



BOARD OF DIRECTORS

Reporting Item

April 19, 2022

ITEM

Rate Design Project

PURPOSE

To provide an update on the Rate Design Project

FACTS

- a. In response to the Finance Committee's interest in continuing a robust conversation on rate principle refinement at the District, the Rate Design Project was presented and agreed upon by the Finance Committee.
- b. The project includes an eleven (11) month engagement and outreach process to align on rate principles with customer preferences, and create a modern foundational document for future rate design.
- c. The objective of the project will be to align on principles that will guide future rate design in the near-term and also the long-term, so that OPPD is consistently working towards the long term goals for rates and also align on priorities to create a rate design roadmap. This roadmap will feed into the Biennial Rates Package that prioritizes rate work that supports OPPD's rate principles.
- d. The project is scheduled to start in April 2022 and be completed in February 2023.

RECOMMENDED:

DocuSigned by:

Jeffrey M. Bishop

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Jeffrey M. Bishop
Vice President and Chief Financial Officer

APPROVED FOR REPORTING TO BOARD:

DocuSigned by:

L. Javier Fernandez

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L. Javier Fernandez
President and Chief Executive Officer

JMB:bjs

Attachments: Rate Design Project Proposal

Rate Design Project

Jeff Bishop, VP Financial Services & Chief Financial Officer
April 19, 2021

Rate Design Project

Approach

- Develop a two- phase rate design process to align on the rate principles for OPPD that will guide future rate design



Phase 1:

- Duration: 11 Months

- Project kick-off: April
- Initial customer outreach: April - June
- Board sessions: June - August
- Identification of concepts: July – October
- Report out on concepts: October
- Additional customer outreach: October – January
- Report out of customer feedback: January
- Final report on rate design: January - February

- Phase 2:

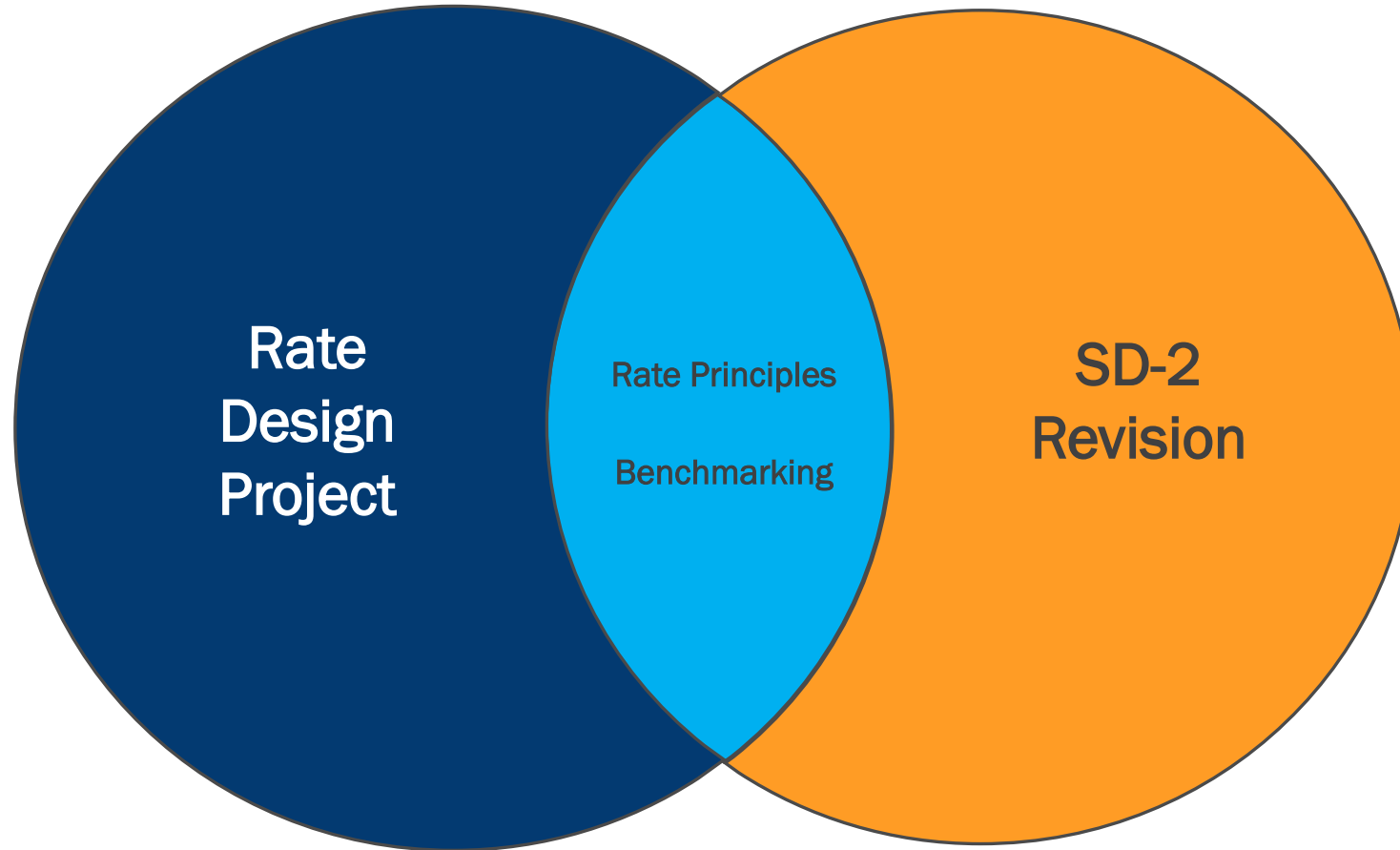
- Multi-year outreach, rate design, piloting, and implementation
- Phase 2 rate design will be executed through the biennial rate package process



