

# LPEA Business Model

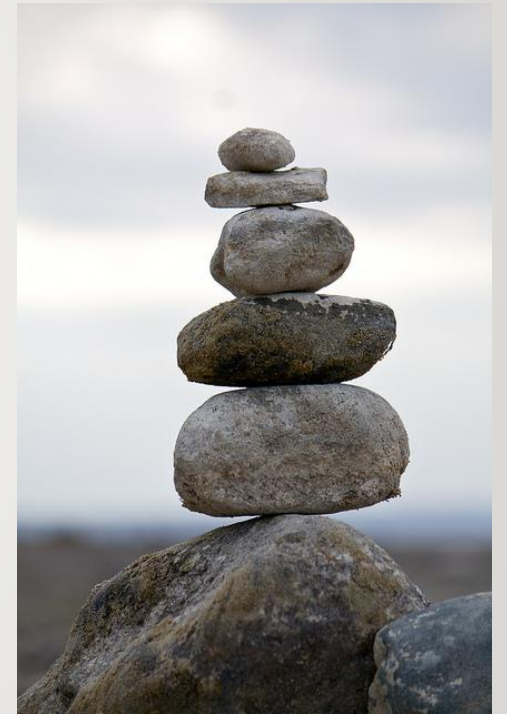
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GROUNDWORK FOR MEMBER ENGAGEMENT / RATES

# Striving for Success





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- To achieve decarbonization goals in concert with rate stability, awareness of the intricacies within LPEA's business model is necessary

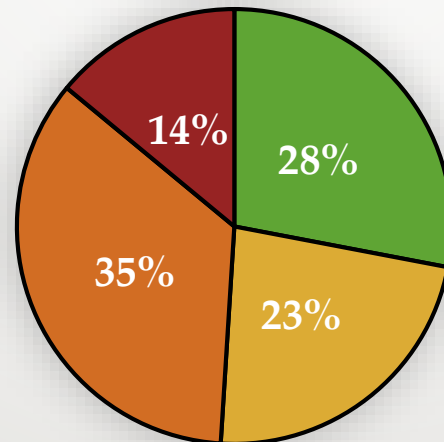


# Awareness of Residential Expenses

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	<b>% of Total</b>	<b>Varies by</b>
 Tri-State Energy Expense	28%	Energy consumption
 Tri-State Demand Expense	23%	Consumption during peak
 LPEA Distribution Expense	35%	Facilities installed to serve peak load
 LPEA Customer Expense	14%	The addition of a member

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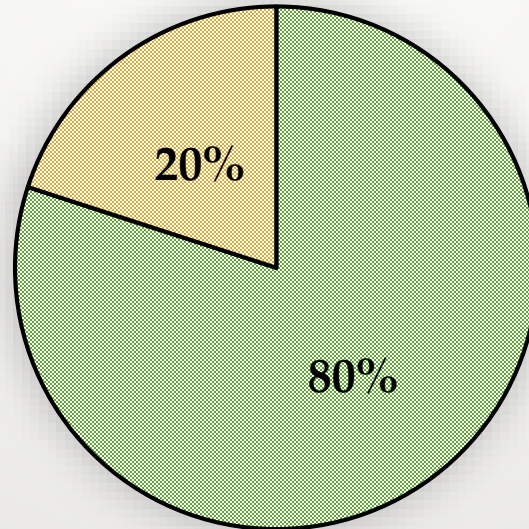


# Awareness of Residential Revenues

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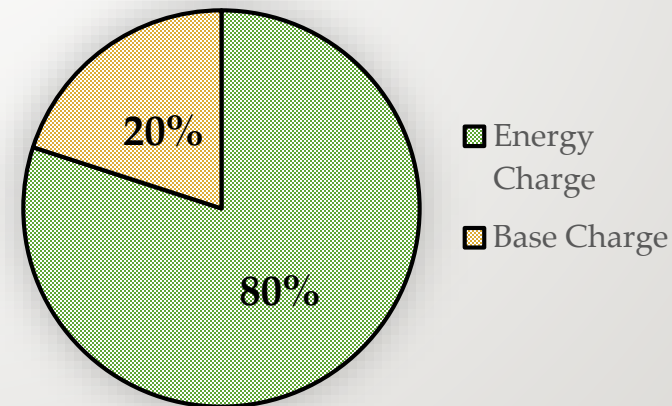
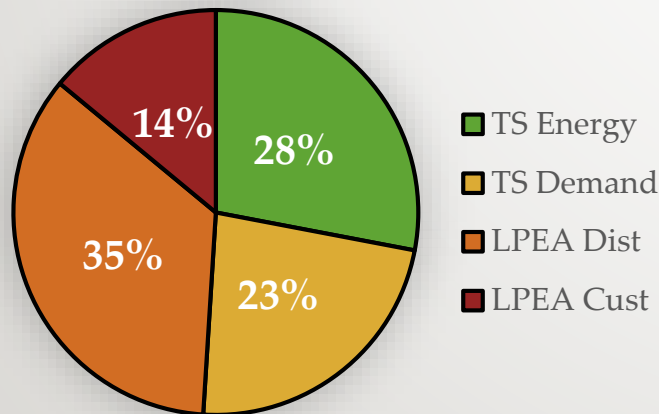
	<b>% of Total</b>
 Residential Energy Charge	80%
 Residential Base Charge	20%

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# LPEA Residential Business Model

