

MEMORANDUM

To: Members of the Columbia City Council

From: Water & Light Advisory Board

Date: July 21, 2026

Subject: Recommendation Regarding Electric Utility Rate Adjustments FY2027

Dear Council Members:

On July 7, 2026, the Water & Light Advisory Board (“Board”) voted to recommend that the City Council approve staff’s proposed electric rate adjustments, including:

- A 6% increase in electric rates;
- Holding base rates constant; and
- Increasing the Power Cost Adjustment (PCA) cap to 20%.

The Board's recommendation followed its review of staff's rate proposal and supporting materials regarding the financial and operational needs of the Electric Utility. The Board recognizes that any rate adjustment affects customers and carefully considered the balance between affordability and the utility's ongoing infrastructure, maintenance, and operational requirements. After discussion and deliberation, the Board determined that the recommended 6% increase, together with maintaining current base rates and increasing the PCA cap to 20%, appropriately addresses those needs.

Additional details regarding the staff’s recommendation considered by the Board can be found in under the July 7, 2026, Agenda: <https://www.como.gov/boards/water-and-light-advisory-board/>.

The Board respectfully submits this recommendation for the Council's consideration.

Respectfully submitted,

Jennifer Coleman, Chair of the Board

Philip Fracica

David Switzer

Thomas Jensen

Emily Piontek

MEMORANDUM

TO: Erin Keys, Director City of Columbia Utilities

FROM: Dawn Jennings, Assistant Director – Rates and Fiscal Planning

DATE: June 29, 2026

SUBJECT: Proposed Rate Adjustments for FY 2027

Water

A Cost of Service and Rate Study was completed by Stantec Consulting Services, Inc., on July 8, 2025. A \$3.4 million revenue increase was recommended for the water utility to take effect on October 1, 2026. This overall proposed 10% increase in revenue is necessary to address an increase in operation and maintenance expenses, maintain cash reserve levels, and ensure adequate debt coverage. Staff is recommending City Council approve a 10% revenue increase for FY 2027 as recommended by Stantec.

Electric

As previously discussed, the electric fund needs a minimum of 6% revenue increase in order to provide adequate funding to meet the necessary expenditure for operations, capital projects, and debt service obligations for FY2027. To address the funding needs, staff prepared and evaluated various scenarios including a 6% increase on all electric rates and fees; a 6% increase, holding base rates constant; as well as scenarios which excluded an increase to the residential Tier I rate. Staff also analyzed the effects on each of the customer types to include a 5% and 10% increase to the PCA cap. Electric utilities staff then met with the City Manager and Finance Director to discuss the various scenarios and all agreed that a proposal for rate increase of 6%, holding base rates constant, and a PCA cap of 20% should be presented for consideration by City Council and this Board. The impact of the necessary ongoing revenue increase, coupled with the Board's previous recommendation of a PCA cap increase to 25%, could cause financial hardship both to the residential and commercial customers. For example, one specific industrial customer would realize an increase of 15.38%, which is excess of an additional \$40,000 monthly, if both a 6% rate increase and a 25% PCA cap were implemented simultaneously. The percentage was similar on the residential customer at 14.39%.

Attached for your review is a summary of the current rates, proposed new rates, and the difference between the two. The proposed rate increase would generate approximately \$8.6 million in additional revenue and would take effect on October 1, 2026. The additional revenue from the PCA cap increase to 20%, with a 6% rate increase, is estimated to generate approximately \$6.1 million toward the prior FY true up figure of \$10.8 million. This would raise the cash reserve balance back to the required funding

level within two fiscal years.

Staff requests the WLAB to provide their recommendation to include as an attachment to the City Council bill for the consideration of electric and water rate increases.