-Focus of today's presentation.

Rate Design Project

Rate Design Project vs SD-2 Revision



Phase 1



Rate Design Project

Background for Phase 1

- Problem Statement:

In a time of dynamic technology, environmental concerns, and generation mix, OPPD is in need of a long term vision on rate design principles aimed to best serve and represent our OPPD customers and guide the organization's investment of resources, as well as guide future rate and product offerings.

- An 11-month engagement and outreach process will seek to align on rate principles with customer preferences, and create a modern foundational document for future rate design.

- Objectives:

- Align on principles that will guide future rate design in the near-term and also the long-term, so that OPPD is consistently working towards the long term goals for rates.
- Align on priorities to create a rate design roadmap. This roadmap will feed into the Biennial Rates Package that prioritizes rate work that supports OPPD's rate principles.

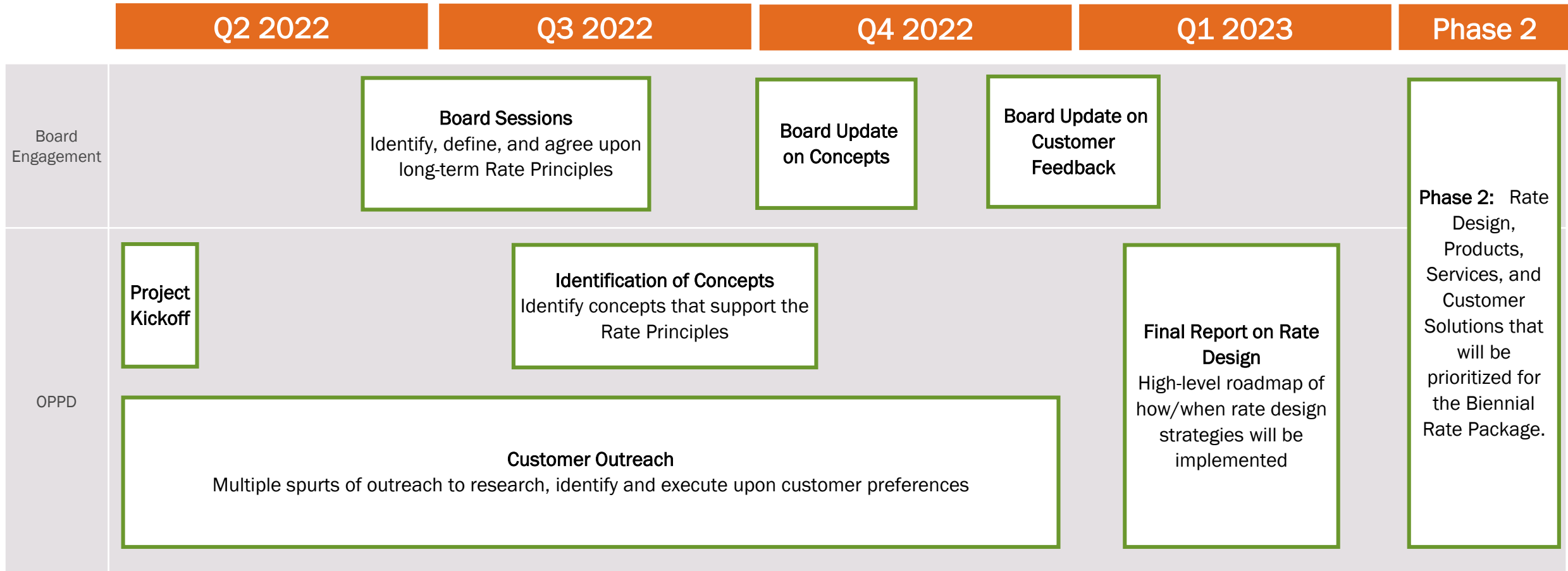
Rate Design Project

Phase 1: Internal Team Members and External Resources

Project Meetings	Meeting Objective	Frequency	Team Members	
Steering Committee	Review of progress for alignment and key decisions.	Monthly	Brad Seier – Financial Planning & Analysis Heather Siebken – Product Development & Marketing Kate Thomas– Corporate Marketing & Communications Tim O’Brien– Economic Development & External Relations Jim Krist – Customer Sales & Service	
Core Team	Core team checkpoints for iterative review, buildout of work and project progression status.	Weekly/ Bi-Weekly	Jessica de la Torre (PM) Beth Hoyle Paul Fortney Sarah Lake	Laura King-Homan Michael Leary Karisa Vlasek Jarrod Benson CS&G (TBD)
Subject Matter Experts	Individual discovery sessions with core team members and functional / process experts for review.	As needed	Corey Dejong Jen Iwanski Laurie Zagurski Nicole Luna Moe Hinnners	Steve Bruckner (Legal) Steve Sauer Wyndle Young TS (if needed) D&I (TBD)
External Resources	Consultants to facilitate and advise. Customer focus group to give feedback and input.	As needed	GDS Associates – Rate Principle and Design Consultant Needledrop – Customer Engagement Consultants Qualtrics – Customer Experience Research Firm The Brattle Group- OPPD’s Rate Consultant Power Panel, Next Generation LPPC members OPPD Customers	

