

# Customer Rebate Discussion

- Should PCE issue a Rebate/Dividend payment to customers?
- Funding Options
- Other similar CCA and State programs
- Payment Method Logistics

# Customer Rebate Discussion

- PCE is building a large cash reserve, how can we best utilize those funds for our customers' benefit?
  - One Time Rebate?
  - Annual Program?

# Should PCE issue a Rebate/Dividend Payment to Customers?

## Pros

- Opportunity to promote additional PCE benefits to customers with more noticeable bill impact
- If timed correctly, and large enough, rebate payment can provide significant utility bill relief for many customers

## Cons

- Customers may not notice payment from PCE
- A larger overall discount year round would benefit all customers all the time
- Creates an extra 'program' to manage vs. lower rates all the time

# Funding Options

- Fixed budget amount: Set a total funding amount and then redistribute to customers
- % of revenue: Establish a % of revenue to be redistributed

# Funding Options

- Divided by all customers equally
- Split proportionally between Com/Ind and Residential and then divided equally between respective customer classes
- Calculate individual credits based on a fixed rebate back per kWh consumed or fixed % refund of Generation costs.

# Divide by All Customers Equally

Assume total funds available is \$5 Million

- Current Active Customer Count is 291,987
- $\$5\text{M}/291,987 = \$17.12$  per account
- CA Climate Credit follows this model

# Split Proportionally Then Divide

Assume total funds available is \$5 Million

- Assume 60/40 load split between Com/Ind and Residential
- \$3M Com/Ind and \$2M Residential
- 28,257 Com/Ind Accounts and 263,730 Residential
- $\$3\text{M}/28,257 = \$106.17$  per Commercial Account
- $\$2\text{M}/263,730 = \$7.58$  per Residential Account

# Calculate Individual Credits

Assume total funds available is ~\$5 Million

- To calculate fixed \$/kWh divide total kWh sold by \$5M
  - For 2017~2,860,350,000 kWh were sold
  - \$0.00175 per kWh
  - Avg Res E1 (5,100 kWh/yr) = \$8.93
  - Avg Sm Com A1 (18,000 kWh/yr) = \$31.50
  - Ag Lg Com E19 (3M kWh/yr) = \$5250.00



# Calculate Individual Credits

- Determine an additional % discount to return to customers (1%, 2%, 5%, etc)
- Calculate refund based on total \$ paid to PCE

# Other Similar CCA and State Programs

- MBCP (Monterey Bay Community Power)
  - Bill credit paid out quarterly for Large Commercial, Bi-annually for Med/Small Commercial and Annually for Residential
  - Fixed percent of costs rebated back-3% for 2018. Customers are initially billed at parity with PG&E.
  - Each customer/account receives a different rebate
  - Potentially complicated calculations for pro-rated months of service
  - Designed primarily to prevent opt-outs

# Other Similar CCA and State Programs

- California Climate Credit
  - Predetermined credit issued twice a year (October and April)
  - All Residential and Small Commercial/Industrial accounts are eligible (under 20 kW monthly Demand)

# Payment Method Logistics

## Check or Bill Credit?

### – Strongly recommend a Bill Credit

- More cost effective and easier to execute
- Hi probability of checks not being cashed-creates significant accounting issue for PCE
- Bill Credit ensures that all customers actually receive the benefit (even if they don't notice it)
- PCE can promote the Bill Credit via press release, postcard, email blast, Twitter, Facebook, Nextdoor, etc. for less costs than printing and mailing individual checks