000)	(283,750)	(687,540)	(868,382)
Less Transfer Out	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>	<u>(579,378)</u>
Change in Net Position	\$336,488	\$627,218	\$757,964	\$742,070	\$949,871
Net Position as Percent of Revenues	2.0%	3.5%	4.1%	3.9%	4.9%

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Projected Case Reserves – Proposed Rates

Projected Cash Reserves-Electric Proposed Rates

Fiscal Year	2023	2024	2025	2026	2027
Beginning of Year	\$8,228,503	\$8,587,491	\$8,397,208	\$8,581,698	\$8,591,786
<u>Plus</u> Change in Net Position	336,488	627,218	757,964	742,070	949,871
Less Capital Improvements	(427,500)	(2,173,000)	(10,736,000)	(7,840,000)	(2,265,000)
<u>Plus</u> Debt Proceeds	-	800,000	9,350,000	6,850,000	1,000,000
<u>Plus</u> SMMPA Contribution	-	-	350,000	-	-
<u>Plus</u> Cost Share	-	87,500	-	60,000	-
Less Debt Principal	-	-	(24,194)	(308,172)	(530,742)
<u>Plus</u> Depreciation	<u>450,000</u>	<u>468,000</u>	<u>486,720</u>	<u>506,189</u>	<u>526,436</u>
End of Year	\$8,587,491	\$8,397,208	\$8,581,698	\$8,591,786	\$8,272,350
As a percent of Operating Revenue	52%	47%	47%	46%	43%

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Questions/Discussion