


Two Basic Electricity Concepts

The Major Parts of the Electricity System

- The different electricity network components (generation, transmission, distribution)

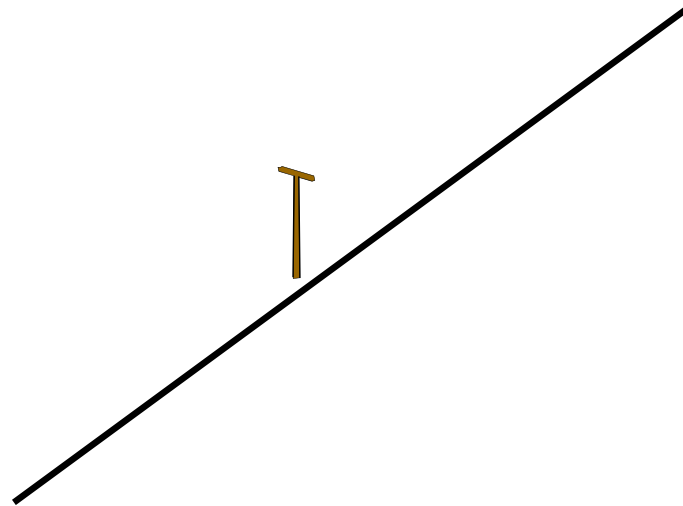
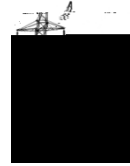
Electricity Measure Concepts

- kilowatts (kW) and kilowatt hours (kWh)

Key to understanding electricity costs. We'll cover these in the next two slides



The Major Parts of Electricity Systems that Give Rise to Costs





Importance of Fixed vs. Variable Cost Distinction



Electricity Ratemaking: Three main steps (2)

2. Develop . . .



Electricity ratemaking (hypothetical example)





Questions and Discussion



Questions and Discussion



Cost Allocation

The goal of cost allocation is to allocate the functionalized and classified revenue requirements (costs) to the different rate classes based upon ml o



Allocation: Load research and allocation factors





Allocation factors vary by type of costs (2)





Typical rate design and rates by customer class (hypothetical example)



Questions and Discussion