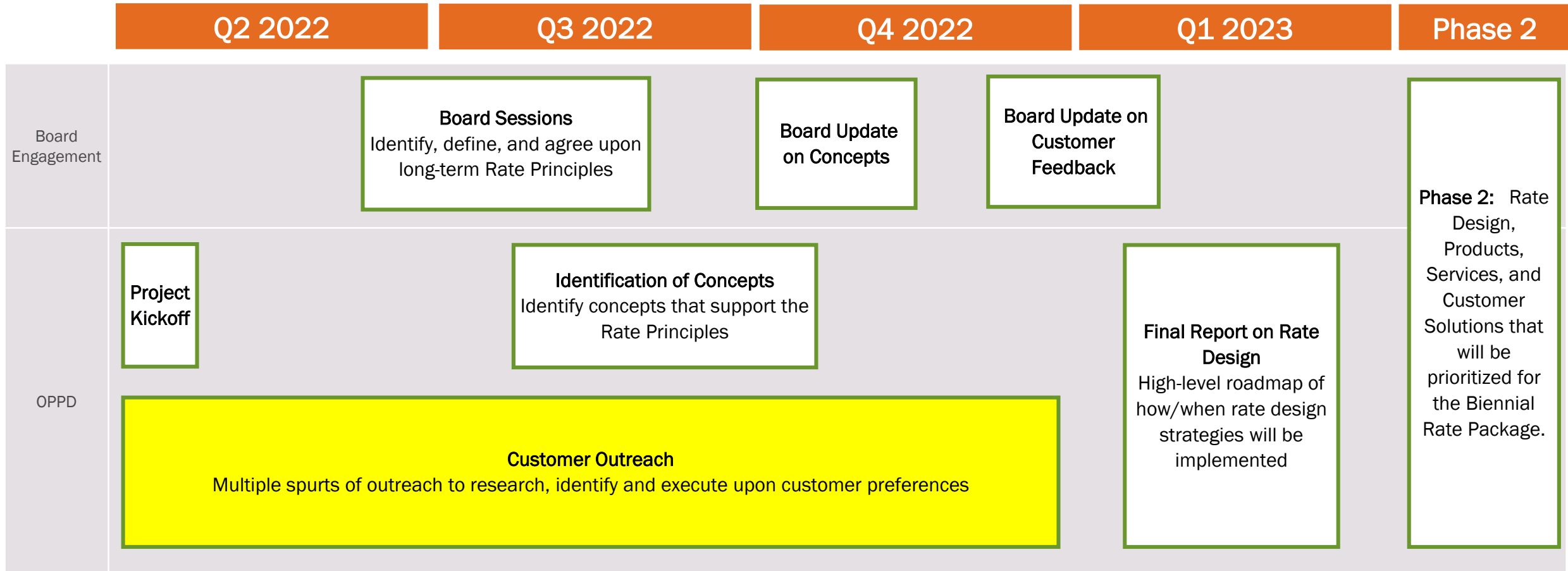
Rate Design Project

Phase 1



Rate Design Project

Phase 1



Rate Design Project

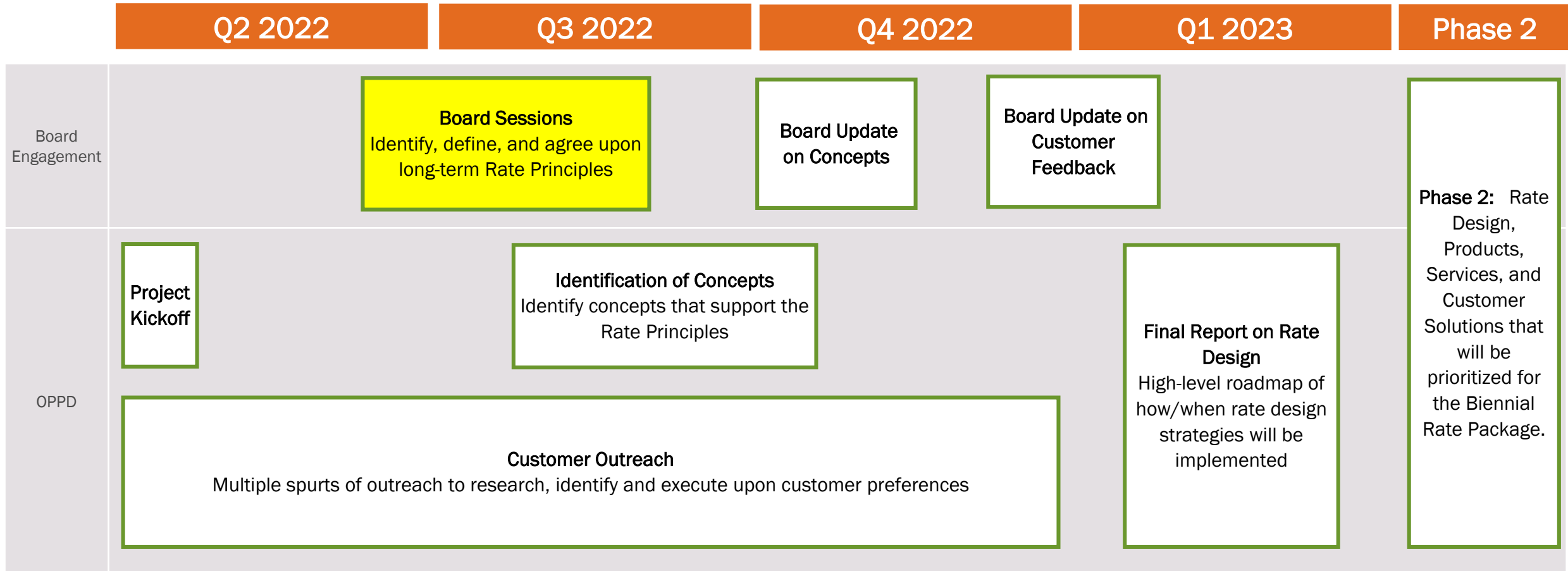
Initial Customer Research/Outreach

- To deeply understand our customer's values, attitudes and beliefs regarding the principles behind the price they pay for a good or service, and what drives those perceptions and thoughts.
- Results will be shared at Board sessions



Rate Design Project

Phase 1



Rate Design Project

Board Sessions with GDS/EES

- Board Sessions:
