

FRANCHISE ACCOUNT
OPTIONS FOR
MUNICIPALITIES SERVED
BY
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EDISON

THE POWER BUREAU



PROLOGUE



We have a Community
Sustainability Plan!

Let's put solar panels on
the roof at Village Hall

PROLOGUE

We have a Community Sustainability Plan!

Let's put solar panels on the roof at Village Hall

Great! How will do pay for it?

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Let's put solar panels on the roof at Village Hall

Electricity from solar is 20% less than regular energy supply, so the project will pay for itself in 5 years

Great! How will do pay for it?

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Great! How will do pay for it?

We get "free" electricity for Village Hall. So, there's no savings.

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We get "free" electricity for Village Hall. So, there's no savings.

Oh. Free is pretty good. Maybe we could just pay for the system with regular capital funds?

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OK. Let me know which potholes you don't want to patch this year.

OVERVIEW

Franchise Agreements

- What are they?
- How do they work?
- What's covered?

Compensation (Rider FCA)

- Mechanics
- Types
- Implications

How to Optimize Rider FCA

- Valuation
- Analysis
- Transition
- Considerations

Discussion

- Next Steps

FRANCHISE AGREEMENTS

FRANCHISE AGREEMENTS

- What are they?
 - Agreements between a municipality and utility providers that ensure access to the utility's services:
 - Municipalities - City, Town or Village
 - Public Utilities - ComEd, Peoples Gas Light & Coke, Nicor Gas, cable companies, water, etc.



MUNICIPALITY

Seeks utility service for properties within municipal boundaries



UTILITY

Needs access to rights-of-way and easements to deliver energy

FRANCHISE AGREEMENTS

- Separate agreements between each municipality and utility
- Long-term (15-50 years), though some are shorter (5 years)
- Utilities prefer a standardized form of agreement
- Municipalities enact Franchise Agreements through Ordinances
 - Utility gains access to rights of ways and easements to operate its systems
 - Municipality compensated for providing access

FRANCHISE AGREEMENTS

- What's in them?
 - Obligations
 - Performance

Typical Issues Addressed in a Municipal Franchise Agreement

1. DEFINITIONS

2. RULES OF CONSTRUCTION

3. RIGHTS GRANTED - Grant of Right to Use Public Ways and Public Property; Emergency Access to Public Ways Public Property; Exemption From Parking Restrictions

4. CONDITIONS OF GRANT - Construction and Location of Facilities; Relocation or Removal of Facilities; Restoration of Public Ways or Public Property; Trimming of Trees and Vegetation; Tree Location Program; Use of Utility Facilities; Removal of Facilities; Undergrounding of Facilities

5. SERVICE CONSIDERATIONS - Adequate Supply of Power; Duty to Provide Electricity; Nondiscrimination; Maintenance of Facilities; Service Interruptions

6. ECONOMIC AND TECHNOLOGICAL PROVISIONS - Technological Advances; Cogeneration and Small Power Production Facilities; Demand Side Management; Environmental Protection; Economic Sources of Power

7. ADMINISTRATION – Representatives; Facilities Maps; Duty to Provide Information; Disclosure of Documents or Information; Inspection of Facilities; Superintendent of Public Works; Notices; Coordination of Construction Activities; Annual Meeting; Notice of Boundary Changes; Notice of Regulatory Changes; Notice of Actions Before Competent Authorities; Notice of Requests for Rate Changes

FRANCHISE AGREEMENTS

- What's in them?
 - Obligations
 - Performance

Typical Issues Addressed in a Municipal Franchise Agreement

8. COMPENSATION - Municipal Compensation; Waiver of Certain Fees and Charges

9. MUNICIPAL RIGHTS RESERVED - Police Powers; Regulation of Public Ways and Public Property; Municipal Acquisition of Facilities; Non-Exclusive Grant; Right to Compete with Licensee; Small Power Production and Cogeneration

10. TERM AND TERMINATION – Term; Acceptance; Effective Date; Reopener; Amendments; Renewal; Guidelines for Planning for Electric Power Disruptions; Termination; Rights upon Termination

11. REMEDIES

12. NON-DISCRIMINATION AND EQUAL OPPORTUNITY - Non-Discrimination; Affirmative Action

13. LAWS, RULES AND REGULATIONS - Compliance with Laws, Rules and Regulations; Compliance with Municipal Ordinances, Rules and Regulations; Violation of Laws, Rules and Regulations

14. INDEMNIFICATION, INSURANCE AND PERFORMANCE SECURITY – Indemnification; Comprehensive Liability Insurance or Self-Insurance; Indemnification Security

15. MISCELLANEOUS PROVISIONS - Transfer and Assignment; Ordinance as Contract; Ordinance Requirements as Voluntary Undertaking; Scope of Ordinance; Expenses to Be Borne by Licensee; Most Favored Nations Provisions; Severability; Repealer; Force Majeure

FRANCHISE AGREEMENTS

- What's in them?
 - Obligations
 - Performance
 - Compensation

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FRANCHISE AGREEMENTS

- What's in them?
 - Obligations
 - Performance
 - Compensation
 - Policy statements

New Issues Proposed for Municipal Franchise Agreements

Mayor Lightfoot has developed two companion agreements:

- A **Franchise Agreement** that grants an entity the right to provide electricity using the public right of way, and
- An **Energy and Equity Agreement (EEA)** that establishes environmental, social and economic impact objectives that the franchise entity and the City will pursue together

Viewed together, these agreements will work to:

