Finance Standard 3: Customer Generation Rates

I. Purpose

This Customer Generation Rates Standard outlines the requirements for rate setting.

II. Standard

A. Customer Generation Rates will be set per the Board approved budget for the corresponding fiscal year or as designated by the Board after establishing the budget

B. All electric rates shall be designed to generate sufficient revenue, after consideration of all expenses, miscellaneous revenue and use of reserves as directed by the Board, to support:

- The full cost of operations
- Debt service
- Equity funding of capital investments
- Funding of reserve accounts
- Any other current obligations

C. In addition to these requirements, electric rates shall be designed to generate sufficient revenue, after consideration of interest income and miscellaneous revenue, to ensure a two-times (2.0x) minimum debt service coverage ratio.

D. A rate adequacy review shall be completed every five years at a minimum, through performing a cost of service study.