 - Three full day sessions
 - Facilitated by GDS Associates
 - In-person sessions
 - Conducted over three months: June - August
 - Attendees:
 - 8 Board members
 - Select ELT members
 - Legal
 - Steering Committee and Core Team
- These sessions will be available to the public through Webex
- The public will be able to leave comments through OPPD Community Connect on the Rate Design Project Page

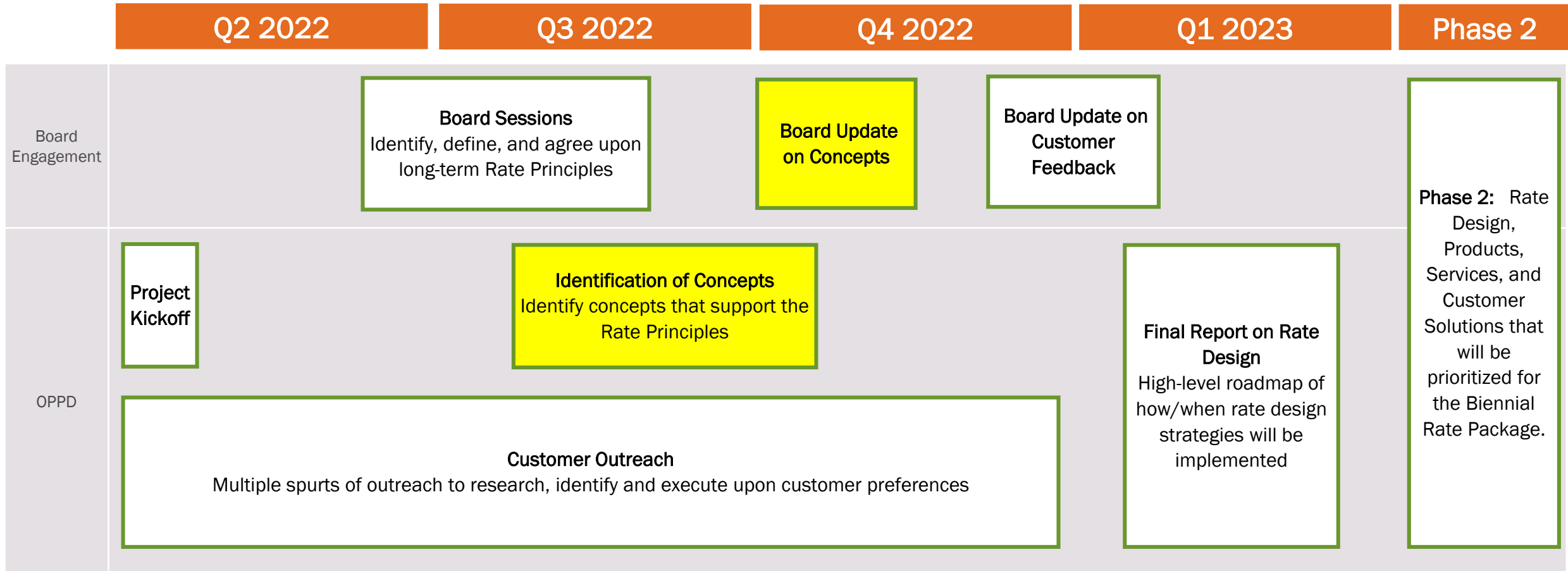
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Board Sessions with GDS/EES