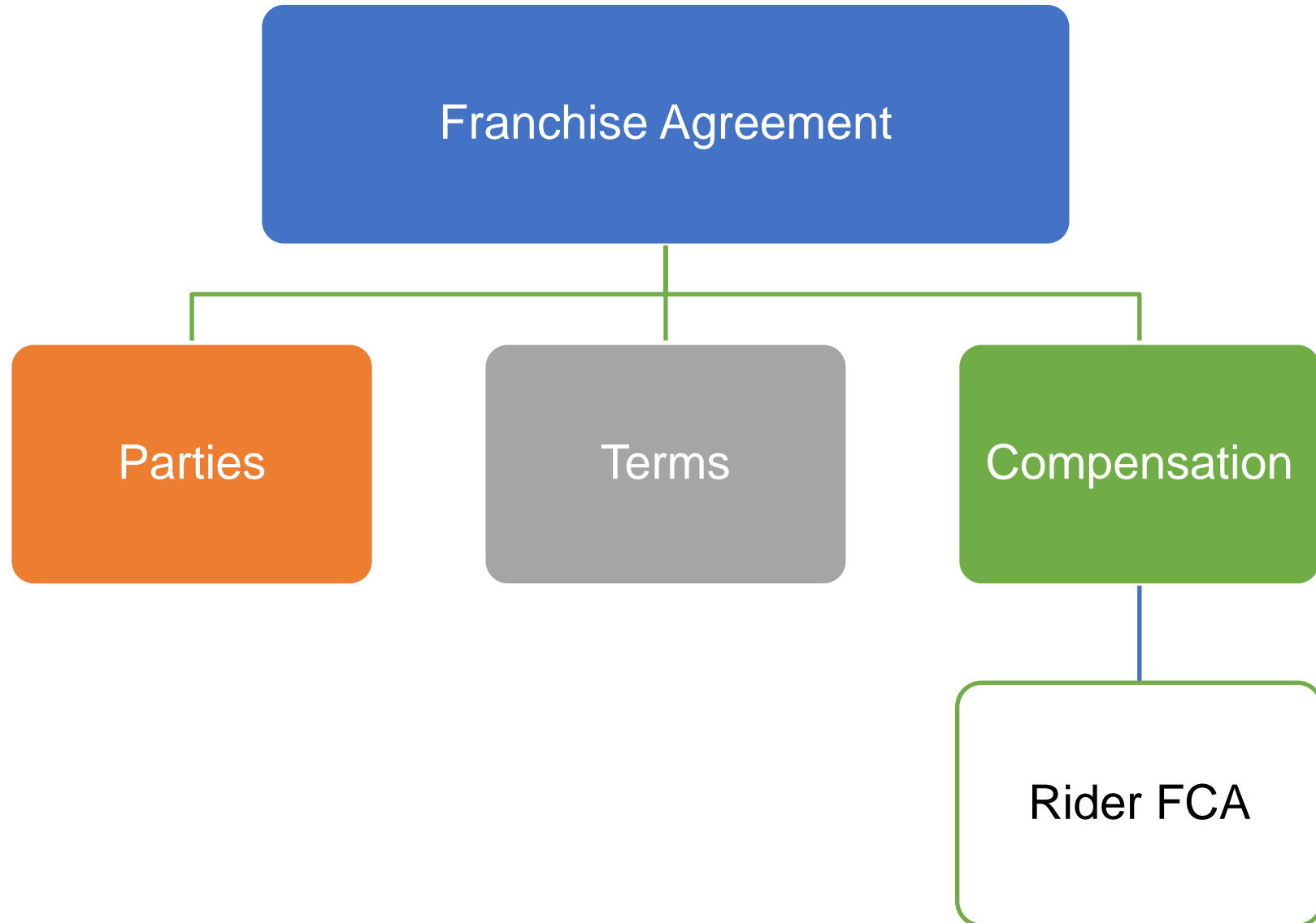
- Assure delivery of an adequate, safe, and reliable supply of electricity to meet the current and future electricity needs of Chicago;
- Ensure that the people of Chicago have an electric system that is resilient in the face of climate threats and equitably reduce energy cost burdens for residents;
- Promote a clean energy future for all by bringing the benefits of energy efficiency, decarbonization of buildings, and access to affordable renewable energy and carbon free transportation options to all residents;
- Advance Chicago's 62% carbon emissions reduction goal by 2040 as set out in the 2022 Climate Action Plan; and
- Expand workforce and economic opportunities for all Chicagoans in the clean energy economy, especially communities and residents on the frontlines of the climate crisis.

COMPENSATION (RIDER FCA)

Compensation from ComEd comes in two flavors

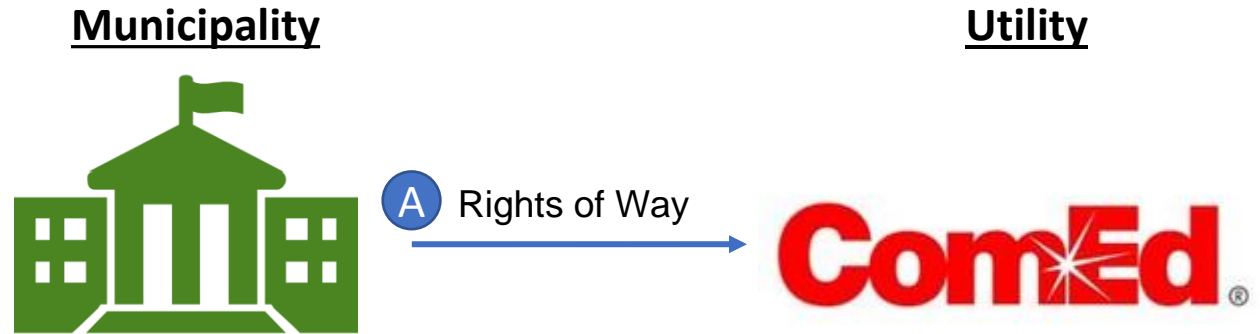
COMPENSATION

- Rider Franchise Cost Additions (Rider FCA)
 - Included in the Commonwealth Edison Rate Book ([link](#))
 - Approved by the Commerce Commission
 - *Separate* from the Franchise Agreement
 - “Compensation for granting the Company the privilege of using such municipality’s public rights of way for the delivery of electricity”



COMPENSATION

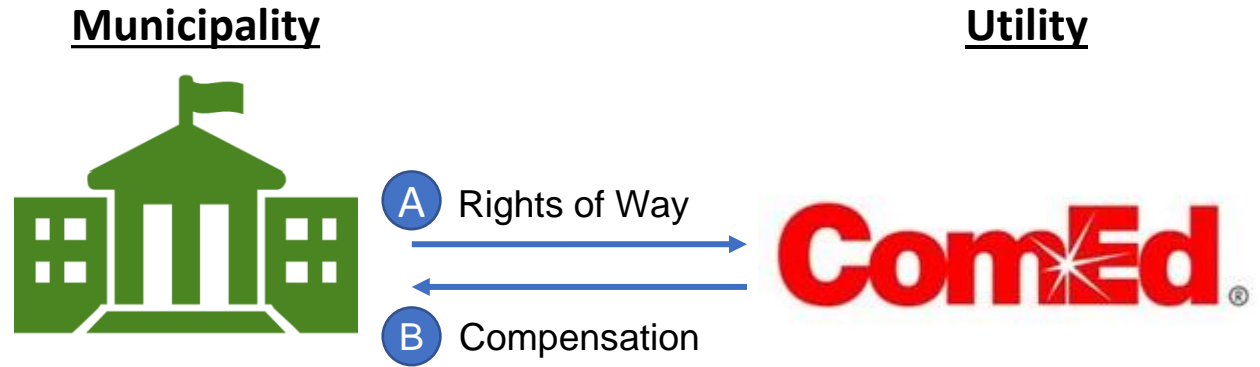
- Mechanics
 - Municipality grants access to rights-of-way and easements (Franchise Agreement)



