



PRPA Rates published 8/12/16

UFS Updated Cost of Service,
Financial Projection and Rate
Designs to reflect Platte River Power
Authorities wholesale rates
provided to the Power Utility on
Friday August 12th.

City of Loveland Power Utility

Discussion points

- Cost of Service summary adjustments
- Financial projection adjustments
- Proposed 2017 rate design adjustments
- Residential self generation analysis
- Recommended minimum cash reserve

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Cost of Service Summary Results

Approved July 27, 2016

Customer Class	Cost of Service	Projected Revenues	% Change
Residential	\$ 25,318,104	\$ 24,425,296	3.7%
Small General	10,298,969	9,127,515	12.8%
Residential-Demand	12,623	12,719	-0.8%
Large General	15,488,144	14,541,804	6.5%
Primary <4,000 kW	558,602	517,451	8.0%
Coincident Peak Demand	4,842,428	4,808,102	5.1%
Area Lighting, Flat Rates	16,303	23,543	-30.8%
Wholesale	711,199	494,155	43.9%
Total	\$ 57,244,372	\$ 53,760,584	6.50%

Results adjusted to account for:

- PRPA energy efficiency cost breakdown between Res & Com classes
- Customer Relations cost breakdown between Res & Com classes

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Cost of Service Summary Results

Proposed with PRPA Rates provided 8/12/16

Customer Class	Cost of Service	Projected Revenues	% Change
Residential	\$ 25,129,375	\$ 24,425,296	2.9%
Small General	10,234,624	9,127,515	12.1%
Residential-Demand	12,525	12,719	-1.5%
Large General	15,368,824	14,541,804	5.7%
Primary <4,000 kW	553,515	517,451	7.0%
Coincident Peak Demand	4,793,265	4,608,102	4.0%
Area Lighting, Flat Rates	16,183	23,543	-31.3%
Wholesale	706,057	494,155	42.9%
Total	\$ 56,814,368	\$ 53,750,584	5.70%

Results adjusted to account for:

- PRPA energy efficiency cost breakdown between Res & Com classes
- Customer Relations cost breakdown between Res & Com classes
- Updated PRPA rates provided 8/12/16



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Projection Summary

Approved July 27, 2016

Fiscal Year	Projected Rate Adjustments	Projected Revenues	Projected Expenses	Adjusted Operating Income ^[1]	Projected Cash Balances	Capital Improvements (less PIF)
2017	6.50%	\$ 84,711,985	\$ 82,905,229	\$ 2,423,072	\$ 9,880,877	\$ 11,004,350
2018	6.00%	88,785,274	86,171,346	3,230,263	10,370,789	8,151,060
2019	3.00%	71,988,781	69,530,146	3,072,671	11,401,044	8,748,600
2020	3.00%	75,274,463	72,736,398	2,264,391	12,143,249	10,046,619
2021	3.00%	78,962,737	74,435,428	6,133,646	18,518,310	8,627,696
Recommended Target in 2017				\$ 4,837,367		
Recommended Target in 2021				\$ 5,398,659		
Recommended MINIMUM Target in 2017				\$ 15,408,332		
Recommended MINIMUM Target in 2021				\$ 16,790,093		

Results include original PRPA 2017 projected rates listed below:

	2015	2016	2017	Change
Summer-Energy	\$ 0.03943	\$ 0.04121	\$ 0.04301	4%
Winter-Energy	\$ 0.03783	\$ 0.03954	\$ 0.04080	3%
Summer-Demand	\$ 10.84	\$ 11.33	\$ 10.49	-7%
Winter-Demand	\$ 7.57	\$ 7.91	\$ 8.96	13%



