



# Rate Proposal Overview & Engagement Process Updates

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# OBJECTIVES & TAKEAWAYS



- **WE ARE TAKING ACTION POST-WINTER STORM URI**
- **CHANGING CIRCUMSTANCES SINCE OUR LAST RATE REQUEST 8 YEARS AGO**
- **KEY AREAS OF PROPOSED INVESTMENT**
- **CUSTOMER IMPACT**
- **ENGAGEMENT PROCESS**

# WE ARE TAKING ACTION

## WINTER & EXTREME WEATHER PREPAREDNESS



**Fighting for our  
Customers**



**Improving Grid  
Management**



**Hardening Critical  
Infrastructure**



**Collaborating  
with SAWS**



**Partnering with  
CoSA & CEP**



**Improving  
Communication**



We will continue to work to improve our ability to be **Resilient** in the most extreme conditions.

# PROVIDING GREATER VALUE

## CHANGING TIMES



2014

2021

*Over \$906M in Cost Savings since 2010!*

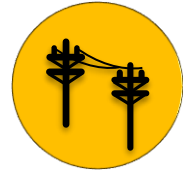


**+125,000  
Electric  
Customers  
(+17%)**

**+36,000  
Gas  
Customers  
(+12%)**



**+222 MW  
Peak  
System  
Demand**



**+1,500  
Miles of  
Electric  
Lines**



**+1,250  
Miles of  
Gas  
Lines**



**+\$1 Billion  
in  
Assets**



**+280,000  
Additional  
Customers  
Enrolled in  
Manage My  
Account**



**+8,000%  
Increase in  
Cyber Data  
Breaches  
Worldwide**



**Aging  
Technology  
Platforms**



**~300  
Fewer  
Employees**

**Our customers' needs & expectations have evolved over the last 8 years, increasing our obligations to serve them.**

# PROPOSED RATE REQUEST



**Base Rate  
Increase**<sup>(1)</sup>

**3.85%**

**Revenue  
Increase**<sup>(2)</sup>

**~\$73M**

*Rate increase planned for March 1, 2022 effective date.*

**This Rate request is focused on emphasizing near-term investments & creating immediate financial stability.**

(1) Applies only to base portion of bill & does not apply to fuel & regulatory charges.

(2) Represents annualized amount. FY2023 actual revenue increase of ~\$67M due to start in March (only 11 months).

# WHAT IS INCLUDED?



<b>Infrastructure Resiliency</b>	<ul style="list-style-type: none"><li>• Generation &amp; distribution projects to support operations during extreme weather</li></ul>	<b>\$31M</b>
<b>Technology</b>	<ul style="list-style-type: none"><li>• Design the future state of our technology platform</li></ul>	<b>\$15M</b>
<b>Growth</b>	<ul style="list-style-type: none"><li>• Support to keep up with our community's continued strong growth</li></ul>	<b>\$14M</b>
<b>People</b>	<ul style="list-style-type: none"><li>• Funding for stabilizing our staffing levels</li></ul>	<b>\$13M</b>
		<hr/> <b>~\$73M</b>

**The rate request supports the incremental critical investments needed to continue serving our community.**

# WINTER STORM URI FUEL COSTS



*We have paid \$418M in reasonable, validated fuel costs for Winter Storm Uri. We propose recovering these costs over 25 years beginning on March 1, 2022 through the fuel adjustment on bills.*

**Annual  
Cost**

**~\$24M**

**Residential  
Bill Impact<sup>(1)</sup>**

**~\$1.26/mo.**

**We are still disputing ~\$587M in  
Winter Storm Uri fuel costs.**

(1) Paid Winter Storm Uri costs will be recovered as a kWh/CCF adder; bill impact depends on usage.

# TOTAL AVERAGE RESIDENTIAL BILL IMPACT



	<u>Avg. Bill Impact \$</u>	<u>Total Bill Impact %<sup>(1)</sup></u>
<b>Base Rate Increase:</b>	<b>~\$3.84/mo.</b>	<b>2.5%</b>
<i>(3.85% base rate increase equivalent to ≈ \$73M annually)</i>		
<b>Winter Storm Uri Fuel Costs:</b>	<b>~\$1.26/mo.</b>	<b>0.8%</b>
<hr/>		
<b>Total Bill Impact<sup>(2)</sup>:</b>	<b>~\$5.10/mo.</b>	<b>3.3%</b>

(1) Includes base revenue + fuel & regulatory revenue.

(2) Represents system average bill impact to residential electric & gas customers.



