



# MMLD Public Information Meeting December 15, 2022

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# Agenda

1. MMLD electric rate restructuring - January 2023
2. Winter Reliability 2022-23 – explaining the low possibility of rolling blackouts in response to an ISO-NE emergency “load shed” directive.



# Recognition to Contributors

- Utility Financial Solutions – Holland, Michigan
  - Dawn Lund
  - Chris Lund
- MMWEC – Mass. Municipal Wholesale Electric Company – Ludlow, Mass
  - Matt Ide
  - Justin Connell
  - Dean Clark



# Electric Rate Restructuring...Why?

1. A way to better align our electric rates with our operating expense mix:
  - **Base rates** to better recover our fixed costs
  - Variable, KWH-based **electric energy rates** to recover our variable wholesale energy costs



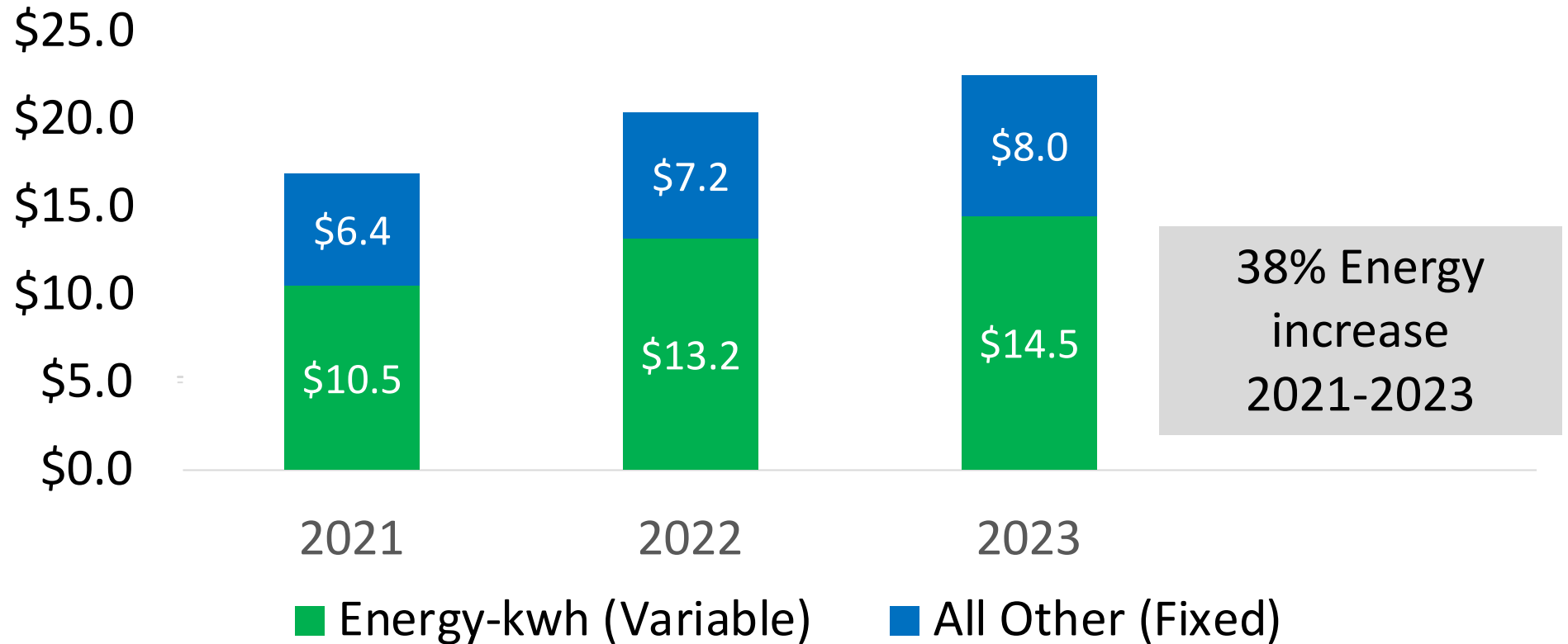
# Base Rate Charges

- Designed to recover a portion of the fixed distribution costs
  - Meter system operations costs
  - Monthly customer billing costs
  - Customer Service, Engineering, and Management staff
  - New & upgraded service drops
  - Pensions, Benefits, Depreciation expense contributions
- Nation-wide utility trend today to increase fixed cost customer charges to help stabilize revenue.
- Reduce current rate subsidies to seasonal and variable users.