Consumers
Pay Utility Bills

COMPENSATION

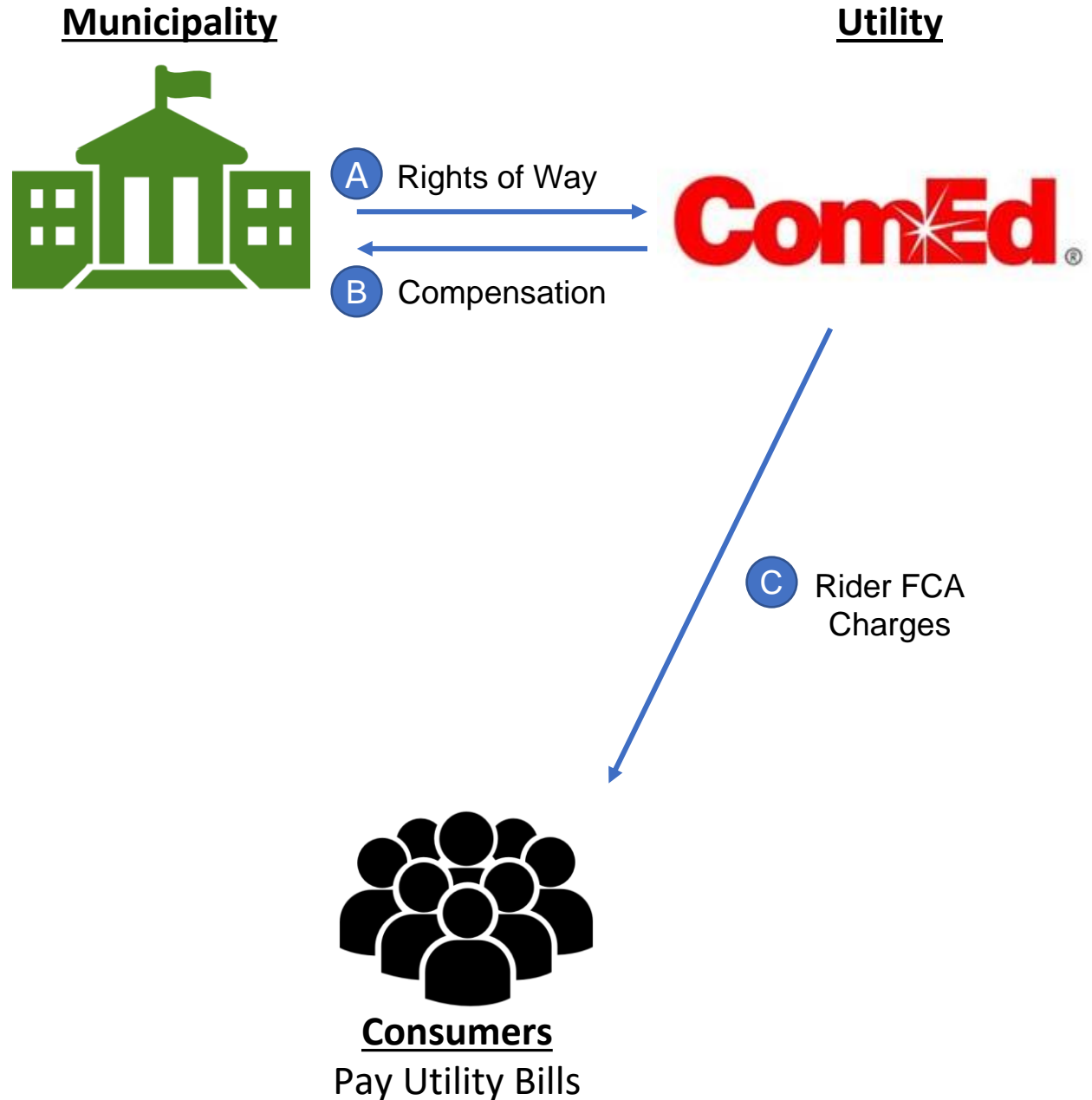
- Mechanics
 - Municipality grants access to rights-of-way and easements (Franchise Agreement)
 - ComEd provides compensation to the municipality



Consumers
Pay Utility Bills

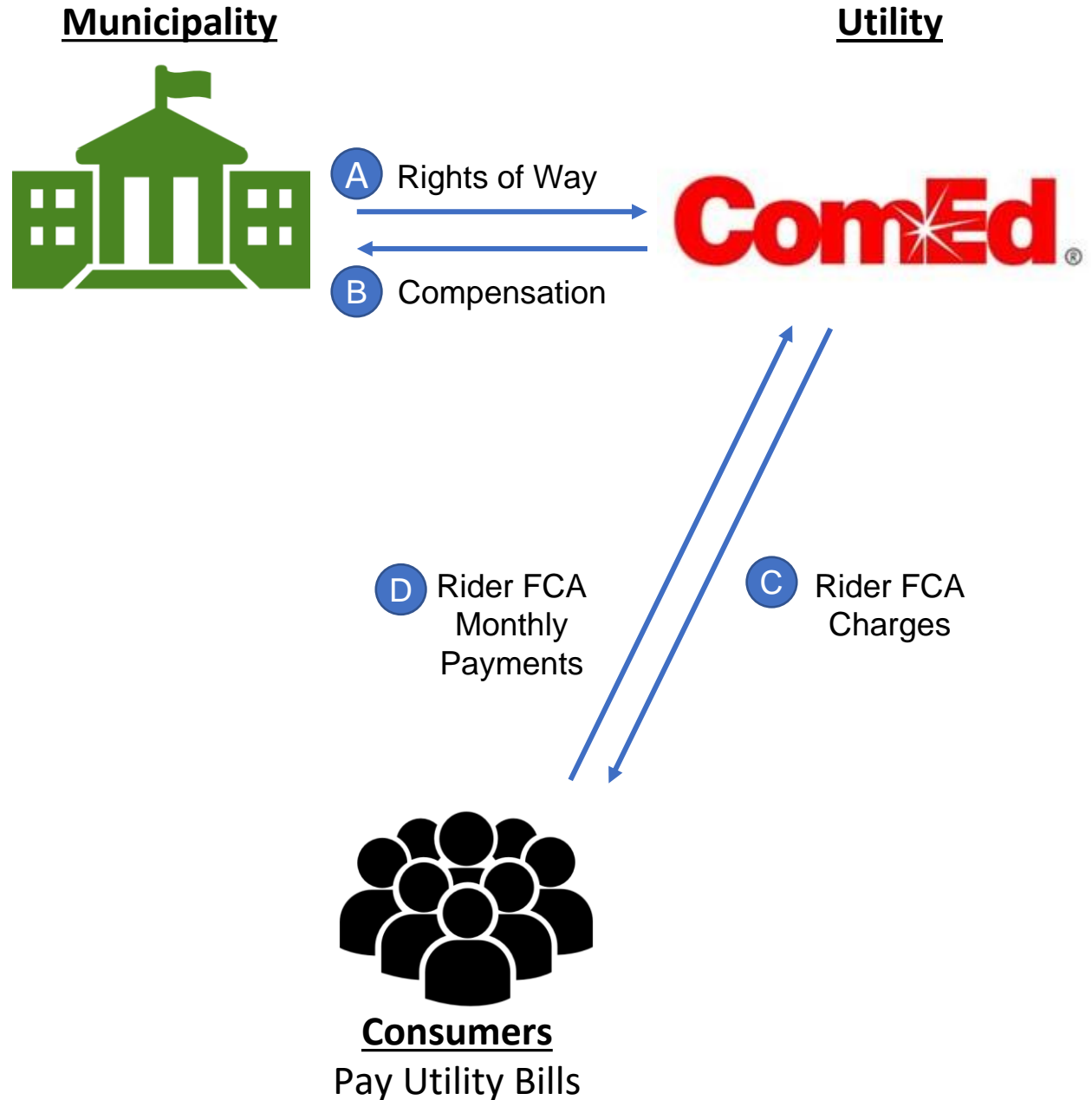
COMPENSATION

- Mechanics
 - Municipality grants access to rights-of-way and easements (Franchise Agreement)
 - ComEd provides compensation to the municipality
 - ComEd charges local consumers a fee to offset the compensation provided to the municipality under Rider FCA