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Projection Summary

Proposed with PRPA Rates provided 8/12/16

Fiscal Year	Projected Rate Adjustments	Projected Revenues	Projected Expenses	Adjusted Operating Income ^[1]	Projected Cash Balances	Capital Improvements (less PIF)
2017	5.70%	\$ 64,233,811	\$ 62,485,106	\$ 2,365,041	\$ 9,735,148	\$ 11,004,350
2018	5.00%	68,276,725	65,697,011	3,196,051	10,258,334	8,151,060
2019	3.00%	71,454,406	69,033,711	3,037,031	10,694,235	8,746,600
2020	3.00%	74,816,869	72,216,560	3,216,645	10,525,953	10,045,519
2021	3.00%	78,368,529	73,890,964	5,093,901	14,326,591	8,527,695
Recommended Target in 2017		\$ 4,741,881				
Recommended Target in 2021		\$ 5,288,842				
Recommended MINIMUM Target in 2017		\$ 12,536,352				
Recommended MINIMUM Target in 2021		\$ 13,577,329				

Results include PRPA rates provided below on 8/12/16:

	2015	2016	2017	Change
Summer-Energy	\$ 0.03943	\$ 0.04121	\$ 0.04200	2%
Winter-Energy	\$ 0.03783	\$ 0.03954	\$ 0.04028	2%
Summer-Demand	\$ 10.84	\$ 11.33	\$ 11.33	0%
Winter-Demand	\$ 7.57	\$ 7.91	\$ 8.64	9%

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2017 Rate Design Summary Results

Approved July 27, 2016

Customer Class	No. of Customer Meters	% of Revenues	Calculated Revenue	Revenue with Adjustments	Dollar Adjustment	Percent Change
Residential Schedule R	30,648	R 45.44%	\$ 24,425,296	\$ 25,977,913	\$ 1,552,017	6.35%
Small General Schedule SG	3,906	SG 16.98%	9,127,515	9,812,425	684,910	7.50%
Large General Schedule LG	327	LG 27.05%	14,541,804	15,486,777	944,973	6.50%
Primary Schedule PT	3	PT 0.96%	517,451	555,062	38,211	7.38%
Other (see detail below)	2,156	0.99%	530,417	569,574	39,106	7.37%
Coincidental Peak Schedule CP	30	CP 0.57%	4,608,102	4,843,115	235,013	5.10%
TOTAL REVENUE	37,041		\$ 53,750,585	\$ 57,244,816	\$ 3,258,219	6.50%

Other includes the following rateclasses

Residential-Demand Schedule RD	3	RD 0.02%	12,719	13,469	750	5.90%
City Wholesale Schedule CW	91	CW 0.92%	494,155	531,217	37,062	7.50%
Area Lights Schedule AL	1,963	AL 0.03%	13,648	14,398	751	5.50%
Sprinkler Controls Schedule SC	84	SC 0.01%	5,296	5,587	291	5.50%
Signal Amplifier Schedule SA	4	SA 0.00%	1,710	1,804	94	5.50%
Bus Shelters Schedule BS	11	BS 0.01%	2,889	3,048	159	5.50%

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2017 Rate Design Summary Results

Proposed with PRPA Rates provided 8/12/16

Customer Class	No. of Customer Meters	% of Revenues	Calculated Revenue	Revenue with Adjustments	Dollar Adjustment	Percent Change
Residential Schedule R	30,648	R 45.44%	\$ 24,425,296	\$ 25,780,964	\$ 1,355,668	5.55%
Small General Schedule SG	3,906	SG 16.98%	9,127,515	9,739,286	611,771	6.70%
Large General Schedule LG	327	LG 27.05%	14,541,804	15,371,304	829,500	5.70%
Primary Schedule PT	3	PT 0.96%	517,451	551,511	34,060	6.58%
Other (see detail below)	2,156	0.99%	530,417	565,279	34,862	6.57%
Coincidental Peak Schedule CP	30	CP 8.57%	4,608,102	4,806,250	198,148	4.30%
TOTAL REVENUE	37,041		\$ 53,750,585	\$ 56,814,594	\$ 2,865,862	5.70%