Residential Service Rate (Sec. 27-112)

	Current	Proposed FY 2027	Difference
Customer Charge	22.44	22.44	0.00000
Energy Charge			
Summer:			
First 300 kWh	0.0907	0.0961	0.00544
Next 450 kWh	0.1111	0.1178	0.00667
All remaining kWh	0.1315	0.1394	0.00789
	0.1519	0.1610	0.00911
Non-Summer			
First 300 kWh	0.0907	0.0961	0.00544
Next 450 kWh	0.1111	0.1178	0.00667
All remaining kWh	0.1224	0.1297	0.00734
Electric Space Heating*			
Non-Summer			
First 300 kWh	0.0907	0.0961	0.00544
Next 450 kWh	0.1111	0.1178	0.00667
All remaining kWh	0.102	0.1081	0.00612
High Efficiency Heat Pumps			
Non-Summer			0.00000
First 300 kWh	0.0907	0.0961	0.00544
Next 450 kWh	0.1111	0.1178	0.00667
All remaining kWh	0.0969	0.1027	0.00581

*Permanently installed in a living area a minimum of 5 KW
and sole source of comfort heating

Small General Service Rate (Sec. 27-114)

	Current	Proposed FY 2027	Difference
Customer Charge:			
Single-phase service	22.44	22.44	0.00000
Three-phase service	33.66	33.66	0.00000
Energy Charge			
Summer:			
First 500 kWh	0.0941	0.0997	0.00565
Next 1,000 kWh	0.1145	0.1214	0.00687
All remaining kWh	0.1400	0.1484	0.00840
Non-Summer			
First 500 kWh	0.0941	0.0997	0.00565
All remaining kWh	0.1145	0.1214	0.00687
Electric Space Heating			
Non-Summer			
First 300 kWh	0.0941	0.0997	0.00565
Next 450 kWh	0.1145	0.1214	0.00687
All remaining kWh	0.1064	0.1128	0.00638
High Efficiency Heat Pumps			
Non-Summer			0.00000
First 500 kWh	0.0941	0.0997	0.00565
Next 1,000 kWh	0.1145	0.1214	0.00687
All remaining kWh	0.1003	0.1063	0.00602
Optional Rate Schedule:			
(Customer in this rate class			
may voluntarily be placed			
on a demand billing rate)			
Customer Charge	47.99	47.99	0
Demand Charge			
Summer: all KW	17.83	18.90	1.07
Non-Summer: all KW	14.29	15.15	0.86
Energy Charge			
Summer: per kWh	0.0600	0.0636	0.0036
Non-Summer: per kWh	0.0550	0.0583	0.0033

Interruptible Service Rate (Sec. 27-115)

	Current	Proposed FY 2027	Difference
Customer Charge:			
Summer	66.30	66.30	0.00
Non-Summer	66.30	66.30	0.00
Demand Charge (per kilowatt)			
Summer	11.11	11.78	0.66660
Non-Summer	9.02	9.56	0.54120
Energy Charge			
Summer	0.0464	0.0492	0.00278
Non-Summer	0.0432	0.0458	0.00259

Large General Service Rate (Sec. 27-116)

	Current	Proposed FY 2027	Difference
Customer Charge:	66.30	66.30	0.00
Demand Charge:			
Summer:			
Minimum demand charge - 25 kw or less	431.46	457.35	25.89
All additional kw (per kw)	17.26	18.30	1.04
Non-Summer			
Minimum demand charge - 25 kw or less	350.37	371.39	21.02
All additional kw (per kw)	14.01	14.85	0.84
Energy Charge			
Summer:			
All kwh (per kwh)	0.0581	0.0616	0.0035
Non-Summer:			
All remaining kwh	0.0506	0.0536	0.0030
Energy Storage Rider			
Energy Charge:			
(Energy supplied for the period beginning			
12:00 midnight and ending at 6:00 a.m.			
shall be charged at the following rates:			
Summer (per kwh)	0.04684	0.04965	0.0028
Non-Summer (per kwh)	0.0408	0.0432	0.0024

Industrial Service Rate (Sec. 27-117)