COMPENSATION

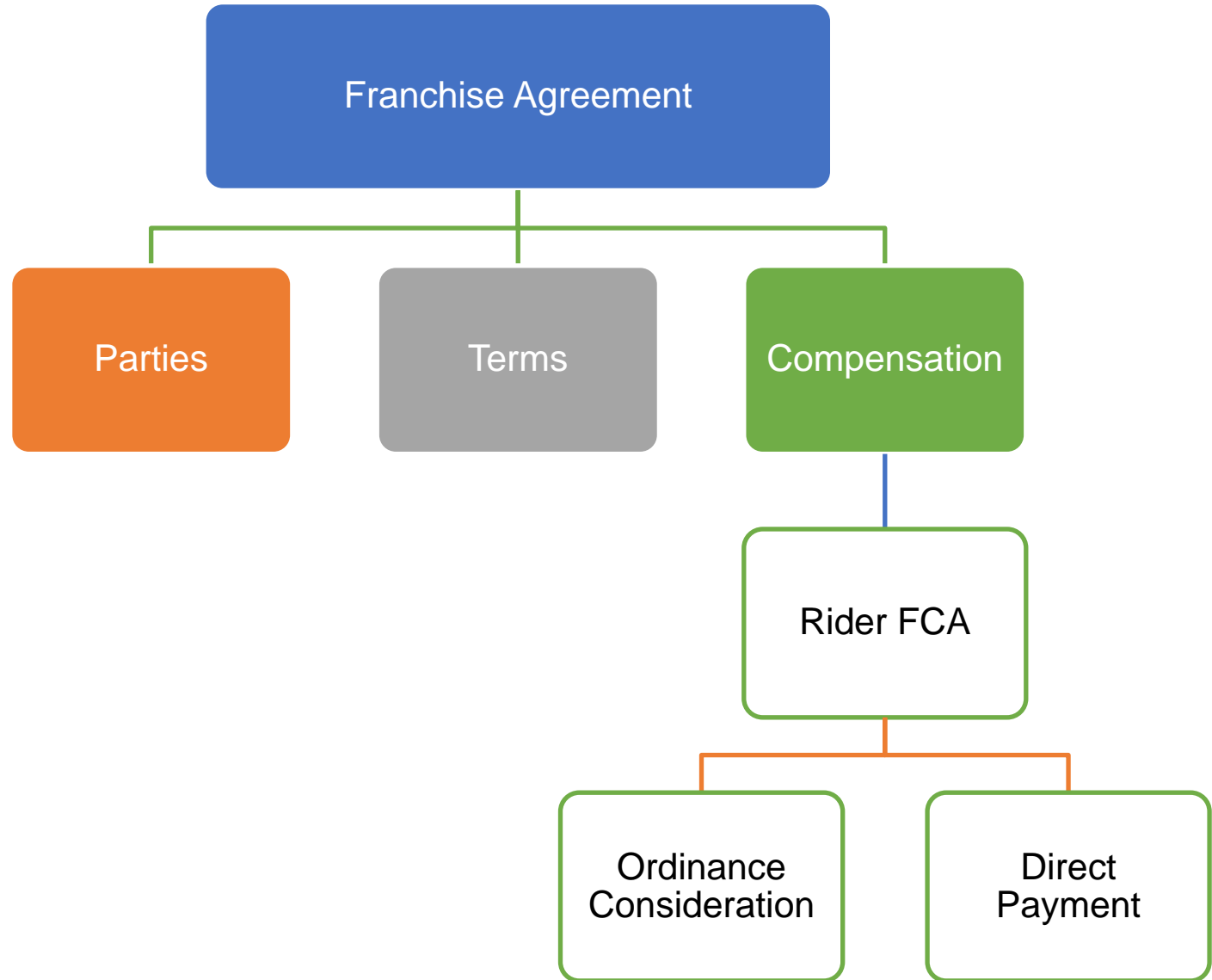
- Mechanics
 - Municipality grants access to rights-of-way and easements (Franchise Agreement)
 - ComEd provides compensation to the municipality
 - ComEd charges local consumers a fee to offset the compensation provided to the municipality under Rider FCA
 - Consumers pay the utility



COMPENSATION

- Types
 - Ordinance Consideration (“free electricity” for certain municipal accounts)
 - Direct Payment (monthly payment from ComEd to the municipality)

Compensation from ComEd comes in two flavors



Two (2) different options for Franchise Agreement compensation

COMPENSATION

- Types
 - Value is approximately the same between the two options
 - Subject to a cap (not an unlimited value)
 - All compensation to the municipalities is recovered by ComEd from utility accounts located within the municipality
 - Conversions between compensation types can be accomplished without changing the underlying Franchise Agreement

| <u>ORDINANCE CONSIDERATION</u> | <u>DIRECT PAYMENT</u> |
|---|---|
| <ul style="list-style-type: none">▪ “Free” electricity for qualified municipal accounts▪ Monthly utility bills contain a line-item credit (“Ordinance Consideration”)▪ Credit = All Monthly Charges yielding a “zero” bill amount due▪ Only available for “Non-Revenue Generating”:<ul style="list-style-type: none">- City/Village/Town Hall- Public Works- Fire Stations- Police Stations | <ul style="list-style-type: none">▪ Direct Payment to municipality from the utility▪ Targeted annual value of payments is calculated by ComEd subject to the tariff▪ Monthly payments |

COMPENSATION

- Ordinance Consideration
 - Default option
 - Most commonly used
 - Municipality receives a monthly invoice from ComEd (blue boxes)
 - A credit offsets all charges (red box)
 - Yielding a "Zero bill" or "Free Electricity"

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Hearing/Speech Impaired
1.800.572.5789 (TTY)

Your Usage Profile
13-Month Usage (Total kWh)

| Month | kWh |
|--------|-----|
| Sep-18 | 614 |
| Oct-18 | 589 |
| Nov-18 | 507 |
| Dec-18 | 572 |
| Jan-19 | 558 |
| Feb-19 | 569 |
| Mar-19 | 513 |
| Apr-19 | 521 |
| May-19 | 537 |
| Jun-19 | 610 |
| Jul-19 | 539 |
| Aug-19 | 583 |
| Sep-19 | 668 |

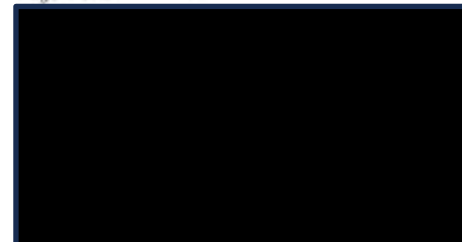
Electric Usage

| Month | kWh |
|--------|-----|
| Sep-18 | 614 |
| Oct-18 | 589 |
| Nov-18 | 507 |
| Dec-18 | 572 |
| Jan-19 | 558 |
| Feb-19 | 569 |
| Mar-19 | 513 |
| Apr-19 | 521 |
| May-19 | 537 |
| Jun-19 | 610 |
| Jul-19 | 539 |
| Aug-19 | 583 |
| Sep-19 | 668 |

Average Daily

| Month Billed | kWh | Temp |
|---------------|------|------|
| Last Year | 21.2 | 76 |
| Last Month | 19.4 | 76 |
| Current Month | 20.9 | 73 |

Page 1 of 2



| Bill Summary | |
|--------------------------|---------------|
| Previous Balance | \$0.00 |
| Total Payments | \$0.00 |
| No Payment is Due | \$0.00 |

| Meter Information | | | | | | | | |
|-------------------|--------------|-----------------|--------------|--------------|-----------------------|------------|--------------|-------|
| Read Dates | Meter Number | Load Type | Reading Type | Previous | Meter Reading Present | Difference | Multiplier X | Usage |
| 8/2-9/3 | [Redacted] | General Service | Total kWh | 19396 Actual | 20064 Actual | 668 | 1 | 668 |

