



Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: August 1, 2016

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 two percent increase in revenue from electric fees is proposed for the Fiscal Year 2017 budget year. This increase is necessary to address operation and maintenance cost and to maintain debt coverage and cash reserve levels.

The following are each proposed section change with a brief discussion of the proposed change.

Sec. 27-97 – proposed change increases the charge for a residential electric meter test from sixteen dollars to sixty-five dollars and increases the charge for a commercial or industrial electric meter test from thirty-two dollars to one hundred twenty dollars. In 2012, Utility Financial Solutions, LLC, performed a cost-of-service analysis that showed that the average cost of a residential electric meter test was \$136.74. While the utility understands that customers can have legitimate concerns about accuracy, this increase is designed to move some cost to the customer requesting the service versus spreading it to all customers. Testing of commercial and industrial meters require personnel and equipment that have higher costs. These charges are only applied if the meter is functioning within normal range. If the meter is found to be inaccurate, no charges are applied.

For all of the remaining sections an across-the-board two percent revenue increase is proposed for each customer class. Because of rounding, individual changes will be more or less than two percent.

Sec. 27-112 (c)(1) – increases the residential customer charge, for a standard electric meter, from \$15.60 per month to \$15.91 per month. The residential customer charge, for a non-standard electric meter, is increased from \$20.60 per month to \$21.01 per month.

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

1. Increases the per kWh charge for the first 300 kWh's of usage, in summer and non-summer months, from 7.52 cents per kWh to 7.67 cents per kWh.
2. Increases the per kWh charge for the next 450 kWh's of usage, in summer and non-summer months, from 9.8 cents per kWh to 10.0 cents per kWh.



City of Columbia

701 East Broadway, Columbia, Missouri 65201

3. Increases the summer per kWh charge for the next 1,250 (above 750 kWh) from 13.36 cents per kWh to 13.63 cents per kWh.
4. Increases all the remaining kWh in summer (above 2,000 kWh) from 14.45 cents per kWh to 14.74 cents per kWh.
5. Increases all the remaining kWh in non-summer (above 750 kWh) from 11.32 cents per kWh to 11.55 cents per kWh
6. Applied the same increase in the first 300 kWh and next 450 kWh non-summer block for residential electric heating.
7. Increases all the remaining kWh for residential electric heating in non-summer (above 750 kWh) from 9.42 cents per kWh to 9.61 cents per kWh.

Sec. 27-112 (d) – increases the minimum monthly charge for residential customers with standard electric meters from \$15.60 per month to \$15.91 per month. Increases the minimum monthly charge for residential customers with standard electric meters from \$20.60 per month to \$21.01 per month.

Sec. 27-113 (c) and (d) – applies the same rate changes for residential high-efficiency heat pump customers as apply in Sec. 27-112 (c)(2) and Sec. 27-112 (d) except that the increase for all the remaining kWh in non-summer (above 750 kWh) is increased from 8.93 cents per kWh to 9.11 cents per kWh.

Sec. 27-113 (e)(f)(g)(h)(i) – the significant change is the elimination of the requirement of load control device for a customer to qualify for the high-efficiency heat pump rate (e). The elimination of (e) requires the renaming of the remaining sub-sections of Section 27-113.

Sec. 27-114 (c)(1) – increases the customer charge, for single-phase service, from \$15.60 per month to \$15.91 per month for small general service customers and increases the customer charge, for three-phase service, from \$25.70 per month to \$26.22 per month for small general service customers.

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

1. Increases the per kWh charge for the first 500 kWh's of usage, in summer and non-summer months, from 8.0 cents per kWh to 8.16 cents per kWh.
2. Increases the summer per kWh charge for the next 1,000 kWh (above 500) from 10.2 cents per kWh to 10.4 cents per kWh.
3. Increases all the remaining kWh in summer (above 1,500 kWh) from 14.07 cents per kWh to 14.35 cents per kWh.
4. Increases all the remaining kWh in non-summer (above 500 kWh) from 10.2 cents per kWh to 10.4 cents per kWh

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 9.4 cents per kWh to 9.59 cents per kWh.



City of Columbia

701 East Broadway, Columbia, Missouri 65201

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 8.86 cents per kWh to 9.04 cents per kWh.

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 \$45.00 per month to \$45.90 per month
- (2) Increases the demand charge in summer from \$15.60 per kW to \$15.91 per kW and increases the demand charge in non-summer from \$12.50 per kW to \$12.75 per kW.
- (3) Increases the energy charge in summer from 5.63 cents per kWh to 5.74 cents per kWh and increases the energy charge in non-summer from 4.90 cents per kWh to 5.00 cents per kWh.

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 \$60.00 per month to \$61.20 per month
- (2) Increases the demand charge in summer from \$10.08 per kW to \$10.28 per kW and increases the demand charge in non-summer from \$8.07 per kW to \$8.23 per kW.
- (3) Increases the energy charge in summer from 4.69 cents per kWh to 4.78 cents per kWh and increases the energy charge in non-summer from 4.38 cents per kWh to 4.47 cents per kWh.

