

ENERVISION®



“Tailored Consulting Services for the Energy Industry”

Cost of Service and Rate Design Strategy

Cost of Service Study

A fundamental principle of electric utility rates is that the prices charged to members should reflect their utility’s cost to provide service. In addition to being a fairness issue for members, it is crucial for the recovery by utilities of the revenue requirements associated with providing that service.

Cost of service studies and processes for electric utilities are often seen as a “black box” to which only a select few hold the key. EnerVision has been fighting this perception for some time, working to help utilities understand the entire process so they can obtain a solid appreciation for the impact actions have on the rates paid by members and other aspects of utility goals and strategies.

EnerVision’s extensive experience in the electric cooperative industry makes us uniquely positioned to perform a new/updated Cost of Service Study or can work from a utility’s existing study. If using an existing study, EnerVision recommends that study be no older than two years.

Rate Strategy & Design

The cost of service study is just one step in establishing rates charged to members, which provide price signals and often guide member actions. EnerVision suggests the cost of service study is a guide for rate design, to be considered along with business objectives and programs to establish rates that enable the utility to achieve those business objectives.

EnerVision begins this process at the 15,000-foot level considering the utility’s financial, competitive, member service, and other objectives. EnerVision has worked with utility staff from all relevant departments to ensure that new rates under consideration can be supported by the various metering, billing, and other internal systems.

EVI Integrated Revenue + COS Model

Rate design meets revenue requirements. Upon completion of the Cost of Service Study, EnerVision works alongside the utility employing an iterative process to ensure the existing and new rates under consideration produce the revenue necessary to support the utility’s budget process.

Tariff Design & Rate Setting

Once utility management decided on the rate changes/additions EnerVision will work with the utility to prepare materials for presentation to the Board of Directors and any other regulatory body, if required.

Rate Implementation

After the Rate Tariff has been completed and approved, EnerVision works with the utility to educate staff and members about the rate changes and ensure all internal processes are ready to support those changes and any new rates.

Testimonial

“When GVEC needed an updated Cost of Service and Rate Study with accompanying recommendations for strategy driven, innovative rate design, we looked to the experience and expertise of EnerVision. I challenged EnerVision to think outside of the box and that’s exactly what they did. The EnerVision team exceeded our expectations, and we look forward to implementing their recommendations and partnering with them on future projects ranging from rates, power supply to new technologies.”

Darren Schauer - General Manager and Chief Executive Officer