# AFFORDABILITY DISCOUNT PROGRAM (ADP)



## Recommendation: Offset proposed base rate increase

- Increase enrollment funding by ~**14,000 electric customers** to 65,000
- Increase customer discount to **\$16.14 per month**

## Proposed Discount Statistics:

			Combined	
	Electric	Gas	Month	Year
Current Discount	\$8.55	\$3.75	\$12.30	\$147.60
Additional Proposed Discount	<u>\$3.12</u>	<u>\$0.72</u>	<u>\$3.84</u>	<u>\$46.08</u>
<b>Total Proposed Discount</b>	<b>\$11.67</b>	<b>\$4.47</b>	<b>\$16.14</b>	<b>\$193.68</b>

**The ADP discount will be increased to mitigate the impact of the potential rate increase on ADP customers.**

# COMMERCIAL TOTAL BILL IMPACTS

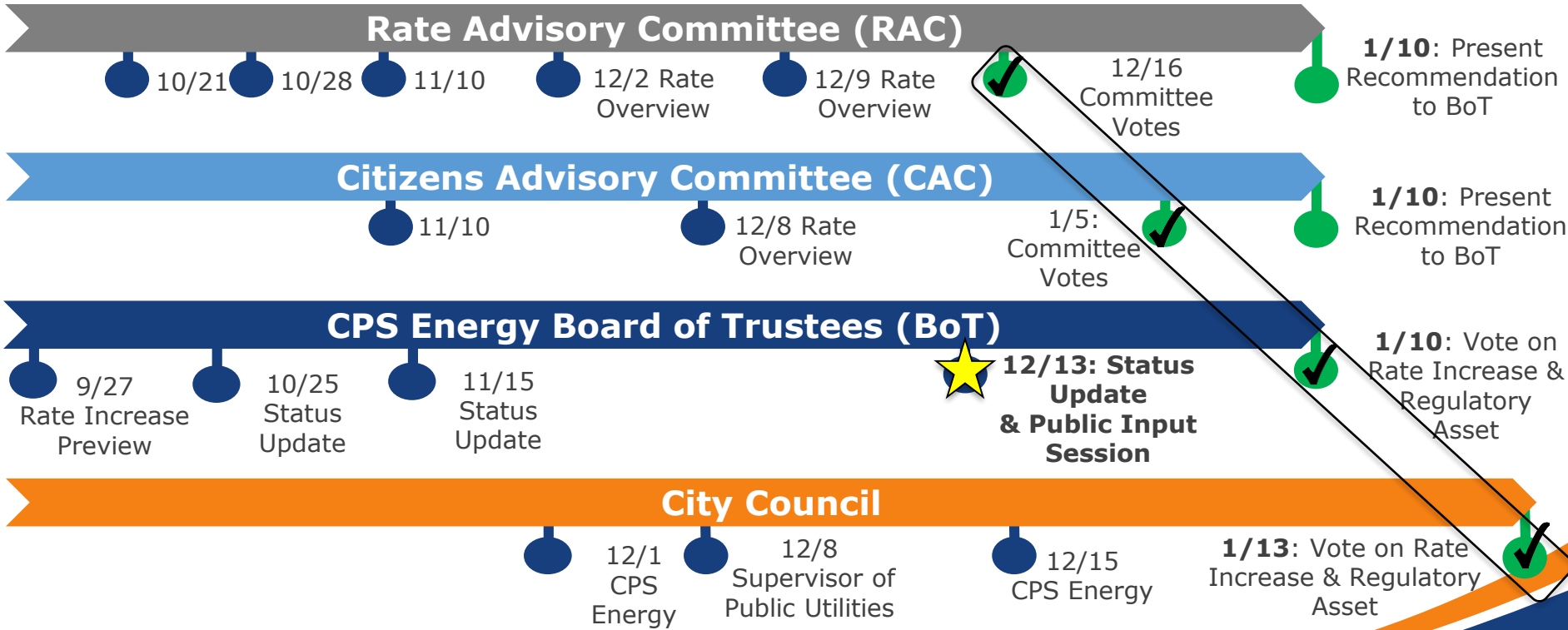
## INCLUDING WINTER STORM URI RECOVERY



Customer Group	Average Change/Month	
<b>Electric</b>	%	\$
<b>Small Commercial</b>	~3.6%	\$20
<b>Large Commercial</b>	~3.7%	\$412
<b>Extra Large Commercial</b>	~3.7%	\$2,730
<b>Super Large Commercial</b>	~3.8%	\$16,581
<b>Gas</b>	%	\$
<b>Base Commercial</b>	~5.4%	\$9
<b>Class B</b>	~5.7%	\$60
<b>Large Volume</b>	~4.8%	\$801

Note: New bills assume a 3.85% base rate increase; bill impacts include Winter Storm Uri regulatory asset recovery which is still pending approval.

# TIMELINE



**Legend**

- Launch
- Meeting
- Recommendation
- Votes

# STAY INVOLVED & CONNECTED



## Special Board Meeting

- January 10, 2022 @ 3:30PM

## Tele-Town Hall

- December 14, 2021 @ 6:30PM

## Rate Advisory Committee

- [cpsenergy.com/rac](https://cpsenergy.com/rac)

## Customer Assistance Programs

- [cpsenergy.com/assistance](https://cpsenergy.com/assistance)

## Utility Assistance Fairs, ARPA Events, Council Member Townhalls, & more

- [cpsenergy.com/events](https://cpsenergy.com/events)

## Social Media

 CPSEnergy	 Cps_energy
 @Cpsenergy	 CPS Energy



Community Event



Utility Assistance Fair



***Thank You***