

Issues Identified for Subsequent Rate-Review Workshops February 15, 2005

Revenue Requirements

Initial list:

- Financial Policies
 - variability allowance
 - bond reserve or insurance product (surety bond)
 - size of Contingency Reserve
 - target for debt/capitalization ratio
- Increased charges for new loads: How big? How much?
- Assumptions underlying wholesale revenue distribution

Added at the meeting:

- Alternate ways of dealing with variable wholesale rates
- Rules for using the Contingency Reserve
- Policy related to long-term versus short-term contracts
- Avoidable cost at various levels of reliability
- Capital plans overall
- Capital adequacy given economic upturn
- How growth is paid for
- Bush BPA proposal

Cost Allocation

Initial List:

- MC Share allocation methodology
- Network rates
- Suburban rates
- Low-income rates
- Gradualism

Added at the meeting:

- Cost allocation for conservation (broken out by class) and who benefits
- Expandability of network rates to other areas
- Other low-income customers

Rate Design

Initial list:

- Residential rate blocks
- Residential basic charge

- GS demand charge
- GS power factor charge
- GS Rate Options
 - Interruptible rate
 - market indexed rate

Added at the meeting:

- Impact of energy code
- Load shedding (interruptibility) credits, eligibility, notification for interruption, and potential impacts on downtown air quality
- Penalty structure
- (Posted on a card after the meeting) Rates are currently too low to support development of new technologies that can reduce energy demand. Higher rates (GS) could better support investment in these technologies (solar, wind, geothermal, fuel cell)
- Means of taking delivery