RSM
Energy Procurement. Energy Management.
RESOURCE SUPPLY MANAGEMENT

How Georgia Power Can Improve its Rates

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1. **Rates are too complex – build in the short form**
   By inspection of most rate schedules a customer cannot tell what his demand charge is. In the PL family of rates the determination of the demand change requires calculation. GPC produces short forms for customers and its own commercial reps. Why not use the short form instead of the needlessly complicated multi-step tariff schedule.

2. **Realistic on-peak times for PL**
   The PL family of rates are an anachronism developed when interval metering was expensive and there was a morning spike in the system load. More modern rates such as TOU use an on-peak time based on the reality of the system peaks. PL customers can do more demand control when the amount of time to suppress the load is shorter.

3. **Include OP features inapplicable rates**
   Eliminate the OP rider, just build in the on-peak time into the applicable rate.

4. **Combine SLM and SCH**
   Ga Power actually proposed to do this in 2004. Older school buildings have long since changed their 1986 equipment.

5. **Make TOU and RTP available to general loads.**
   Have one TOU rate instead of a “Kroger” rate, a “Fast foods” rate, a ”service choice” rate and so on. Make it available to as many customers as feasible, metering-wise.

6. **Reduce qualifying demand levels for MLM, MT, and RTP**
   Drop to 100 kW. Modern metering can handle it.

7. **Eliminate the demonstration requirement for RTP**
   It’s a firm rate not requiring curtailment, only that the customer pay for high-priced hours. If any test is necessary it would be a showing that the customers is able to pay his bill if prices are high all month.

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8. **Use book value instead of replacement cost for buy-outs and access charges**
   When Georgia Power calculates a customer buy-out of excess facility charges, replacement cost is used. The Company has already collected annual depreciation on the equipment. The customer should be able to buy-out at book value.

9. **Tie capital recovery costs to demand charges, variable costs to commodity charges**
   Currently GA Power uses its cost-of-service to determine the cost each customer group causes in both capital recovery and operating cost. These are added and the total is used to raise both charges by the same percentage. Demand prices should properly reflect real costs. Proper demand costs will increase customer load control.

10. **Send proper price signals on fuel costs**
    Until such time as fuel cost are included in base rates, like already used in marginal cost rates, deficits and over-collections should be addressed quickly not timed around elections. Once fuel is included in base rates, hedging can be done at the Company's risk.

11. **Reduce riders, include in base rates**
    Ideally, all costs should be in base rates. Separated cost recovery mechanisms can have over-and under-collections that cannot offset one another.

12. **Excess facility charges should be actual maintenance costs**
    Right now EFCs are based on the carrying cost of the first-cost capital to provide additional facilities. These costs are not related to the Company's actual cost.

13. **The credits on the DPEC rate need to be adjustable**
    This rate is in effect a call option the customer sells to Georgia Power. The problem is Georgia Power sets rates every three years. Georgia Power sets the credits based market conditions at the time of a rate filing. These credits should be adjustable to meet changing market conditions.