

Topics in Cost Allocation - I

Presentation to the Energy Committee

Tony Kilduff, April 08, 2015

Denny Substation – A Test Case

The Committee has asked:

“How would rates be different if the portion of the new Denny Substation that will support the South Lake Union network were to be allocated to network customers?”

Some Basics - I

- City Light has 14 load-serving substations
- Three serve the main downtown network
- 11 do not support any part of any network
- The new Denny Substation will eventually support both a network to be built in South Lake Union and non-network parts of the City

Some Basics - II

To answer the question without a great deal of detailed analysis, we made the following simplifying assumptions:

- The Denny Substation will be fully committed to the network; and
- Loads and Revenue Requirements are those currently assumed in the Strategic Plan for 2016.

Some Basics - III

Denny's planned capacity is 225 MVA

Total substation capacity (including Denny) will be 4,188 MVA

Thus, Denny is $225/4,188 = 5.4\%$ of total substation capacity of the system in 2016

Some Basics - IV

Total Revenue Requirements for substations in 2016 is \$41.1 million. 5.4% of that is \$2.2 million

Allocating that amount to the 2016 costs for the ***existing*** downtown network (since we do not yet have a South Lake Union network) gives the following change in rates:

Change in Rates

	Residential	Small GS	Medium GS	Large GS	High Demand	Street lights
Seattle Non-network	-0.2%	0.0%	-0.3%	-0.3%	-0.3%	-0.1%
Seattle Network			1.5%	1.6%		
Shoreline	-0.3%	-0.3%	-0.3%	-0.3%		
Tukwila	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	
Other Suburbs	-0.3%	-0.3%	-0.3%	-0.3%		

Questions?

Next Steps?