Service from 8/2/2019 to 9/3/2019 - 32 Days Commercial - Watt-hour

| Electricity Supply Services | | | | \$44.89 |
|------------------------------------|---------|---|---------|----------|
| Electricity Supply Charge | 668 kWh | X | 0.05620 | 37.54 |
| Transmission Services Charge | 668 kWh | X | 0.01107 | 7.39 |
| Purchased Electricity Adjustment | | | | -0.04 |
| Delivery Services - ComEd | | | | \$34.63 |
| Customer Charge | | | | 17.22 |
| Standard Metering Charge | | | | 4.04 |
| Distribution Facilities Charge | 668 kWh | X | 0.01880 | 12.56 |
| IL Electricity Distribution Charge | 668 kWh | X | 0.00121 | 0.81 |
| Taxes and Other | | | | -\$79.52 |
| Environmental Cost Recovery Adj | 668 kWh | X | 0.00021 | 0.14 |
| Renewable Portfolio Standard | 668 kWh | X | 0.00189 | 1.26 |
| Zero Emission Standard | 668 kWh | X | 0.00190 | 1.27 |
| Energy Efficiency Programs | 668 kWh | X | 0.00086 | 0.57 |
| Ordinance Consideration | | | | -82.76 |

Total Current Charges **\$0.00**

For Electric Supply Choices visit pluginillinois.org

(continued on next page)

ComEd applies a charge to accounts to reimburse Ordinance Consideration expenses

COMPENSATION

- Ordinance Consideration cost recovery
 - 99% of municipalities use this approach
 - A percentage charge (updated annually) is applied to the sum of the following monthly charges:

Standard Metering Charge

+ Distribution Facilities Charge

+ IL Electricity Distribution Charge

ILL. C. C. No. 10

ELECTRICITY

15th Revised Informational Sheet No. 10
(Canceling 14th Revised Informational Sheet No. 10)

Commonwealth
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FRANCHISE COST PERCENTAGES

Supplement to Rider FCA (1)


| Municipality | FC% Applicable Beginning with the June 2022 Monthly Billing Period and Extending Through the May 2023 Monthly Billing Period (2) | FC% Applicable Beginning with the June 2023 Monthly Billing Period and Extending Through the May 2024 Monthly Billing Period (2) |
|-------------------|--|--|
| ADDISON | 3.020% | 2.926% |
| ADELINE | 2.671% | 2.702% |
| ALGONQUIN | 1.889% | 1.776% |
| ALSIP | 1.508% | 1.308% |
| AMBOY | 2.329% | 2.314% |
| ANTIOCH | 1.871% | 1.876% |
| APPLE RIVER | 2.832% | 2.703% |
| ARLINGTON HEIGHTS | 4.213% | 4.625% |
| AROMA PARK | 2.358% | 3.919% |
| ASHTON | 1.389% | 1.289% |
| AURORA | 2.230% | 2.547% |
| BANNOCKBURN | 0.457% | 0.399% |
| BARRINGTON | 3.512% | 3.255% |
| BARRINGTON HILLS | 1.038% | 1.048% |
| BARTLETT | 1.423% | 1.279% |
| BEACH PARK | 0.667% | 0.641% |
| BEDFORD PARK | 1.061% | 0.925% |
| BEECHER | 1.213% | 1.163% |
| BELLWOOD | 2.087% | 1.829% |
| BELVIDERE | 1.170% | 1.011% |

COMPENSATION

- Ordinance Consideration cost recovery
 - 99% of municipalities use this approach
 - A percentage charge (updated annually) is applied to the sum of the following monthly charges:

- Standard Metering Charge
- + Distribution Facilities Charge
- + IL Electricity Distribution Charge

ComEd applies a charge to accounts to reimburse Ordinance Consideration expenses




Page 1 of 2

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Hearing/Speech Impaired
 1.800.572.5789 (TTY)

Your Usage Profile
 13-Month Usage (Total kWh)



| Month | kWh |
|--------|------|
| May-19 | 1336 |
| Jun-19 | 903 |
| Jul-19 | 983 |
| Aug-19 | 855 |
| Sep-19 | 869 |
| Oct-19 | 1067 |
| Nov-19 | 2530 |
| Dec-19 | 2494 |
| Jan-20 | 2791 |
| Feb-20 | 2607 |
| Mar-20 | 1963 |
| Apr-20 | 1392 |
| May-20 | 915 |

| Month Billed | Average Daily kWh | Daily Temp |
|---------------|-------------------|------------|
| Last Year | 41.8 | 55 |
| Last Month | 44.9 | 46 |
| Current Month | 30.5 | 57 |

Bill Summary

| | |
|------------------------------------|-----------------|
| Previous Balance | \$477.88 |
| Total Payments - Thank You | \$477.88 |
| Amount Due on July 27, 2020 | \$165.26 |

Meter Information

| Read Dates | Meter Number | Load Type | Reading Type | Previous | Meter Reading Present | Difference | Multiplier X | Usage |
|------------|--------------|-----------------|--------------|--------------|-----------------------|------------|--------------|-------|
| 4/27-5/27 | [REDACTED] | General Service | Total kWh | 92199 Actual | 93114 Actual | 915 | 1 | 915 |
| 4/27-5/27 | [REDACTED] | General Service | On Pk KW | 0.00 Actual | 6.78 Actual | 6.78 | 1 | 6.78 |
| 4/27-5/27 | [REDACTED] | General Service | Off Pk KW | 0.00 Actual | 6.94 Actual | 6.94 | 1 | 6.94 |

Service from 4/27/2020 to 5/27/2020 - 30 Days Commercial Demand - 0 to 100 kW

| Service Category | Sub-Category | Units | Rate | Amount |
|------------------------------------|------------------------------------|-----------|---------|-------------|
| Electricity Supply Services | Electricity Supply Charge | 915 kWh X | 0.05971 | 54.83 |
| | Transmission Services Charge | 915 kWh X | 0.01248 | 11.42 |
| | Purchased Electricity Adjustment | | | 3.63 |
| Delivery Services - ComEd | Customer Charge | | | 16.88 |
| | Standard Metering Charge | | | 8.12 |
| | Distribution Facilities Charge | 6.78 kW X | 7.47000 | 50.65 |
| | IL Electricity Distribution Charge | 915 kWh X | 0.00119 | 1.09 |
| Taxes and Other | Environmental Cost Recovery Adj | 915 kWh X | 0.00039 | 0.36 |
| | Renewable Portfolio Standard | 915 kWh X | 0.00189 | 1.73 |
| | Zero Emission Standard | 915 kWh X | 0.00190 | 1.74 |
| | Energy Efficiency Programs | 915 kWh X | 0.00175 | 1.60 |
| | Franchise Cost | | | 4.85 |

For Electric Supply Choices visit pluginillinois.org

(continued on next page)

The Power Bureau

25

COMPENSATION

- Direct Payment cost recovery
 - Very few municipalities use this approach
 - A schedule of bracketed charges are applied each customers' monthly consumption volumes

ComEd applies an Infrastructure Maintenance Fee (IMF) to accounts to reimburse Direct Payment expenses