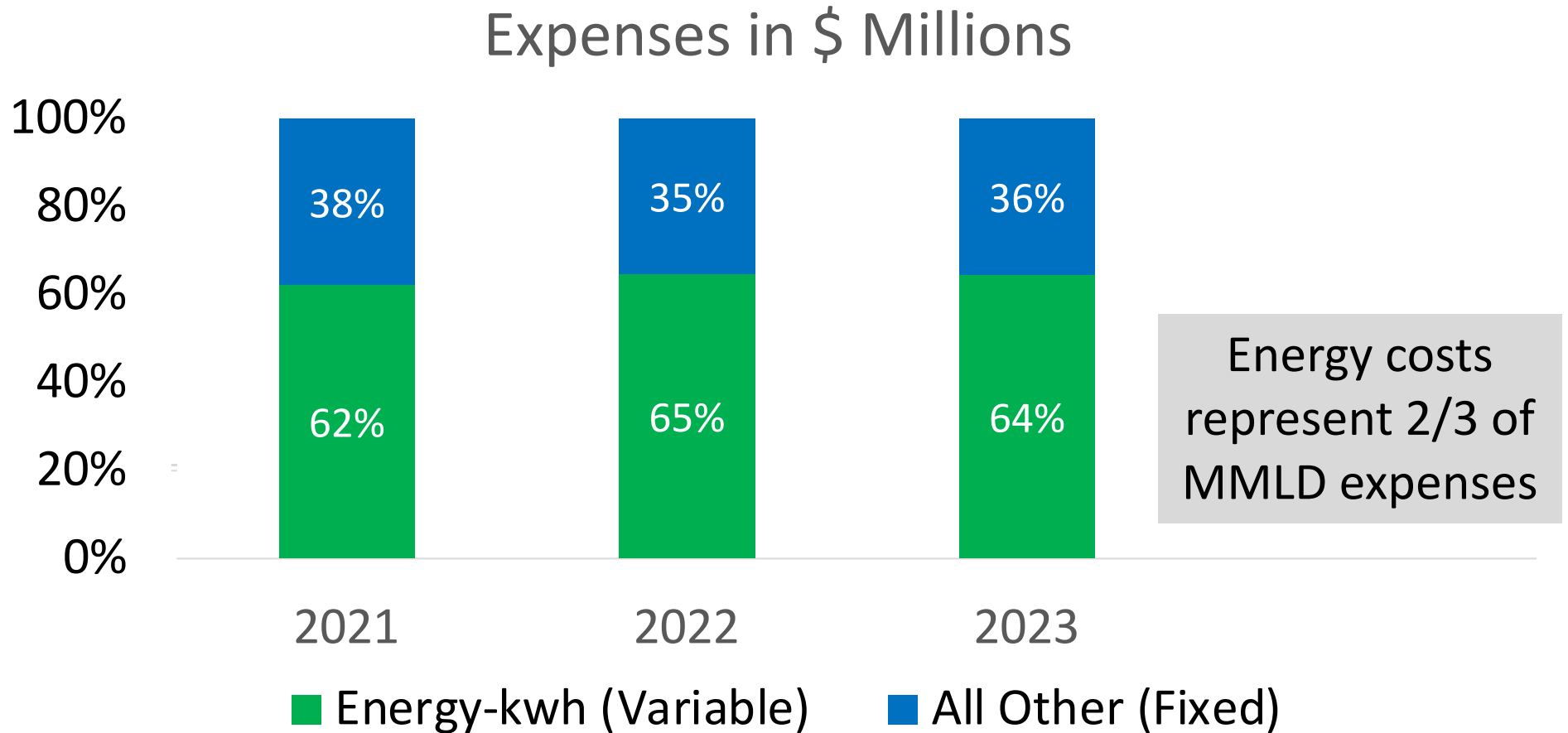
# MMLD Annual Expenses 2021-23

Expenses in \$ Millions





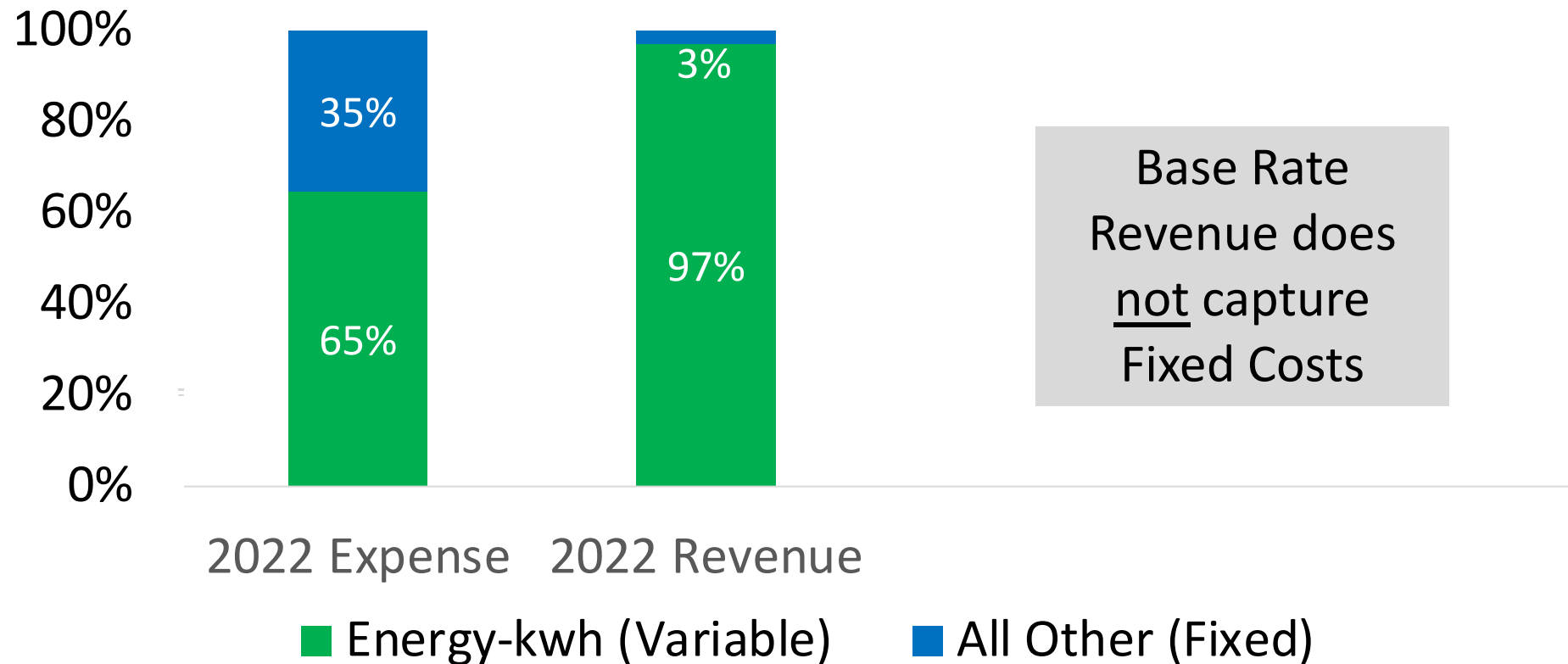
# MMLD Annual Expenses 2021-2023





# MMLD 2022 Revenue vs. Expenses

Comparing Fixed vs Variable Revenue & Expenses