- Preliminary topics for the 3 sessions:
 - Current Status of utility rate setting
 - Current principles in SD-2
 - Outline principles for rate setting for OPPD
 - Customer Research/Outreach results
 - Define Generally Accepted Rate Setting Practices (GARP) for OPPD
 - Overview of current rates
 - Overview of rate trends
 - Benchmarking against other utilities
 - Alignment with PF 2050
 - Understanding current shortcomings and discussing areas of concern
 - Refine and agreement on the rate principles
- **As a result of these sessions, the Board will identify and have an agreement on the recommended rate principles to be used for future rate design**

Rate Design Project

Phase 1



Rate Design Project

Identify Concepts

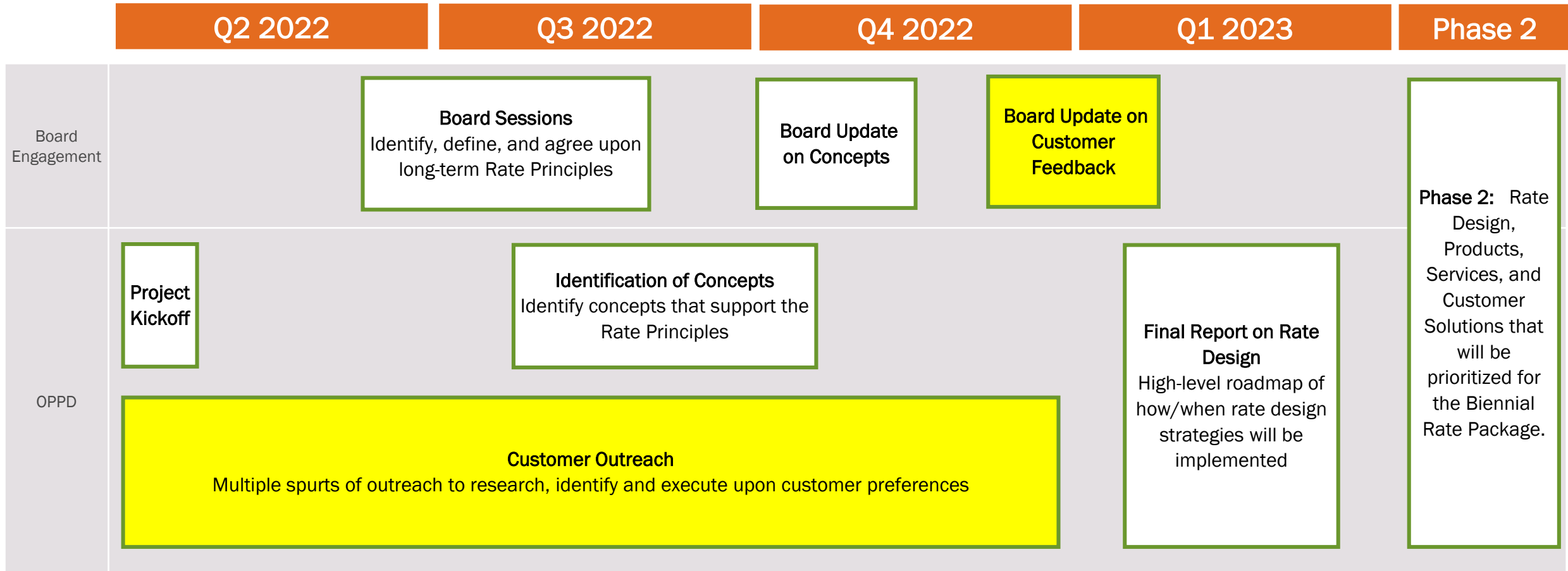
- Now that the Principles have been identified, defined, and accepted by the Board, the next step is to identify the concepts to be achieved through rate design, products, services, or solutions.
- The core team will identify the concepts, that support the Principles, based on the Board sessions and also the customer engagement that was summarized for the Board sessions. The concepts will be presented to the Board before they go through the additional customer outreach.