Other includes the following rateclasses

Residential-Demand Schedule RD	3	RD	0.02%	12,719	13,366	647	5.09%
City Wholesale Schedule CW	91	CW	0.92%	494,155	527,263	33,108	6.70%
Area Lights Schedule AL	1,963	AL	0.03%	13,648	14,289	641	4.70%
Sprinkler Controls Schedule SC	84	SC	0.01%	5,296	5,545	249	4.70%
Signal Amplifier Schedule SA	4	SA	0.00%	1,710	1,791	80	4.70%
Bus Shelters Schedule BS	11	BS	0.01%	2,889	3,025	136	4.70%



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Residential Self Generation Customers

- Completed avoided cost valuation of solar production:
- Identified power supply savings using PRPA wholesale rates
- Identified solar production at the time of the system peak demand
- Energy savings occurring from solar
- Distribution system savings
- Identified cost shift occurring under current methodology

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Residential Self Generation

Residential Customer

Apply an additional monthly charge per kW of installed solar capacity

- Year one = \$1.45
- Year two = \$2.89

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Minimum Cash Reserve

UFS proposal to increase current Power Utilities policy of maintaining a minimum 15% of projected O&M

- Base on four components
- Improve credit rating

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Minimum Cash Reserve Calculation

(with rate track presented in slide seven)

Retail Rate Adjust	5.70%	5.00%	3.00%	3.00%	3.00%
Recommended Minimum Cash Reserve					
O&M Less Depreciation & Purchased Power Expense	\$ 13,591,544	\$ 14,214,222	\$ 14,748,045	\$ 15,321,041	\$ 15,919,396
Historical Value of Assets (Rate Base)	200,412,485	208,563,545	217,310,145	227,355,664	235,883,359
Five Year Capital Plan (less PIF) - Net of bond proceeds	46,475,224	46,475,224	46,475,224	46,475,224	46,475,224
Annual Purchased Power Expense	44,363,341	45,472,424	46,609,235	47,774,466	48,968,827
	Percent Allocated	Projected 2017	Projected 2018	Projected 2019	Projected 2020
O&M Less Depreciation & Purchased Power Expense	8.2%	\$ 1,117,113	\$ 1,168,292	\$ 1,212,168	\$ 1,259,264
Historical Value of Assets (Rate Base)	1.0%	2,004,125	2,085,635	2,173,101	2,273,557
Five Year Capital Plan (less PIF) - Net of bond proceeds	10%	4,647,522	4,647,522	4,647,522	4,647,522
Annual Purchased Power	10.7%	4,767,592	4,886,781	5,008,951	5,134,175
Recommended Minimum Cash Reserve		\$ 12,536,352	\$ 12,788,231	\$ 13,041,743	\$ 13,314,517
Days cash on hand @ Minimum Cash Reserve Recommendation		79	78	78	77
Projected Cash Reserves (less PIF reserve)		\$ 9,735,148	\$ 10,258,334	\$ 10,694,235	\$ 10,525,953
Projected Cash Reserves (including PIF reserve)		\$ 9,832,845	\$ 10,277,311	\$ 11,269,172	\$ 11,969,840
Loveland Desired Balance (15% of Oper Exp excl'g deprn)		\$ 8,772,386	\$ 9,198,905	\$ 9,659,303	\$ 10,092,849

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Projection Summary

(with Optional rate track)

Fiscal Year	Projected Rate Adjustments	Projected Revenues	Projected Expenses	Adjusted Operating Income ^[1]	Projected Cash Balances	Capital Improvements (less PIF)
2017	5.70%	\$ 64,233,811	\$ 62,485,106	\$ 2,365,041	\$ 9,735,148	\$ 11,004,350
2018	5.00%	68,276,725	65,697,011	3,196,051	10,258,334	8,151,060
2019	4.00%	72,075,555	69,081,505	3,610,386	11,267,591	8,746,600
2020	4.00%	76,130,186	72,311,797	4,434,725	12,333,872	10,045,519
2021	3.00%	79,750,483	73,985,654	6,381,164	17,485,051	8,527,695
Recommended Target in 2017				\$ 4,741,881		
Recommended Target in 2021				\$ 5,288,842		
Recommended MINIMUM Target in 2017					\$ 12,536,352	
Recommended MINIMUM Target in 2021						\$ 13,585,111

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