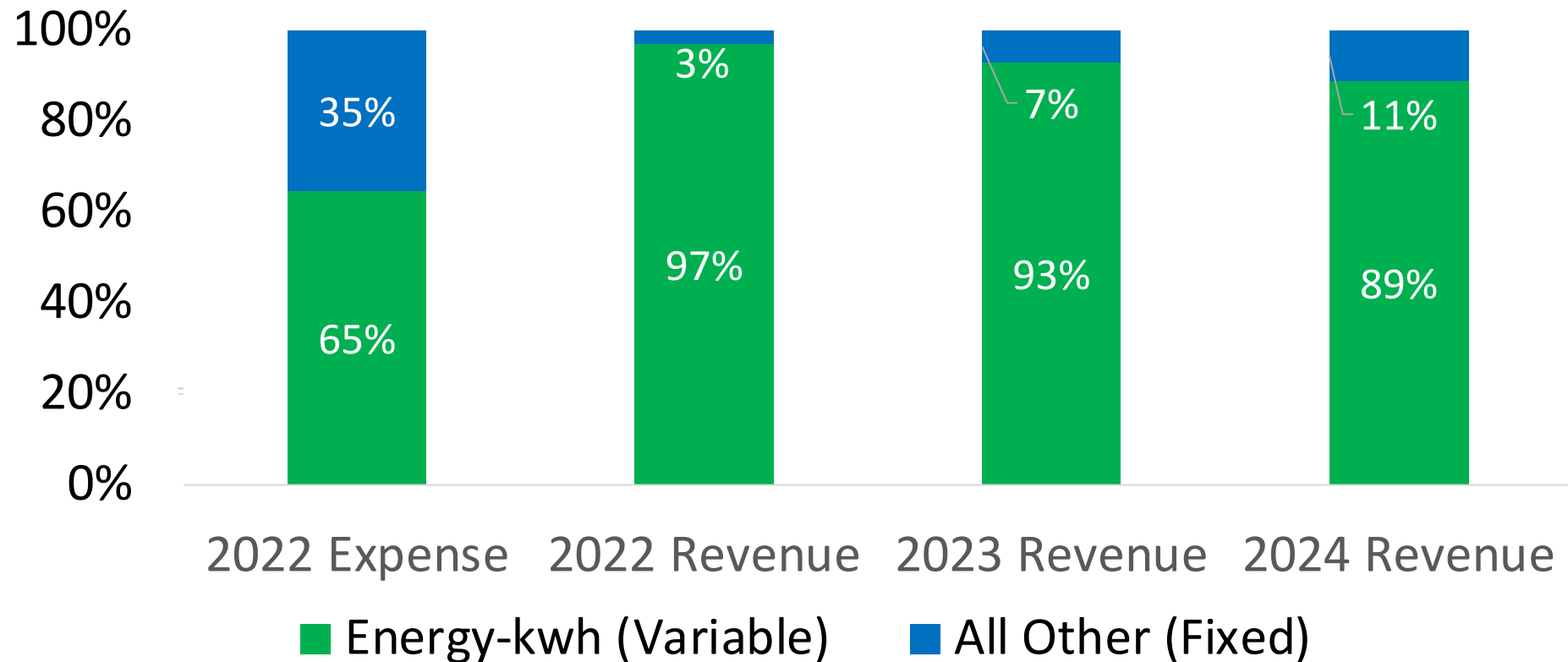






# MMLD 2022 Revenue vs Expenses

Comparing Fixed vs Variable Revenue & Expenses





# Base Rate Planned Changes

Customer Class	Total Customers	Current Base Rate	2023 Base Rate	2024 Base Rate	
Residential	8,915	\$4.25	\$11.25	\$18.50	
Small Commercial	1,268	\$5.00	\$18.50	\$32.25	
Large Commercial	56	\$10.00	\$61.75	\$113.50	
Off Peak Water Heating (G)*	87	\$4.25	\$8.25	\$12.00	
Storage Heating (S)*	10	\$4.25	\$11.00	\$17.75	
*(G) & (S) - Grandfathered rates					