	Current	Proposed FY 2027	Difference
Customer Charge:			
Single-phase service	204	204	0.00
Demand Charge:			
Summer:			
Minimum demand charge - 750 kw or less	18,841.95	19,972.47	1,130.52
All additional kw (per kw)	25.12	26.63	1.51
Non-Summer:			
Minimum demand charge - 750 kw or less	14,634.45	15,512.52	878.07
All additional kw (per kw)	19.51	20.68	1.17
Energy Charge			
Summer:			
All kwh (per kwh)	0.0519	0.0550	0.0031
Non-Summer:			
All remaining kwh	0.0444	0.0471	0.00266
Energy Storage Rider			
Energy Charge:			
(Energy supplied for the period beginning			
12:00 midnight and ending at 6:00 a.m.			
shall be charged at the following rates:			
Summer (per kwh)	0.0384	0.0407	0.0023
Non-Summer (per kwh)	0.0344	0.0365	0.0021
Off Peak Discount			
Energy Charge:			
(Energy supplied for the period beginning			
12:00 midnight and ending at 6:00 a.m.			
shall be charged at the following rates:			
Summer (per kwh)	0.0407	0.0431	0.0024
Non-Summer (per kwh)	0.0351	0.0372	0.0021

Standby and Supplemental Service Rate (Sec. 27-117.1)

	Current	Proposed FY 2027
Net Rates Per Day		
Summer purchased power demand, per KW	0.50	0.53
Non-summer purchased power demand, per KW	0.38	0.40
Summer purchased power energy, per kWh	0.261	0.27666
Non-summer purchased power energy, per kWh	0.02335	0.02475
Transmission network power demand, per KW	0.0070	0.0074
Transmission network energy, per kWh	0.00182	0.00193



Difference
0.03
0.02
0.016
0.0014
0.0004
0.0001

Data Transfer/Communication Equip Service Rate (Sec. 27-119)

	Current	Proposed FY 2027	Difference
Customer Charge:	10.85	10.85	0.00
Cost per kWh	0.0944	0.1001	0.01

Small Producer/Cogenerator Service Rate (Sec. 27-120)

	Current	Proposed FY 2027	Difference
Capacity Charge	4.60	4.88	0.28
Annual Payment	55.20	58.51	3.31
Energy	0.0250	0.0265	0.00

Outdoor Area Lighting - Dusk to Dawn Service Rate (Sec. 27-121)

	Current	Proposed FY 2027	Difference
Lumen Range Charge Per Month			
7,000 to 11,000 (per light)	10.14	10.75	0.61
25,000 to 30,000 (per light)	21.91	23.22	1.31
42,000 to 52,000 (per light)	26.3	27.88	1.58
7,000 to 11,000 post-top			
luminate (per light)	16.42	17.41	0.98520

Special Outdoor Lighting Rates (Sec. 27-121.1)

	Current	Proposed FY 2027	Difference
Customer Charge	57.22	57.22	0.00
Cost per kWh	13.64	14.46	0.82

Street Lighting Rates (Sec. 27-121.3)

	Current	Proposed FY 2027	Difference
Light and Fixtures Per Month			
100 watt high pressure post-top luminaire underground service	11.65	12.35	0.70
100 watt high pressure sodium overhead service on existing pole	7.65	8.11	0.46
100 watt high pressure sodium overhead service on new pole placement	8.65	9.17	0.52
100 watt high pressure sodium underground service on existing pole	12.77	13.54	0.77
100 watt high pressure sodium underground service on new pole placement	13.77	14.60	0.83
175 watt high pressure sodium overhead service on existing pole	8.10	8.59	0.49
175 watt mercury vapor overhead service new pole placement	9.10	9.65	0.55
250 watt high pressure sodium overhead service on existing pole	9.18	9.73	0.55
250 watt high pressure sodium underground service on steel pole	30.59	32.43	1.84
400 watt high pressure sodium overhead service on existing pole	15.75	16.70	0.95
400 watt high pressure sodium overhead service new pole placement	16.75	17.76	1.01
400 watt high pressure sodium underground service on existing pole	20.87	22.12	1.25
400 watt high pressure sodium on special aluminum pole	24.13	25.58	1.45
400 watt high pressure sodium underground service on steel pole	33.57	35.58	2.01
400 watt high pressure sodium underground service new pole placement	21.87	23.18	1.31
<i>Exception:</i> Dual arm bracket with 400 watt high pressure sodium underground service on steel pole	67.14	71.17	4.03