

Summer-Winter Rate Differential

Should the summer-winter rate differential be restored?

Background

City Light had higher winter rates and lower summer rates from August 1980 through February 2001, a period of about 20 years. The differential was based on the differing cost of energy during the two seasons. When seasonal rates were first implemented, there were eight summer billing months and four winter billing months. Since March 1997, there have been six months in each billing season.

During the 2000-2001 financial crisis caused by extremely high wholesale West Coast energy prices and the concurrent Northwest drought, the seasonal rate differential was dropped. As of March 1, 2001, winter rates were increased and these rates became year-round rates. The only vestige of the seasonal differential remains in the energy block sizes of residential rates; more energy is offered at the lower block prices in winter than in summer. Currently, April-September constitutes the summer billing period and October-March is the winter billing period.

City Light is currently analyzing whether there is now a sufficient cost differential between months of the year to justify going back to seasonally differentiated rates. If a sufficient cost differential is established, it is also possible that the number months in each seasonal billing period will not be six and six; e.g., there could be nine and three, seven and five, etc.

Alternatives:

1. Eliminate all seasonal differences in rates, including seasonally differentiated energy block sizes in the residential rates.
2. Re-establish seasonally differentiated rates to reflect seasonal energy cost differences. Decide on residential block sizes as a separate issue.
3. Maintain the current non-seasonally differentiated rates, as well as seasonally differentiated block sizes in residential rates.