



ELECTRIC RATE ADJUSTMENT PROCESS

KICK-OFF DISCUSSION
JULY 13, 2020



PPS STRATEGIC PLAN-FINANCIAL STRENGTH

PPS will balance long-term financial stability with fair rates.

GOALS:

ACHIEVE A BOND RATING IN THE A CATEGORY FOR ALL THREE RATING AGENCIES.

STAY AT OR BELOW THE REGIONAL AVERAGE RETAIL RATE.

MAINTAIN A STRONG CASH RESERVE.

MAINTAIN A DEBT SERVICE COVERAGE RATIO OF 1.4 OR HIGHER.

STAY IN COMPLIANCE WITH THE ANNUAL BUDGET.

ACHIEVE A CLEAN AUDIT.

*ENSURE ALL WHOLESALE POWER COSTS ARE RECOVERED THROUGH THE POWER COST
ADJUSTMENT RATE.*



GUIDELINES FOR THE PROCESS

Board Workshop Format

- Less formal – More open discussion
- No business – No motions, no voting
- Educational – Cost of service and rate design concepts will be introduced, explained and considered for relevance to PPS

Transparency

- Open to the public
- All presentation materials on PPS website

PPS Task Force

Timeline

WORKSHOP DISCUSSIONS BY MONTH

August

- Cost of Service Principles-Overview

September

- Rate Design Issues/Options

October

- Customer Incentives Through Rate Design

November

- Billing Issues/Options

January

- Preliminary List of PPS Rate Schedules

February

- Preliminary Revenues and Revenue Requirements

March

- Preliminary Cost Allocation and Rate Design

April

- Proposed Final Rate Design

MISSION STATEMENT

“THE MISSION OF PADUCAH POWER SYSTEM IS TO PROVIDE OUR CUSTOMERS WITH RELIABLE AND ECONOMICAL ELECTRIC SERVICE OF THE HIGHEST QUALITY AND BE A VALUED PARTNER IN THE COMMUNITY AND ITS DEVELOPMENT.”



VISION STATEMENT

“PADUCAH POWER SYSTEM WILL BE A TRUSTED PARTNER IN THE VITALITY OF OUR COMMUNITY AND A LEADER IN OUR INDUSTRY.”