

ATTACHMENT 3

COST ALLOCATIONS AND RATE DETERMINATION FOR PROPOSED FY2020 GRID ACCESS CHARGE

Proposed FY2020 Grid Access Charge Cost Allocations and Rate Determination

PWP has identified a \$12.3 million shortfall in FY2020 revenue requirements classified as Customer and Distribution and Costs. A significant portion of the Distribution revenue requirements are fixed monthly costs. For example, Distribution revenue requirements for debt service will be \$11.5 million in FY2020.

PWP is proposing to recover \$10.3 million of the FY2020 Distribution revenue requirements from a new monthly, fixed Grid Access Charge. This amount is less than both easily identifiable fixed Distribution revenues requirements and the overall revenue shortfall anticipated for FY2020 under PWP's current rates.

To determine the proposed monthly charges for each customer class, PWP allocated the \$10.3 million annual revenue requirement to each customer class based on cost allocation factors determined in the 2013 Burns & McDonnell Electric Cost of Service Study and Rate Design Study that continues to guide PWP's current electric rates. Dividing the annual revenue allocated to each class by the number of customers in that class yields the proposed Grid Access Charges for FY2020 as shown in Table A3-1.

**Table A3-1
Determination of Grid Access Charge Rates**

Customer Class	Distribution Cost Allocation Factor	Allocated Revenue Requirement (\$000/yr)	Number of Customers	Proposed Grid Access Charge ¹ (\$/mo)
Residential	30%	\$3,090	57,500	\$4.50
Small Commercial	15%	1,545	7,600	17.00
Medium Commercial	25%	2,575	900	250
Large Commercial	30%	3,090	165	1,500
Total	100%	10,300	66,165	

¹ Proposed charge based on rounded results