Risk Management Meeting Synopsis
June 15, 2020

Committee attendees: Bill Pascoe, Frank Willett, Jim Rodgers, Dan Dutton, Arleen Boyd. Board and member participants: Dick Nolan, Ralph Lewis, Bruce Austin, Jim Movius, Gary Thompson, David Peterson (later phone input), Kevin Owens, Kaaren Robbins.

Agenda
- Meeting objectives and process – Arleen Boyd
- Introduction – Bill Pascoe
- Background. Why we can make the changes – Kevin Owens
- Presentation – Russ Schneider
- Report. Russ Schneider (with Bill and Kevin)
- Points and questions – Group, Russ, Bill, Kevin Owens. (Arleen intro/chair)
- Recommendation Discussion. Arleen chair/record. Bill lead discussion
  - Add periods with no system charge?
  - What periods?
  - Timing/implementation?

Meeting convened at 9:30. Objective to review report and slides prepared by Russ Schneider outlining calculated impacts of possible amendments to the rate design proposal recommended to the board and scheduled for a vote at the June 30 board meeting.

Bill Pascoe noted: The new report shows alternatives for maintaining a revenue neutral approach while allowing times when system demand charges would not be applied. Data collected and compared now (15% of meters) is much greater than that available when the initial report to the board was done and much more data will be available by April 2021 when a change would go into effect; demand units now are different from those in the COSA; the current report shows greater KW demand than averages in the COSA, generating greater revenue; with greater average demand the rate design can be implemented as revenue
neutral without collecting system charges all hours seven days a week to assess the 15-minute monthly peak for each member; limiting hours will require more data since limiting hours for system charges may have a negative impact on revenue – need to run numbers again for a proposed alternative not in the presentation list – with 10 substations additional numbers will need to be done by April 2021 when bills will have changes in effect.

Kevin Owens reported: NorthWestern Energy coincident demands cthat BEC is billed do not normally occur on Sunday, so there is no cost for BEC if member system charges are not applied on Sunday; he was not focused on capacity calculations to drive the alternatives; members have said that they do not want to change how/when they use energy for family chores to reduce system charges; Sunday without system charges could allow members to do high energy chores without charges; the charts in Russ’ presentation show peak use time comparisons clearly and some hours and days have low energy use while others show high BEC member coincident peaking.

Russ: Good data now at BEC; member use 7:00 A.M. to 9:00 P.M. account for 96.7% of residential demand at BEC; BEC and NWE have very similar coincident peaking with, new data, new demand estimates indicate $126,000 more revenue collected than calculated based on COSA demand numbers; peak hours 7:00-9:00 morning and evening for BEC close to NWE 7:00-9:00 morning and 4:00-7:00 P.M.; highest days Tuesday and Wednesday.

Russ Schneider’s Slide -- *Takeaways and Opportunities*

- All peak hour scenarios result in reduced system charge revenue compared to base
- All peak hour scenarios have less impact on revenue than the indicated higher demand levels
• Provides opportunity to make peak hour only system charge without raising rate components
• Potential to keep proposed rates, but add detail on applicable hours

Still advisable to follow implementation process and data checks

Bill Pascoe: proposal for two consensus proposals was approved by committee and group unanimously:
• System charge hours limited for residential and small commercial members with the impact on revenue calculated and workable for members and the co-op.
• BEC will run a revenue check in Q4, 2020 to verify meter data and confirm that adding full implementation of the system charges is revenue neutral for each class. The board could adjust the system charge hours or rates then if there is a significant variance from revenue neutrality. The process of examining the revenue impact of the rate design charges would be part of the BEC budget and planning process each year.

Discussion of what hours and days the system charges should be applied
Kevin:
Days -- Monday-Saturday best -- Sunday no charge due to no NWE coincident charges.
Times 7:00 A.M. through 9:00 P.M.

Bill: prefer 7:00 A.M. through 9:00 P.M. 7 days per week to secure revenue collection for substation peaks, but open to limiting times in off peak hours to allow members greater flexibility to control their system charges. Including all days and most hours allows for eliminating some system charge times later – Adding times is more difficult than reducing. Carve out early afternoon hours O.K., but not Sundays.
Jim Rodgers: Sunday peak hours look higher than 3 other days – would keep Sunday in. Bill supports general 7:00 A.M. until 9:00 P.M. – Limiting to 7:00 A.M. – 9:00 A.M and same hours in the evening allows members flexibility to tweak activity and does not require doing chores at midnight.

Dan Dutton: Prefer Monday through Saturday 8:00 A.M. through 7:00 P.M. – giving people a break after 7:00 P.M. works for members. Can change later if advisable.

Jim Movius: Simple is good – revenue neutral O.K. but not a primary objective – more revenue is safe for the coop and every year BEC may change revenue based on needs. Look hard at opening a break in the day. Like options E, J, and P.

Dick Nolan: Prefer every day but Sunday – hours based on calculations, no preference

Bruce Austin: Charges 7 days per week, two hours in the evening (4:00-6:00) one in the morning ending at 8:00. Hits peak demand times and helps members and small businesses manage system charges.

Ralph Lewis: Agree with Bill – agree with Bruce on 7-day billing

Gary Thompson: It is all about fairness -- supports alternative J strongly (7-11:00 morning and 4-8:00 evening)

David Peterson – (phone input) Approves some choice for members based on calculations that show revenue close to the assumptions and data discussed for the vote to do the rate change. Keep it simple so changes can be made later if necessary.
Next steps: Group And Russ agreed that Russ would run alternative Q data. Kevin noted that all scenarios can work according to the data and we could look at other options like Q.