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 \$45.00 per month to \$45.90 per month
- (2) Increases the minimum demand charge in summer from \$360.00 per month to \$367.20 per month and increases the minimum demand charge in non-summer from \$270.00 per month to \$275.40 per month. Increases the demand charge, for all kW greater than 25 kW, in summer from \$15.60 per kW to \$15.91 per kW and increases the demand charge, for all kW greater than 25 kW, in non-summer from \$12.50 per kW to \$12.75 per kW.
- (3) Increases the energy charge in summer from 5.63 cents per kWh to 5.74 cents per kWh and increases the energy charge in non-summer from 4.9 cents per kWh to 5.00 cents per kWh.

Sec. 27-117 (c) – the industrial service rate applies to all non-residential customers that 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 \$150.00 per month to \$153.00 per month
- (2) Increases the minimum demand charge in summer from \$15,525.00 per month to \$15,835.50 per month and increases the minimum demand charge in non-summer from \$12,375.00 per month to \$12,622.50 per month. Increases the demand



City of Columbia

701 East Broadway, Columbia, Missouri 65201

charge, for all kW greater than 750 kW, in summer from \$20.70 per kW to \$21.11 per kW and increases the demand charge, for all kW greater than 750 kW, in non-summer from \$16.50 per kW to \$16.83 per kW.

- (3) Increases the energy charge in summer from 4.73 cents per kWh to 4.82 cents per kWh and increases the energy charge in non-summer from 4.04 cents per kWh to 4.12 cents per kWh.

Sec. 27-117 (k)(2) – increases the summer kWh charge during the defined off-peak period from 3.69 cents per kWh to 3.76 cents per kWh for qualified industrial customers and increases the non-summer kWh charge during the defined off-peak period from 3.3 cents per kWh to 3.37 cents per kWh for qualified industrial customers.

Sec. 27-117 (l)(3) – increases the summer kWh charge during the defined off-peak period from 3.78 cents per kWh to 3.86 cents per kWh for qualified industrial customers and increases the non-summer kWh charge during the defined off-peak period from 3.39 cents per kWh to 3.46 cents per kWh for qualified industrial customers.

Sec. 27-120 (c) – the small power producer/cogenerator rate was intended to address potential small power producers within the electric utility service territory. This rate has never applied; however, the rates are significantly out of date and need to be updated to current market conditions. The proposed changes for the two sub-sections are as follows:

- (1) Reduces the monthly per kW capacity amount from \$9.86 per kW to \$4.60 per kW and reduces the annual per kW capacity amount from \$118.32 per kW to \$55.20 per kW.
- (2) Increases the per kWh energy amount from 2 cents per kWh to 2.5 cents per kWh.

Sec. 27-121 (c) – the proposed change to this section will eliminate the monthly pole charge for dusk-to-dawn lighting. All new installations will be charge a one-time pole charge based on the cost of the pole used.

Sec. 27-121 (d) – the proposed change to this section is eliminating all light charges by wattage and type. The existing charges are being replaced by four “lumen” range charges. With the advent of LED technology, the number of different wattage lights has grown significantly based on how different companies implement the technology. The use of a lumen range will allow the grouping of similar lights without regard for specific wattage.

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 \$55.00 per month to \$56.10 per month and increases the charge per kWh from 12.49 cents per kWh to 12.74 cents per kWh. Sub-section (d) increases the minimum monthly bill from \$50.00 per month to \$56.10 per month.

Sec. 27-129 – reduces the discount for direct load control from two percent to zero percent for residential and small general service customers. Because of energy market changes and technology changes, the load management program will not be utilized until a new



demand response program can be developed that benefits customers and the electric utility. For several years, the market prices of electric capacity have made the load management program more expensive to maintain than the value realized by the electric utility. In June of 2016, the electric utility upgraded its energy management system to comply with new federal regulations regarding cyber security. The technology utilized to implement the current load management system is not compatible with the new energy management system. Staff is working on developing a new demand response program that will leverage the strengths of the new energy management system and the economic realities of the energy market in which the electric utility participates.

Sec. 27-130 (1) – reduces the discount for direct load control from two percent to zero percent for large general service customers. Issues requiring change are the same as for residential and small general service customers.

Fiscal Impact

Short-Term Impact: Increase revenue by two percent, from fees charged, over Fiscal Year 2016 rate.

Long-Term Impact: Increase revenue by two percent, from fees charged, over Fiscal Year 2016 rate.

Vision & Strategic Plan Impact

[Vision Impacts:](#)

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

[Strategic Plan Impacts:](#)

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

[Comprehensive Plan Impacts:](#)

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Legislative History

Date	Action
Manually enter dates in this format: MM/DD/YYYY. Use hard returns to get to the next line of action entry.	Manually enter action items here. Use hard returns to space down to align with the corresponding date to the left. Order history from most recent to oldest. For each Council action, significant procedural action by a Board/Commission and Interested Parties meeting, enter the action date and brief statement of the action with vote totals, if



City of Columbia

701 East Broadway, Columbia, Missouri 65201

known. Include ALL information you feel is relevant to this item.

Suggested Council Action

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