



Sharyland Utilities, L.P.
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July 29, 2014

Re: Notice Regarding Future Implementation of Power Factor Adjustment

On behalf of Sharyland Utilities, L.P. (Sharyland), I am writing to let you know that beginning in August 2015, Sharyland customers with load exceeding 400 kW at a single meter point will be required to meet the Power Factor requirements contained within Sharyland's Tariff for Retail Delivery Service (Tariff). Sharyland's Tariff was approved by the Public Utility Commission of Texas earlier this year,¹ and went into effect on May 1, 2014, as customers transitioned to the competitive retail electric market. Section 5.5.5 of this Tariff requires customers to correct their Power Factor if it is less than 95% lagging, or be subject to a billing adjustment and reimburse Sharyland for the costs of any equipment necessary to correct the problem. A copy of the full Tariff provision is attached for your review and reference. Because the Power Factor requirement and adjustment provisions are new, Sharyland committed to provide one-year advance notice so that you will have time to evaluate your situation and take any necessary corrective actions prior to the implementation date.

Sharyland is committed to working with you as you assess your situation and decide whether corrective action is necessary. If you have questions or need additional information, please contact Doug McGee at (432) 684-0332 or by e-mail at DMcGee@sharyland.com.

Regards,

Greg Boggs
Vice President
Sharyland Utilities, L.P.

¹ *Application of Sharyland Utilities, L.P. to Establish Retail Delivery Rates, Approve Tariff for Retail Delivery Service, and Adjust Wholesale Transmission Rates*, Docket No. 41474 (Jan. 23, 2014).

I. Calculation of Power Factor Adjustment Monthly NCP kW

Step 1) Identify 15-minute peak interval for billing period:

Step 2) Select corresponding kWh and kVAR readings:

$$\begin{aligned} \text{e.g. } 250 &= \text{kWh} \\ 150 &= \text{kVAR} \end{aligned}$$

Step 3) Convert to kW:

$$\text{kW demand} = 250 \text{ kWh} / .25 = 1,000 = \text{kW}$$

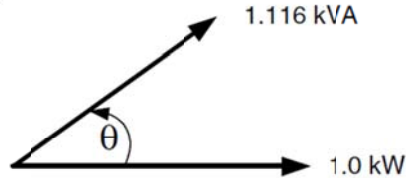
Step 4) Calculate kVAh:

$$\text{kVAh} = \sqrt{(\text{kWh})^2 + (\text{kVARh})^2} = \sqrt{(250)^2 + (150)^2} = \sqrt{62,500 + 22,500} = 292 \text{ kVAh}$$

Step 5) Calculate kVA:

$$\text{kVA} = 292 \text{ kVAh} / .25 = 1,168 = \text{kVA}$$

Step 6) Calculate Power Factor:



$$\text{kW/kVA} = 0.86 = \text{PF}$$

Step 7) Calculate Power Factor Adjusted Monthly NCP kW:

$$\text{Power Factor Adjusted Monthly NCP kW} = (\text{Actual Monthly NCP kW} \times 0.95) / \text{Current Month Power Factor}$$

$$(1,000 \text{ kW} \times 0.95) / 0.86 = 1,108 = \text{Adjusted Monthly NCP kW}$$

II. Distribution System Charges Comparison based on Power Factor Adjusted Monthly NCP kW

Secondary Service Greater Than 10 kW

<u>Annual Load Factor</u>	<u>0% - 25%</u>
NCP	\$ 13,470.00
Adjusted NCP	<u>\$ 14,923.16</u>
Difference	\$ 1,453.16

<u>Annual Load Factor</u>	<u>26% and above</u>
NCP	\$ 12,290.00
Adjusted NCP	<u>\$ 13,615.86</u>
Difference	\$ 1,325.86

Primary Service

NCP	\$ 11,900.00
Adjusted NCP	<u>\$ 13,183.78</u>
Difference	\$ 1,283.78

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Sheet No.: 5
Effective Date: May 20, 2014
Revision: 1

Chapter 5
Chapter Title: SERVICE RULES AND REGULATIONS RELATING TO THE
PROVISION OF DELIVERY SERVICE TO RETAIL CUSTOMERS
Applicable: SHARYLAND UTILITIES, L.P.

Company's facilities resulting from the use of Delivery Service in excess of such maximum.

5.5.5 POWER FACTOR

If the Power Factor of Retail Customer's load is found to be less than 95% lagging as measured at the Meter, Company may require Retail Customer to arrange for the installation of appropriate equipment on Retail Customer's side of the Meter necessary to correct Retail Customer's Power Factor between unity and 95% lagging as measured at Meter, or, if Retail Customer fails to correct its Power Factor consistent with this standard, the demand associated with Retail Customer's use of Delivery Service, as determined in the appropriate Rate Schedules in Section 6.1 RATE SCHEDULES, may be increased according to the following formulas:

(1) Calculation of Power Factor Adjusted NCP kW.

The NCP kW applicable under the Monthly Rate section shall be modified by the following formula:

Power Factor Adjusted Monthly NCP kW=(Actual Monthly NCP kW x 0.95)/Current Month Power Factor

(2) Calculation of Power Factor Adjusted 4-CP kW.

Each of the Retail Customer's monthly coincident peak kW demands used to calculate the Retail Customer's average 4 CP kW demand applicable under the Monthly Rate section shall be calculated using the following formula:

Power Factor Adjusted Monthly CP kW=(Actual Monthly CP kW demand at the time of the ERCOT peak x 0.95)/Monthly Power Factor

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Competitive Retailer. Increased demand for the testing period shall not affect the customer's demand for billing ratchet purposes. Charges for reading and resetting the Meter, if required, shall be as calculated and shall be billed to Competitive Retailer.

5.6 LIMITATIONS ON USE OF DISTRIBUTION SERVICE

**5.6.1 INTRASTATE RETAIL DELIVERY SERVICE LIMITATIONS (FOR
ERCOT UTILITIES)**

Company will not provide Delivery Service to Retail Customer where any part of Retail Customer's Electrical Installation is located outside the State of Texas or is connected directly or indirectly to any other electric lines, all or part of which are located outside the State of Texas, other than through certain high-voltage direct current interconnections constructed under orders of the Federal Energy Regulatory Commission.

5.6.2 PARALLEL OPERATION

Retail Customer may not, without written agreement with Company, connect Retail Customer's Electrical Installation to a source of Electric Power and Energy in a manner that may permit Electric Power and Energy to flow into the Delivery System from such source. Retail Customer proposing the interconnection of Distributed Generation must comply with the provisions set forth in this Tariff and Applicable Legal Authorities. Requirements and specifications for all other interconnections for parallel operation shall be individually negotiated with Company.

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