**INFRASTRUCTURE MAINTENANCE FEE TABLE
PER KILOWATT-HOUR ADDITIONS**

| <u>Municipality</u> | <u>Cents per kilowatt-hour (¢/kWh)</u> | | | | | | | | | |
|---------------------|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | <u>A</u> | <u>B</u> | <u>C</u> | <u>D</u> | <u>E</u> | <u>F</u> | <u>G</u> | <u>H</u> | <u>I</u> | <u>J</u> |
| Chicago | 0.530 | 0.350 | 0.310 | 0.305 | 0.300 | 0.280 | 0.275 | 0.270 | 0.265 | 0.260 |
| Evanston | 0.130 | 0.048 | 0.045 | 0.044 | 0.043 | 0.042 | 0.040 | 0.035 | 0.009 | 0.009 |

Legend

- A:** for the first 2,000 kWh delivered in the monthly billing period
- B:** for the next 48,000 kWh delivered in the monthly billing period
- C:** for the next 50,000 kWh delivered in the monthly billing period
- D:** for the next 400,000 kWh delivered in the monthly billing period
- E:** for the next 500,000 kWh delivered in the monthly billing period
- F:** for the next 2,000,000 kWh delivered in the monthly billing period
- G:** for the next 2,000,000 kWh delivered in the monthly billing period
- H:** for the next 5,000,000 kWh delivered in the monthly billing period
- I:** for the next 10,000,000 kWh delivered in the monthly billing period
- J:** for all over 20,000,000 kWh delivered in the monthly billing period

Two (2) different options for Franchise Agreement compensation

COMPENSATION

- Implications
 - Ordinance Consideration: A disincentive to investing in renewables, storage or efficiency (no savings)
 - Infrastructure Maintenance Fee: An incentive to cut energy costs by investing in renewables, storage or efficiency (potential for new revenue)

| <u>ORDINANCE CONSIDERATION</u> | <u>DIRECT PAYMENT</u> |
|---|---|
| <ul style="list-style-type: none"> ▪ Always settles to \$0 <ul style="list-style-type: none"> - Lower Charges = Lower Credits ▪ No direct incentive for municipality to reduce consumption or costs: <ul style="list-style-type: none"> - Community Solar - Rooftop solar - Battery storage - Energy efficiency ▪ Indirect incentive to reduce consumption or costs for residents <ul style="list-style-type: none"> - Less cost recovery under Rider FCA | <ul style="list-style-type: none"> ▪ Maintains a constant value <ul style="list-style-type: none"> - Lower Charges = Same Revenue ▪ Direct incentive for municipality to reduce consumption or costs: <ul style="list-style-type: none"> - Community Solar - Rooftop solar - Battery storage - Energy efficiency ▪ Indirect incentive to reduce consumption or costs for residents <ul style="list-style-type: none"> - Less operating costs recovered through taxes and fees |

HOW TO OPTIMIZE RIDER FCA

VALUATION: MEASURE VALUE OF FRANCHISE CONSIDERATION IN LAST 12 MONTHS

| MUNICIPAL FACILITIES | ORDINANCE CONSIDERATION | | | | UTILITY COMPENSATION (Ordinance Consideration) | UTILITY ACCOUNT BALANCE |
|-----------------------|-------------------------|-------------------|----------------------|--------------------|--|-------------------------|
| | UTILITY CHARGES | | | | | |
| | Supply (Default) | Delivery (ComEd) | Taxes & Fees (ComEd) | Annual Charges | | |
| City Hall | (\$10,982) | (\$3,452) | (\$1,255) | (\$15,689) | \$15,689 | \$0 |
| Fire Station #1 | (\$8,576) | (\$2,695) | (\$980) | (\$12,251) | \$12,251 | \$0 |
| Police Station #1 | (\$10,982) | (\$3,452) | (\$1,255) | (\$15,689) | \$15,689 | \$0 |
| Police /Fire Facility | (\$41,446) | (\$13,026) | (\$4,737) | (\$59,209) | \$59,209 | \$0 |
| Public Works #1 | (\$70,465) | (\$22,146) | (\$8,053) | (\$100,664) | \$100,664 | \$0 |
| Public Works #2 | (\$70,465) | (\$22,146) | (\$8,053) | (\$100,664) | \$100,664 | \$0 |
| TOTAL | (\$212,916) | (\$66,917) | (\$24,333) | (\$304,166) | \$304,166 | \$0 |

ANALYSIS: ASSUME THAT UTILITY COMPENSATION WILL REMAIN CONSTANT UNDER DIRECT PAYMENT

Value of compensation from ComEd remains relatively the same

| ORDINANCE CONSIDERATION | | | | | | |
|-------------------------|--------------------|-------------------|----------------------|--------------------|--|-------------------------|
| MUNICIPAL FACILITIES | UTILITY CHARGES | | | | UTILITY COMPENSATION (Ordinance Consideration) | UTILITY ACCOUNT BALANCE |
| | Supply (Default) | Delivery (ComEd) | Taxes & Fees (ComEd) | Annual Charges | | |
| City Hall | (\$10,982) | (\$3,452) | (\$1,255) | (\$15,689) | \$15,689 | \$0 |
| Fire Station #1 | (\$8,576) | (\$2,695) | (\$980) | (\$12,251) | \$12,251 | \$0 |
| Police Station #1 | (\$10,982) | (\$3,452) | (\$1,255) | (\$15,689) | \$15,689 | \$0 |
| Police /Fire Facility | (\$41,446) | (\$13,026) | (\$4,737) | (\$59,209) | \$59,209 | \$0 |
| Public Works #1 | (\$70,465) | (\$22,146) | (\$8,053) | (\$100,664) | \$100,664 | \$0 |
| Public Works #2 | (\$70,465) | (\$22,146) | (\$8,053) | (\$100,664) | \$100,664 | \$0 |
| TOTAL | (\$212,916) | (\$66,917) | (\$24,333) | (\$304,166) | \$304,166 | \$0 |

| DIRECT PAYMENT | | | | | | |
|-----------------------|-----------------|------------------|----------------------|----------------|--|-------------------------|
| MUNICIPAL FACILITIES | UTILITY CHARGES | | | | UTILITY COMPENSATION (Direct Payments) | UTILITY ACCOUNT BALANCE |
| | Supply (Retail) | Delivery (ComEd) | Taxes & Fees (ComEd) | Annual Charges | | |
| City Hall | | | | | \$15,689 | |
| Fire Station #1 | | | | | \$12,251 | |
| Police Station #1 | | | | | \$15,689 | |
| Police /Fire Facility | | | | | \$59,209 | |
| Public Works #1 | | | | | \$100,664 | |
| Public Works #2 | | | | | \$100,664 | |
| TOTAL | | | | | \$304,166 | |

ANALYSIS: CALCULATE THE IMPACT OF VARIOUS MEASURES (COMMUNITY SOLAR, DG SOLAR, EE, ETC.)

