



Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: August 7, 2017

Re: Amending Chapter 27 of the City Code as it relates to electric rates

Executive Summary

Staff has prepared for Council consideration an ordinance amending Chapter 27 of the City Code as it relates to rates charged by the electric utility.

Discussion

Part of Chapter 27 of the City Code governs the charges paid by customers of the electric utility. A one percent increase in revenue from electric fees is proposed for the Fiscal Year 2018 budget year. Increases by customer class will vary and are based on cost-of-service analysis. The increase is necessary to address operation and maintenance cost and to maintain cash reserve levels.

Below are proposed section changes with a brief discussion of the proposed change. The proposed revenue increase from each customer class is different based on a previous cost-of-service analysis.

Total revenue increase from residential customer class is estimated at 1.6%. The average residential customer uses 743 kWh per month and will see an increase of 0.7%. The all-electric residential customer class will see an average 2.4% increase and the high efficiency heat pump residential customer class will see an average 2.6% increase. The higher amounts for all-electric and high efficiency heat pumps is consistent with cost-of-service analysis.

Sec. 27-100 – increases the one-time charge for setting a temporary electric service when requested.

Sec. 27-112 (c)(1) – increases the residential customer charge, for a standard electric meter, from \$15.91 per month to \$16.06 per month (0.9%). The residential customer charge, for a non-standard electric meter, is increased from \$21.01 per month to \$21.22 per month (1.0%).

Sec. 27-112 (c)(2) – proposal will change residential kWh rates as follows:

1. No increase in the per kWh charge for the first 300 kWh's of usage, in summer and non-summer months.
2. Increases the per kWh charge for the next 450 kWh's of usage, in summer and non-summer months, from 10.0 cents per kWh to 10.1 cents per kWh (1.0%).
3. Increases the summer per kWh charge for the next 1,250 (above 750 kWh) from 13.63 cents per kWh to 13.77 cents per kWh (1.0%).
4. Increases all the remaining kWh in summer (above 2,000 kWh) from 14.74 cents per kWh to 15.04 cents per kWh (2.0%).



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5. Increases all the remaining kWh in non-summer (above 750 kWh) from 11.55 cents per kWh to 12.03 cents per kWh (4.2%)
6. Increases all the remaining kWh for residential electric heating in non-summer (above 750 kWh) from 9.61 cents per kWh to 10.43 cents per kWh (8.5%).

Sec. 27-112 (d) – Makes the “residential heat pump rate” part of Sec. 27-112 instead of separated into Sec. 27-113.

1. All rate changes outlined in Sec. 27-112 apply to heat pump customers except:
2. Increases all the remaining kWh in non-summer (above 750 kWh) from 9.11 cents per kWh to 9.87 cents per kWh (8.3%).

Sec. 27-112 (e) – Changes section letter from (d) and defines the Minimum charge as the applicable customer charge.

Sec. 27-112 (f) & (g) – Changes section letters due to insertion of new section (d).

All of Sec. 27-113 is eliminated and incorporated into Sec. 27-112.

Total revenue increase from the small general service customer class is estimated at 0.8%.

Sec. 27-114 (c)(1) – increases the customer charge, for single-phase service, from \$15.91 per month to \$16.06 per month (0.9%) for small general service customers and increases the customer charge, for three-phase service, from \$26.22 per month to \$26.48 (1.0%) per month for small general service customers.

Sec. 27-114 (c)(2) - proposal will change small general service kWh rates as follows:

1. No increases in the per kWh charge for the first 500 kWh's of usage, in summer and non-summer months.
2. Increases the summer per kWh charge for the next 1,000 kWh (above 500) from 10.4 cents per kWh to 10.51 cents per kWh (1.0%).
3. Increases all the remaining kWh in summer (above 1,500 kWh) from 14.35 cents per kWh to 14.5 cents per kWh (1.0%).
4. Increases all the remaining kWh in non-summer (above 500 kWh) from 10.4 cents per kWh to 10.51 cents per kWh (1.0%).

Sec. 27-114 (d) – applies the same per kWh increases to electric heating small general service customers as in Sec. 27-114 (c)(2) except the non-summer all remaining kWh (above 500 kWh) is increased from 9.59 cents per kWh to 9.69 cents per kWh (1.0%).

Sec. 27-114 (e) – applies the same per kWh increases to high efficiency heat pump small general service customers as in Sec. 27-114 (c)(2) except the non-summer all remaining kWh (above 500 kWh) is increased from 9.04 cents per kWh to 9.19 cents per kWh (1.7%).



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Sec. 27-114 (f) – changes the Minimum bill, for single-phase service from \$15.91 to \$16.06 per month (0.9%) and the Minimum bill, for three-phase service, from \$26.22 to \$26.48 per month (1.0%).

Sec. 27-114 (l) – this section allows small general service customers to voluntarily select a demand rate instead of an energy only rate. The three subsections are increased as follows:

- (1) Increases the customer charge from \$45.90 per month to \$46.13 per month (0.5%).
- (2) Increases the demand charge in summer from \$15.91 per kW to \$15.99 per kW (0.5%) and increases the demand charge in non-summer from \$12.75 per kW to \$12.82 per kW (0.5%).
- (3) Increases the energy charge in summer from 5.74 cents per kWh to 5.77 cents per kWh (0.5%) and increases the energy charge in non-summer from 5.00 cents per kWh to 5.03 cents per kWh (0.6%).

Total revenue increase from the interruptible customer class is estimated at 0.6%.