Examples (based on current SD-2 Principles):

Rate Principle	Concept
Simple and Easy to Understand	Redesign bills/Customer Education
Pursue rate structures to reflect the cost of energy when it is used	Time of Use Rate/Tiered Service Charge/EV
Offer Flexibility and Options	Green Option

Rate Design Project

Phase 1



Rate Design Project

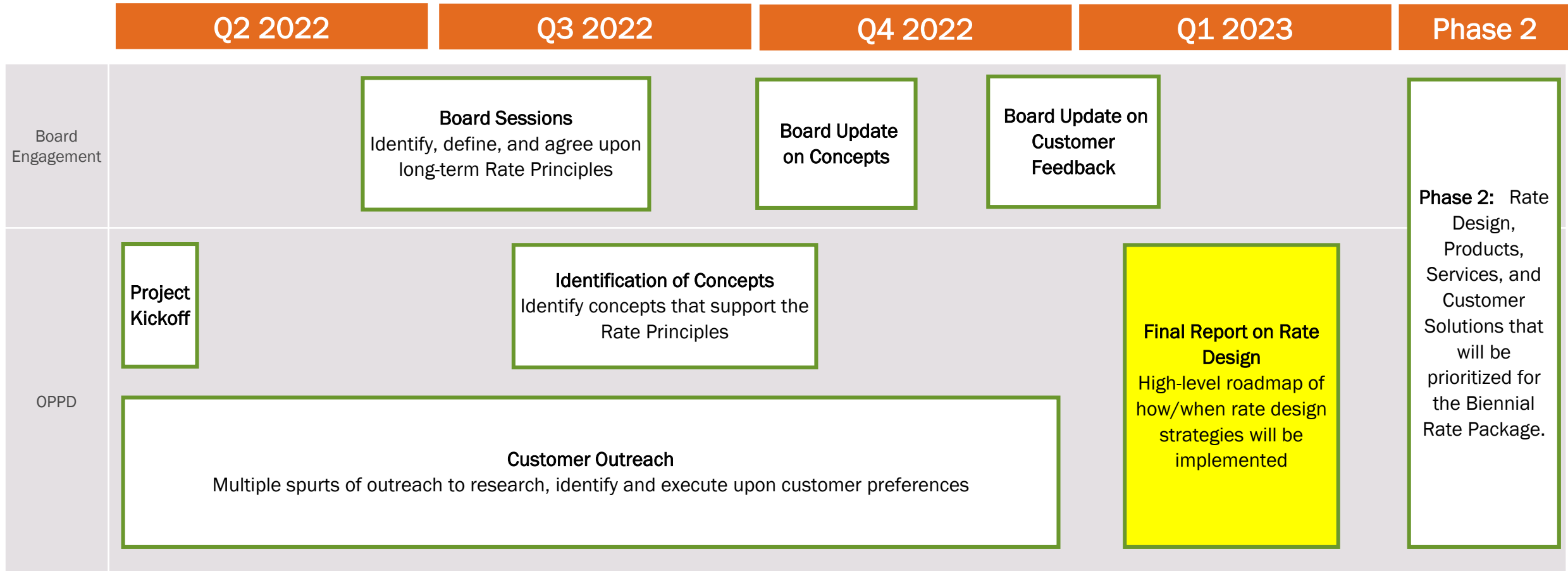
Outreach and Rate Design Analysis

- Utilize multiple outlets to gather feedback from both internal and external customers on the concepts identified
- The core team will put together recommendations on the concepts that will be prioritized for Phase 2 based on the feedback through all outreach channels and present the recommendations to the Board. This could include multiple concepts.



Rate Design Project

Phase 1



Rate Design Project

Final Report on Rate Design

- The Final Report on Rate Design will document:
 - The Rate Principles accepted by the Board
 - The concepts that were identified and how they support the principles set by the Board
 - Customer outreach that was done to gather feedback on the concepts
 - What rate design strategies (concepts) were recommended and will move forward to Phase 2 and into the Biennial Rate Package
 - High level roadmap of how/when the rate design strategies will be implemented

Questions