Value of compensation from ComEd remains relatively the same

Estimate new Supply Cost with Community Solar Subscriptions

Delivery Charges and Taxes & Fees remain the same

Municipality realizes over \$21,292 in 'new' revenues

ORDINANCE CONSIDERATION

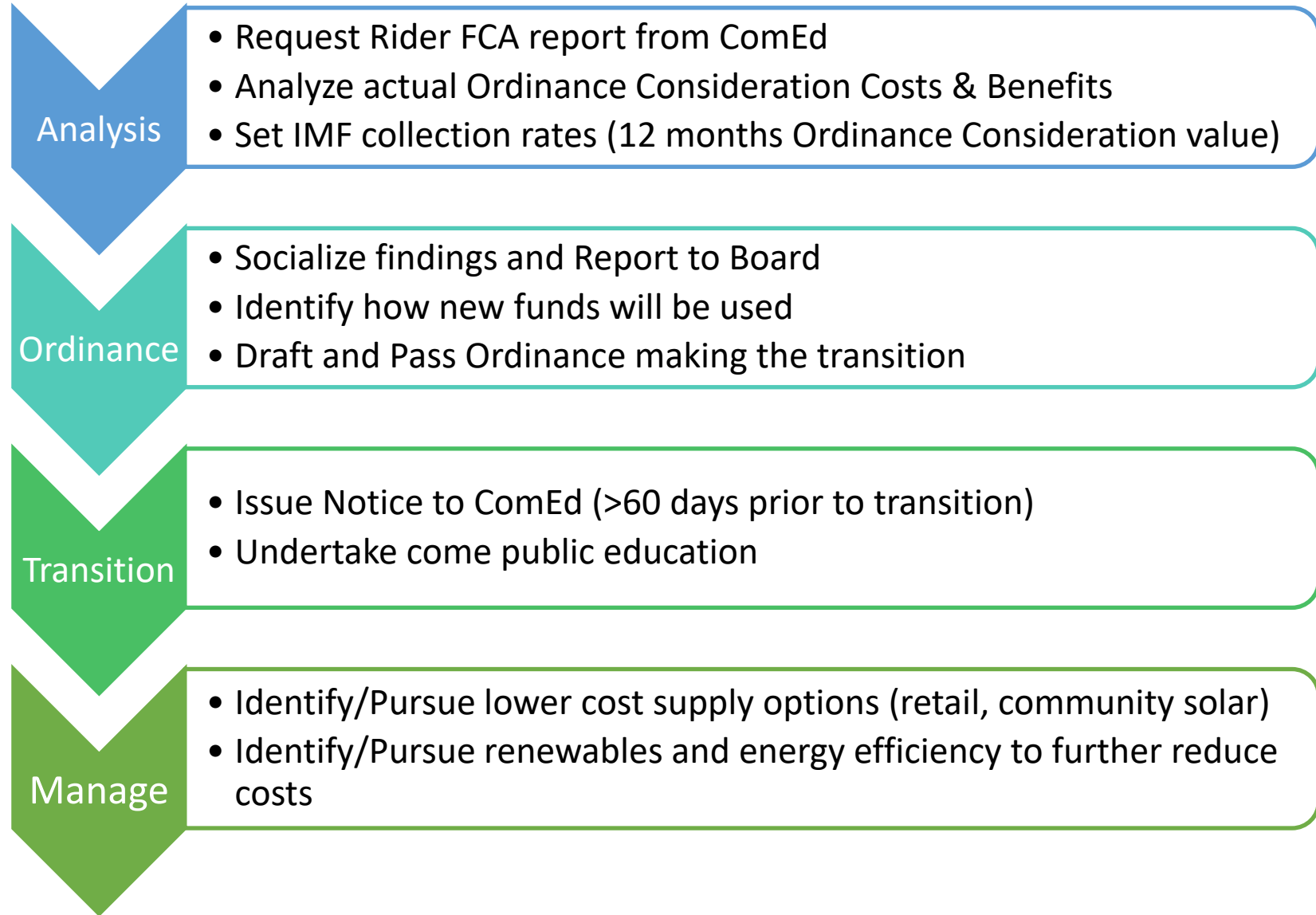
| MUNICIPAL FACILITIES | UTILITY CHARGES | | | | UTILITY COMPENSATION (Ordinance Consideration) | UTILITY ACCOUNT BALANCE |
|-----------------------|--------------------|-------------------|----------------------|--------------------|--|-------------------------|
| | Supply (Default) | Delivery (ComEd) | Taxes & Fees (ComEd) | Annual Charges | | |
| City Hall | (\$10,982) | (\$3,452) | (\$1,255) | (\$15,689) | \$15,689 | \$0 |
| Fire Station #1 | (\$8,576) | (\$2,695) | (\$980) | (\$12,251) | \$12,251 | \$0 |
| Police Station #1 | (\$10,982) | (\$3,452) | (\$1,255) | (\$15,689) | \$15,689 | \$0 |
| Police /Fire Facility | (\$41,446) | (\$13,026) | (\$4,737) | (\$59,209) | \$59,209 | \$0 |
| Public Works #1 | (\$70,465) | (\$22,146) | (\$8,053) | (\$100,664) | \$100,664 | \$0 |
| Public Works #2 | (\$70,465) | (\$22,146) | (\$8,053) | (\$100,664) | \$100,664 | \$0 |
| TOTAL | (\$212,916) | (\$66,917) | (\$24,333) | (\$304,166) | \$304,166 | \$0 |

DIRECT PAYMENT

| MUNICIPAL FACILITIES | UTILITY CHARGES | | | | UTILITY COMPENSATION (Direct Payments) | UTILITY ACCOUNT BALANCE |
|-----------------------|--------------------|-------------------|----------------------|--------------------|--|-------------------------|
| | Supply (Retail) | Delivery (ComEd) | Taxes & Fees (ComEd) | Annual Charges | | |
| City Hall | (\$9,884) | (\$3,452) | (\$1,255) | (\$14,591) | \$15,689 | \$1,098 |
| Fire Station #1 | (\$7,718) | (\$2,695) | (\$980) | (\$11,393) | \$12,251 | \$858 |
| Police Station #1 | (\$9,884) | (\$3,452) | (\$1,255) | (\$14,591) | \$15,689 | \$1,098 |
| Police /Fire Facility | (\$37,301) | (\$13,026) | (\$4,737) | (\$55,064) | \$59,209 | \$4,145 |
| Public Works #1 | (\$63,419) | (\$22,146) | (\$8,053) | (\$93,618) | \$100,664 | \$7,046 |
| Public Works #2 | (\$63,419) | (\$22,146) | (\$8,053) | (\$93,618) | \$100,664 | \$7,046 |
| TOTAL | (\$191,624) | (\$66,917) | (\$24,333) | (\$282,874) | \$304,166 | \$21,292 |

TRANSITION

- Transition
 - Several steps
 - No set timeframe
 - Only selecting a different compensation method under the ComEd tariff
 - Does not require changing the Franchise Agreement



CONSIDERATIONS: THIS WILL NOT TAKE CARE OF ITSELF - THERE WILL BE MATH!