Sec. 27-115 (c) – the interruptible service rate allows large general service and industrial customers to pay a discounted rate by voluntarily taking service interruption based on the request of the electric utility. The three subsections are increased as follows:

- (1) Increases the customer charge from \$61.20 per month to \$61.51 per month (0.5%).
- (2) Increases the demand charge in summer from \$10.28 per kW to \$10.34 per kW (0.6%) and increases the demand charge in non-summer from \$8.23 per kW to \$8.28 per kW (0.6%).
- (3) Increases the energy charge in summer from 4.78 cents per kWh to 4.81 cents per kWh (0.6%) and increases the energy charge in non-summer from 4.47 cents per kWh to 4.5 cents per kWh (0.7%).

Total revenue increase from the large general service customer class is estimated at 0.5%.

Sec. 27-116 (c) – the large general service rate applies to all non-residential customers that fall within a summer demand range greater than 25 kW and less than 750 kW, unless the customer qualifies for and has volunteered for another applicable rate. The three subsections are increased as follows:

- (1) Increases the customer charge from \$45.90 per month to \$46.13 per month (0.5%).
- (2) Increases the minimum demand charge in summer from \$367.20 per month to \$369.04 per month (0.5%) and increases the minimum demand charge in non-summer from \$275.40 per month to \$276.78 per month (0.5%). Increases the demand charge, for all kW greater than 25 kW, in summer from \$15.91 per kW to \$15.99 per kW (0.5%) and increases the demand charge, for all kW greater than 25 kW, in non-summer from \$12.75 per kW to \$12.82 per kW (0.5%).
- (3) Increases the energy charge in summer from 5.74 cents per kWh to 5.77 cents per kWh (0.5%) and increases the energy charge in non-summer from 5.0 cents per kWh to 5.03 cents per kWh (0.6%).



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Sec. 27-116 (d) – clarifies that the monthly Minimum bill is the customer charge plus the minimum demand charge plus the charge for any energy used during the month.

Sec. 27-116 (m)(2) - increases the applicable energy charge in summer from 4.592 cents per kWh to 4.62 cents per kWh (0.6%) and increases the energy charge in non-summer from 4.0 cents per kWh to 4.02 cents per kWh (0.5%).

Total revenue increase from the industrial customer class is estimated at 0.5%.

Sec. 27-117 (c) – the industrial service rate applies to all non-residential customers that exceed 750 kW during the summer season, unless the customer qualifies for and has volunteered for another applicable rate. The three subsections are increased as follows:

- (1) Increases the customer charge from \$153.00 per month to \$153.77 per month (0.5%).
- (2) Increases the minimum demand charge in summer from \$15,835.50 per month to \$15,914.43 per month (0.5%) and increases the minimum demand charge in non-summer from \$12,622.50 per month to \$12,685.62 per month (0.5%). Increases the demand charge, for all kW greater than 750 kW, in summer from \$21.11 per kW to \$21.22 per kW (0.5%) and increases the demand charge, for all kW greater than 750 kW, in non-summer from \$16.83 per kW to \$16.92 per kW (0.5%).
- (3) Increases the energy charge in summer from 4.82 cents per kWh to 4.85 cents per kWh (0.6%) and increases the energy charge in non-summer from 4.12 cents per kWh to 4.14 cents per kWh (0.5%).

Sec. 27-117(d) – clarifies that the monthly Minimum bill is the customer charge plus the minimum demand charge plus the charge for any energy used during the month.

Sec. 27-117(f) – clarifies the minimum monthly demand charge.

Sec. 27-117 (k)(2) – increases the summer kWh charge during the defined off-peak period from 3.76 cents per kWh to 3.78 cents per kWh (0.5%) for qualified industrial customers and increases the non-summer kWh charge during the defined off-peak period from 3.37 cents per kWh to 3.39 (0.6%) cents per kWh for qualified industrial customers.

Sec. 27-117 (k)(4) – clarifies the minimum monthly demand charge.

Sec. 27-117 (l)(2) – increases the summer kWh charge during the defined off-peak period from 3.86 cents per kWh to 3.88 cents per kWh (0.5%) for qualified industrial customers and increases the non-summer kWh charge during the defined off-peak period from 3.46 cents per kWh to 3.48 cents per kWh (0.6%) for qualified industrial customers.

Sec. 27-119(d) and (e) – increases the monthly customer charge for data transfer and communication equipment rate from \$10.85 to \$16.06 (48.0%); no change in per kWh charge; and, defines the minimum monthly bill as \$16.06.



Sec. 27-121.1(c) and (d) – the special outdoor lighting rate applies to seasonal lighting usage such as athletic fields. Sub-section (c) increases the monthly customer charge from \$56.10 per month to \$56.55 (0.8%) per month and increases the charge per kWh from 12.74 cents per kWh to 12.82 cents per kWh (0.6%). Sub-section (d) increases the minimum monthly bill from \$56.10 per month to \$56.55 per month (0.8%).

Fiscal Impact

Short-Term Impact: Increase revenue by one percent, from fees charged, over Fiscal Year 2017 rate.

Long-Term Impact: Increase revenue by one percent, from fees charged, over Fiscal Year 2017 rate.

Vision & Strategic Plan Impact

Vision Impacts:

Primary Impact: Not Applicable, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Strategic Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Legislative History

Date	Action
N/A	

Suggested Council Action

Staff recommends that Council amend Chapter 27 as outlined in the accompanying ordinance.