

# **Downrate Process Modifications**



# Background

- When members request a change in rate or contracted capacity that is less than what is presently established, they submit a downrate request.
- Engineering and CAFA\Billing reviews the services prior usage, contract term, CCR, outstanding debt, etc. to determine what is necessary to reduce their capacity and/or change rate.
- The existing practice is that if new capacity results in a capacity less than two transformer sizes, then field work is required to downrate the service.
- Once the member pays for field work (if necessary) and signs new agreements, the change in capacity and rate is made in the office; with the field work performed at a later date.



# Issue Today

- Several recent downrate requests in the CBM industry has led to a review of this practice.
- In the constricting economy and loading conditions, Engineering reviewed the practice of the necessary field work for two transformer sizes with the following results.
  - Additional Costs and Impacts for Oversized Transformers:
    - Increased no-load losses
    - Missed Opportunity costs
    - Increased Inductance
  - *Because the missed opportunity cost is not there in today's environment and the inductance is already present, Engineering found that only areas where metering needed to be modified to accurately meter the load is a real impact or where transformer sizes are very large and have extreme no-load losses makes financial sense to require the downrates.*



# Recommendation

- Due to these findings, Engineering is recommending that the existing practice be modified to only require field work to be performed when it is required to accurately meter the load or if other specific instances warrant the changes.
- Because of the current load and economic conditions, it is proposed that costs associated with field work are not assessed to the individual member.



# Request

- Engineering is requesting approval to proceed with the downrate process modification as presented.



# Questions?