# Residential Rate Restructuring - Jan 2023

## Impact on Average Customer: 662 kwh/mo

	Jan-22	PPA Rate Increase Implemented Mar-22	PPA Rate Increase Implemented Aug-22	PPA Rate Increase Implemented Oct-22	Rate Restructure Planned Jan-23	Rate Restructure Forecast Jan-24
MMLD residential rate (kwh)	\$0.1425	\$0.1425	\$0.1425	\$0.1425	\$0.1969	\$0.1895
PPA (wholesale power cost adjustment)	<u>\$0.0310</u>	<u>\$0.0410</u>	<u>\$0.0560</u>	<u>\$0.0900</u>	<u>\$0.0250</u>	<u>\$0.0250</u>
Total energy cost (per kwh)	\$0.1735	\$0.1835	\$0.1985	\$0.2325	\$0.2219	\$0.2145
Avg residential customer monthly energy use - kwh	662	662	662	662	662	662
average monthly residential energy cost	\$114.86	\$121.48	\$131.41	\$153.92	\$146.90	\$142.00
Base rate	\$4.25	\$4.25	\$4.25	\$4.25	\$11.25	\$18.50
NYPA Hydro credit	<u>-\$2.25</u>	<u>-\$2.25</u>	<u>-\$2.25</u>	<u>-\$2.25</u>	<u>-\$2.25</u>	<u>-\$2.25</u>
<b>Average residential monthly bill</b>	\$116.86	\$123.48	\$133.41	\$155.92	\$155.90	\$158.25
<b>% increase from Jan 2022</b>		5.7%	14.2%	33.4%	33.4%	35.4%



	PPA Rate Increase Implemented Oct-22	Rate Restructure Planned Jan-23		PPA Rate Increase Implemented Oct-22	Rate Restructure Planned Jan-23		PPA Rate Increase Implemented Oct-22	Rate Restructure Planned Jan-23
MMLD residential rate (kwh)	\$0.1425	\$0.1969		\$0.1425	\$0.1969		\$0.1425	\$0.1969
PPA (wholesale power cost adjustment)	<u>\$0.0900</u>	<u>\$0.0250</u>		<u>\$0.0900</u>	<u>\$0.0250</u>		<u>\$0.0900</u>	<u>\$0.0250</u>
Total energy cost (per kwh)	\$0.2325	\$0.2219		\$0.2325	\$0.2219		\$0.2325	\$0.2219
Avg residential customer monthly kwh use	662	662		300	300		1,100	1,100
Average monthly residential energy cost	\$153.92	\$146.90		\$69.75	\$66.57		\$255.75	\$244.09
Base rate	\$4.25	\$11.25		\$4.25	\$11.25		\$4.25	\$11.25
NYPA Hydro credit	<u>-\$2.25</u>	<u>-\$2.25</u>		<u>-\$2.25</u>	<u>-\$2.25</u>		<u>-\$2.25</u>	<u>-\$2.25</u>
Average residential monthly bill	\$155.92	\$155.90		\$71.75	\$75.57		\$257.75	\$253.09
Change from Oct 2022 %		0.0%			5.3%			-1.8%
Change from Oct 2022 \$		-\$0.02			\$3.82			-\$4.66
		12		The 300 to 1,100 kwh/mo range represents 72% of customers				



# Electric Rate Restructuring...Next Steps

2. New charges designed to recover higher wholesale energy costs & discourage high energy use during periods of high energy demand (peaks).
  - **Residential and Small Commercial Distribution Demand Charge**- highest power usage (kW) during any one 15-minute interval in the month and/or
  - **Time-of-Use Charge All Rate Classes** – a higher energy rate (kWh) during peak periods (e.g. 4-8 pm) than all other times (non-peak)
  - Plan for Spring 2023 implementation...some system integration ahead



# Electric Rate Restructuring...Why?

## 3. Modify or Introduce new Specialized rates

- new technology adoption...solar PV arrays, EVs, home batteries, V2G, EV chargers
- Low-income household rate
- Plan for first implementations in Spring 2023

## 4. Year 2 of Base Rate increases – Jan 2024

5. *Note: PPA adjustments will occur as needed in 2023 and 2024, in response to changing wholesale energy costs.*



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