	% of Total	Covered by	
Tri-State Energy Expense	28%	100% by Energy Charge	
Tri-State Demand Expense	23%	100% by Energy Charge	Areas of concern
LPEA Distribution Expense	35%	82% by Energy Charge / 18% by Base Charge	
LPEA Customer Expense	14%	100% by Base Charge	



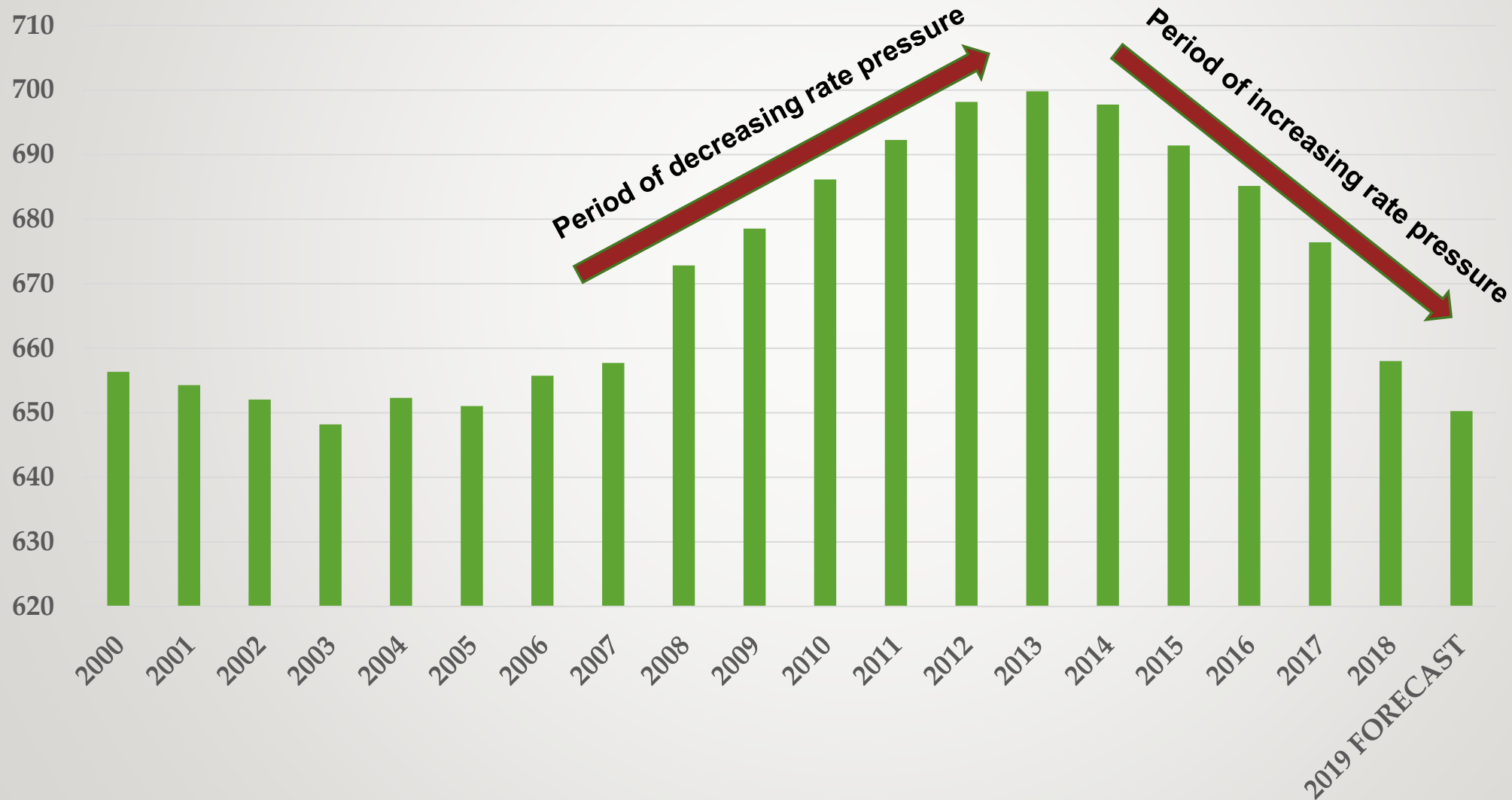
# Business Model Exposure: Energy Usage

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- If energy consumption remains status quo, recovering fixed facility expenses through an energy charge works
  - If energy consumption increases, we over collect
  - If energy consumption decreases, we under collect

# Residential kWh / Month Trending

## 5 year rolling average



# Business Model Exposure: On-Peak Load

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- If on-peak load relative to overall usage remains status quo, recovering wholesale demand expense through an energy charge works
  - If on-peak load relative to overall usage decreases, we over collect
  - If on-peak load relative to overall usage increases, we under collect



# On-Peak Load Trending

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- Little historical trending data available
- AMI data over from the last 5 years generally shows a large amount of consistency amongst non-TOU members
  - Most members are consistently around 2 kW / 1,000 kWh
- Solar net metering members stand out
  - Tremendous amount of inconsistency
  - Average for this subset is 4 kW / 1,000 kWh

# Business Model Awareness

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- Today's members use power differently today than they have in the past
- The utility business model that has worked for decades is being challenged
  - With 50% of revenues being at risk, expenses could decrease and a rate increase could be necessary
- Next month we will introduce a multi-stakeholder solution for your consideration