| Step # | kWh Limit | TOTAL | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 |
|------------------------|------------|-------------------|-----------------|------------|------------|--|------------|------------|------------|---------------------------------------|------------|----------------------|-----------------|------------|
| 1 | 2,000 | 226,210,735 | 15,230,208 | 15,028,655 | 19,986,281 | 24,490,879 | 21,253,563 | 17,378,813 | 17,581,144 | 19,418,972 | 21,112,443 | 20,230,476 | 18,477,027 | 16,022,274 |
| 2 | 48,000 | 132,804,836 | 9,696,479 | 10,087,189 | 11,691,339 | 12,394,968 | 11,622,996 | 9,951,744 | 10,688,317 | 11,761,708 | 12,759,769 | 12,354,441 | 10,943,397 | 8,852,489 |
| 3 | 50,000 | 40,205,063 | 3,058,845 | 3,202,481 | 3,223,151 | 3,613,986 | 3,447,313 | 3,089,408 | 3,370,673 | 3,438,407 | 3,866,199 | 3,612,445 | 3,347,421 | 2,934,734 |
| 4 | 400,000 | 91,138,552 | 6,595,854 | 6,856,369 | 8,527,518 | 8,940,846 | 7,973,849 | 7,211,529 | 6,903,300 | 7,775,480 | 8,596,334 | 8,170,811 | 7,421,407 | 6,165,255 |
| 5 | 500,000 | 35,011,138 | 2,515,087 | 2,793,588 | 3,008,820 | 3,416,818 | 3,401,550 | 3,686,315 | 2,710,529 | 2,713,447 | 3,000,135 | 2,846,323 | 2,609,555 | 2,308,971 |
| 6 | 2,000,000 | 45,465,206 | 3,208,720 | 3,662,801 | 4,551,278 | 4,955,917 | 4,685,146 | 5,913,247 | 3,101,352 | 3,445,279 | 3,057,455 | 2,935,709 | 3,056,863 | 2,891,439 |
| 7 | 2,000,000 | 26,685,148 | 2,000,000 | 2,000,000 | 2,642,459 | 2,000,000 | 2,042,689 | 4,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| 8 | 5,000,000 | 65,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 10,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| 9 | 10,000,000 | 19,763,784 | 1,880,375 | 1,377,553 | 1,290,392 | 2,501,011 | 1,906,682 | 2,679,183 | 667,329 | 3,006,122 | 1,979,702 | 1,293,405 | 959,481 | 222,549 |
| | Totals | 682,284,462 | 49,185,568 | 50,008,636 | 59,921,238 | 67,314,425 | 61,333,788 | 63,910,239 | 52,022,644 | 58,559,415 | 61,372,037 | 58,443,610 | 53,815,151 | 46,397,711 |
| Estimated Rates | | | | | | Single Family w/o Space Heat Average Rate | | | | Small Load Delivery Class | | | | |
| Step # | | \$/kWh | Dollar Recovery | | | 705 kWh | | | | 3492 kWh | | | | |
| 1 | | \$ 0.00130 | \$ 294,073.96 | | | 0.03494 DFC | | | | 10.7 kW | | | | |
| 2 | | \$ 0.00048 | \$ 63,746.32 | | | 10.58 Customer Charge | | | | 7.44 DFC | | | | |
| 3 | | \$ 0.00045 | \$ 18,092.28 | | | 4.47 Standard Meter Charge | | | | 11.35 Customer Charge | | | | |
| 4 | | \$ 0.00044 | \$ 40,100.96 | | | 0.00119 IEDT | | | | 8.1 Standard Meter Charge | | | | |
| 5 | | \$ 0.00043 | \$ 15,054.79 | | | 1.0119 IDUF | | | | 0.00119 IEDT | | | | |
| 6 | | \$ 0.00042 | \$ 19,095.39 | | | 2.237% FCA % | | | | 1.003 IDUF | | | | |
| 7 | | \$ 0.00040 | \$ 10,674.06 | | | \$ 41.00 Average Cost Delivery Costs | | | | 2.171% FCA % | | | | |
| 8 | | \$ 0.00035 | \$ 22,750.00 | | | \$ 0.92 Average FCA Cost | | | | \$ 103.15 Average Cost Delivery Costs | | | | |
| 9 | | \$ 0.00009 | \$ 1,778.74 | | | \$ 0.92 New Cost | | | | \$ 2.24 Average FCA Cost | | | | |
| | | | | | | | | | | \$ 2.60 2000 kWh Step | | 1,492 kWh over 2,000 | | |
| | | TOTAL | \$ 485,366.50 | | | | | | | \$ (0.36) Remaining | | \$ 0.72 | | |
| | | Difference | \$ 53.50 | | | | | | | | | \$ 3.32 | New Cost | |

Consumers will pay both charges (Franchise Consideration and IMF) for about 18 months

CONSIDERATIONS

- Transition Lag:
 - ComEd recovers Ordinance Consideration costs in arrears
 - Converting from Ordinance Consideration to Direct Payment will result in consumers paying both fees for ~18 months
 - Accounts may be billed on different days of the month, there is a need to coordinate with ComEd the start date for commencing Direct Payments

| Customer Billing Month | ComEd Collects for | | Average Increased Monthly Consumer Charges | |
|--|---------------------------------------|-----------------------|--|----------------------------------|
| | Ordinance Consideration Credits in... | Direct Payments in... | Single Family Residential Account | Multi-Family Residential Account |
| Jan-23 | Jul-21 | - | \$0.92 | \$0.63 |
| Feb-23 | Aug-21 | Jan-23 | \$0.92 | \$0.63 |
| Mar-23 | Sep-21 | Feb-23 | \$0.92 | \$0.63 |
| Apr-23 | Oct-21 | Mar-23 | \$0.92 | \$0.63 |
| May-23 | Nov-21 | Apr-23 | \$0.92 | \$0.63 |
| Jun-23 | Dec-21 | May-23 | \$0.92 | \$0.63 |
| Jul-23 | Jan-22 | Jun-23 | \$0.92 | \$0.63 |
| Aug-23 | Feb-22 | Jul-23 | \$0.92 | \$0.63 |
| Sep-23 | Mar-22 | Aug-23 | \$0.92 | \$0.63 |
| Oct-23 | Apr-22 | Sep-23 | \$0.92 | \$0.63 |
| Nov-23 | May-22 | Oct-23 | \$0.92 | \$0.63 |
| Dec-23 | Jun-22 | Nov-23 | \$0.92 | \$0.63 |
| Jan-24 | Jul-22 | Dec-23 | \$0.92 | \$0.63 |
| Feb-24 | Aug-22 | Jan-24 | \$0.92 | \$0.63 |
| Mar-24 | Sep-22 | Feb-24 | \$0.92 | \$0.63 |
| Apr-24 | Oct-22 | Mar-24 | \$0.92 | \$0.63 |
| May-24 | Nov-22 | Apr-24 | \$0.92 | \$0.63 |
| Jun-24 | Dec-22 | May-24 | \$0.92 | \$0.63 |
| Jul-24 | Jan-23 | Jun-24 | \$0.92 | \$0.63 |
| Collections to Occur In Arrears | | | \$17.48 | \$11.97 |

Consumers will pay both charges (Franchise Consideration and IMF) for about 18 months

CONSIDERATIONS

- Other Constraints:

UNIFORMITY

Municipality must be entirely Ordinance Consideration or Direct Payment

No splitting the portfolio

CAPS

<500k population
Direct Payment cannot exceed value of Ordinance Consideration credits in the prior 12 months

>500k population
Direct Payment cap is set by statute

No unlimited

FIXED

Direct Payment compensation will not change in response to changes in energy, delivery and taxes/fees rates

You will need to manage costs to gain benefits

NEXT STEPS

- Benefits
 - 'New Money' – not 'Savings'
 - Reducing costs with efficiency, renewables or simple retail supply can generate new funding for operations or sustainability
 - Does not require re-opening Franchise Agreement
 - **May want to examine natural gas franchise agreement terms as well**

[EPA Report on Franchise Agreements](#)

[Rider FCA – ComEd](#)

DISCUSSION

FOR MORE INFORMATION,
PLEASE CONTACT US

The Power Bureau, LLC
Mark Pruitt | Principal
Cell | 219.921.3828
markjpruitt@thepowerbureau.com

