**Risks Management Meeting, November 19, 2018**

Committee Attendees: Frank Willett, Bill Pascoe, Julie Lindgren, Jim Rodgers, David Peterson (via telephone), Arleen Boyd. Board attending: Richard Nolan, Roxie Melton (via telephone), Telephone participants: Gary Saleba (EES), Gail Tabone (EES), Larry Martin (BEC Counsel).

Meeting convened at 2:10. The two primary agenda items were continued rate design education and plans to examine opportunities to provide members information and programs that support energy conservation.

EES Consulting President Gary Saleba led, via telephone, a discussion of rate design issues. EES Senior Associate Gail Tabone also participated by phone. Saleba’s presentation addressed questions from a committee list (copied below) with many additional questions and comments from attendees. EES experience with companies throughout the industry provides insight into changes being considered and implemented to separate energy costs from fixed costs in customer billing in order to support fair rates and strategic revenue requirements at a time when energy use is projected to continue to grow at a much lower rate than in the past.

BEC has a Cost of Service Analysis (COSA) scheduled for second quarter 2019. At her presentation in October Tabone noted that a COSA analysis of existing customer classes and their payments to cover their shares of co-op revenue requirements does not necessarily fully address rate design analysis that looks at alternatives for how to establish classes and rate structures to best accomplish strategic goals.

This report will be completed with details from the Saleba presentation, distributed before the board meeting and updated for the board meeting.

Arleen Boyd, Risk Management Co-chair.

Questions for Gary Saleba – Call-in meeting 11/19/18
What are the predominant trends in rate design? We hear about separating fixed costs from variable costs. How many co-ops (percentage) cover all fixed costs separate from billing for power?

Examples of successful rate design implementations over the past 3-4 years to separate energy costs from fixed costs? Examples of planned implementations? Examples of unusual approaches?

How are customers responding to shifts to separation of power cost from other costs?
How do customers respond to the use data they receive from digital meters? Are customers changing energy use or habits? Are younger customers responding differently from older (over 60) customers?

In transitions to billing full distribution costs separately from energy costs have small energy consumers been hurt? Have they objected? Have you seen a method for calculation of costs and benefits for large and small energy users?

Have you seen examples of co-ops creating a class for net-metered customers? Pros and cons? How about a class for seasonal members? Pros and cons?