



COST OF SERVICE STUDIES

While discussing interactions with CMPAS, Joel Grejtak, city of Fairfax’s electric superintendent and CMPAS board member remarked, “The way CMPAS’ leadership and staff have placed members needs at the center of everything they do makes us feel fantastic.”

Putting members first, CMPAS proactively arranges for each member to complete a rate study every 3 to 4 years. This study shows utility leaders what level of revenue requirements are necessary to cover the cost of providing electric service to each customer class. The rate study is provided as a member benefit at no additional cost.

The electric industry as a whole is quickly changing with new federal and state laws, energy market and transmission rules, and customer requests for self-generation interconnection. Customers are also changing how they use electricity. All of these changes could impact the equitable distribution of rates among customers.

The City of Fairfax conducted a rate study in 2016 and is undergoing a study in 2020. With the electric industry changes and customer preferences shifting, a rate study can define the impact of change and help utility leaders position their city for economic vitality. Over time, these trends could unintentionally impact the equitable distribution of rates among classes. Periodic rate studies help avoid a dramatic change in rates to customers.

After reviewing its 2016 study, the Fairfax city council established a three-phase customer charge in its

commercial class to recover some of the additional costs of providing this upgraded service. This modification allows the utility to provide services to customers with specialized needs while minimizing the impact to other ratepayers.

A strong relationship with its joint power agency means that cities like Fairfax can focus on projects to provide better services and attract economic development. Nicholas Johnson, Fairfax’s City Administrator, commented, “Sometimes economic development means you take care of the little things so that the big things can take care of themselves. To be successful at economic development, you need to keep your city looking bright and fresh while providing reliable utility services.”

Rate studies position utilities to modernize utility infrastructure and make targeted investments to compete in the energy marketplace. CMPAS works hard at its mission to put members first so that their communities can move forward knowing that their electric utility is competitive and getting the attention it needs.