



# Questions from Rate Advisory Committee Meetings

## Consolidated Working Groups

**Question asked by:** Reed Williams

**Date question asked:** September 23, 2021

**Date question answered:** October 19, 2021

**Question:** When we are talking about the rate the fuel cost adjustment is not in the rate. So, when you are talking about the total 10% - that is the rate increase and what's getting passed through the fuel adjustment. Correct?

**Answer:**

The short answer is – Yes!

All of the drivers of the currently estimated 10% rate increase are included!

### DRIVERS OF RATE INCREASE



		Financial Impact		
		Revenue Forecast (Sources of Revenue)	Revenue Requirements (Uses of Revenue)	
Revenue Pressure	Slower organic revenue growth	↓		• Customer growth mostly offset by lower average consumption
	Reduced wholesale revenue opportunities	↓		• Greater generation capacity in the market driving lower market prices
	Receivables pressured by pandemic	↓		• Customers' ability to pay is reduced by pandemic-related financial pressure
Cost Pressure	Higher operating expenses		↑	• Higher materials & equipment cost; higher employee-related cost
	Increasing need for capital investment		↑	• Resiliency & reliability; growth of the community
	Winter Storm Uri fuel costs		↑	• Paid reasonable costs; still fighting unconscionable costs
	Lower liquidity/cash		↑	• Impacts cost of borrowing