

Glasgow EPB Advisory Council, May 11 Meeting Minutes

The first meeting of the Glasgow EPB Advisory Council was held at 5 p.m. May 11, 2017 at the Mary Wood Weldon Memorial Library, 1530 S. Green St., Glasgow, Kentucky.

The meeting was called to order by facilitator John Sterling, Senior Director of Research and Advisory Services for the Smart Electric Power Alliance (SEPA), and was recorded by K Kaufmann, SEPA Communications Manager.

Present at the meeting were Advisory Council members Candy Wethington, Debbie Biggers, John Bowles, Joe Downing, James Estes, Owen Lambert and Sherri Myers. (Council member Christine Bennett was unable to attend.) In addition, Nick Lenssen, Senior Advisor at E Source, dialed into the meeting via phone.

John Sterling started the meeting by setting out the agenda, beginning with the introduction of Council members and a brief discussion of ground rules for the session. He also covered the evolution of EPB residential rates from 2015, through the introduction of the new Infotricity and Alternative rate structures in 2016

Nick Lenssen of E Source, speaking by phone, then presented the results of E Source's report on Customer Input on Glasgow EPB Rates, based on a total of 245 written and oral comments received via an online survey, the U.S. mail and a March 2 Open House.

John Sterling then made a presentation providing an overview of how the electricity grid works, the different kinds of utility rate structures in use across the United States, and how they are developed and implemented.

Note: The slide decks for both John Sterling's and Nick Lenssen's presentations are available upon request from kkaufmann@sepapower.org.

He then facilitated a discussion among the Council members about their reactions to the information, and whether they had any thoughts about potential changes to the current EPB rate structures. He reminded Council members that they did not have to make decisions during the meeting; the point here was to explore what changes might work for them.

Key points during this conversation included --

- Repetition of concerns voiced at the March Open House:

- Unpredictability of the current approach to peak demand times, and the impact that has had on daily quality of life issues for Glasgow residents, particularly those on fixed income or with medical issues.
 - Regardless of individual efforts to conserve, “you can’t beat the peak.”
 - Potential cost shifting from commercial and industrial customers to residential customers.
- Some of the potential suggestions for modifying current EPB rates:
 - Having a set peak time where rates are higher/”punitive” -- for example, 3-6 p.m. every day. (Time of use approach)
 - Critical peak approach, where peak only occurs when utility calls “an event” to cut demand.
 - Incremental approach to customer or demand rate increases, so increases are staggered or phased in over a three-year period.
 - Incline rate structure for demand or customer charge based on customer usage and/or peak; that is, low-use customers would pay a lower customer charge than higher-use customers. The challenge here would be setting the tiers to ensure balance with utility risk.
- Need for more clarity on relationship between TVA peak charges for EPB and if or how those charges are filtered down to customers.
 - Interest expressed in reviewing the proposal from Office of the Attorney General on use of a critical peak pricing structure, in which if the utility calls an event, a premium high rate would be charged, as opposed to time of use rates where there is a daily peak with higher rate.
 - Can Glasgow rates be compared to rates from other parts of the state with different utilities -- investor-owned or electric cooperatives? It’s not an apples-to-apples situation.
 - Cost of service studies -- how often they are done (for example, every three years), and could a new one be done for any recommendations from the Council? Note: Cost of service is different from a utility’s financial reports.
 - Council members understand the importance of EPB recovering costs as key to its ongoing financial viability; they expressed a sense of community ownership; the EPB is their utility. Suggestions should not result in having too many different rate structures, which would be expensive and difficult to implement.

The Council agreed on two initial suggestions for improvements:

- 1. Predictability** – More certainty on how and when specific charges apply would allow customers to better prepare for and become accustomed to the rate structures. The Council did not recommend any individual method by which to achieve predictability, but several ideas were discussed and left open for the second meeting. (See second bullet above.)
- 2. Tiered Customer Charge** - The Council identified a tiered inclining block for the customer charge as a way to mitigate the rate shock for low-usage customers.

For the next meeting, scheduled for June 15, John Sterling is going to organize a panel with experts from the TVA, Office of the Attorney General and other experts to go over various alternatives and answer any technical or legal questions Council members may have. Depending on the outcome of that meeting, a third meeting may or may not be necessary. If the Council decides on a third meeting, it would tentatively be scheduled for Tuesday, June 27.

Mr. Sterling closed the meeting by thanking the Council members for their commitment to working on the issues involved. Their thoughtful, respectful contributions to the discussions had been productive and resulted in potentially practical directions for change that would benefit the community.

The meeting was adjourned slightly before 7:30 p.m.