

COUNCIL ACTION FORM

SUBJECT: ELECTRIC UTILITY RATE CHANGES

BACKGROUND:

As discussed during the FY 2008/09 budget process, the Ames Municipal Electrical Utility budget includes an 8.0% metered electric revenue increase. The revenue increase was recommended to fund plant maintenance and improvements and operating costs while maintaining an adequate fund balance for the utility. Per discussions at the April 8, 2008 City Council meeting, the proposed change includes a flat rate structure for the residential customer class during the summer peak season and an across-the-board increase with no change to our current rate structure for all other customer classifications. As decision paths are selected in the project to replace base load power generation, the utility will conduct an extensive cost-of-service study and prepare alternative rate structures and analysis of impact on customers.

This rate increase is the second in a series of planned rate increases; the first was a 3.5% increase for FY 2006/07. It is important that a rate increase be implemented at the beginning of the fiscal year to allow the electric utility to fund planned capital improvements and maintain adequate fund balances.

Attached is the edited ordinance section reflecting the increased rates.

ALTERNATIVES:

1. Approve the proposed changes to the electric utility rate ordinance to increase overall revenue to the electric utility by 8.0% as included in the FY 08/09 budget.
2. Refer the electric utility rate ordinance back to staff with direction to develop an alternative rate structure. Depending on the complexity of the desired rate structure, this alternative would likely delay implementation of a rate increase, and could result in not achieving the electric utility fund balance target unless other changes are made to the budget to reduce expenditures.
3. Do not approve a rate increase at this time. This alternative will require extensive changes to the electric utility budget since an 8.0% revenue increase was included in the adopted budget.

MANAGER'S RECOMMENDED ACTION:

The proposed rate structure will provide funding for the operations and capital projects included in the adopted FY 08/09 Electric Utility budget. The proposed change in the residential rate structure from a declining block to a flat rate during the summer peak season is expected to encourage conservation and reduce the need to increase power generation capacity in the future.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the proposed changes to the electric utility rate ordinance to increase overall revenue to the electric utility by 8.0% as included in the FY 08/09 budget.

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY REVISION TO SECTIONS 28.103(2)(a)(b)(i)(ii)(3), 28.104(2)(a)(b)(i)(ii)(3), 28.105(2)(a)(b)(i),(ii), 28.106(2)(a)(b)(i)(ii), 28.107(2)(a)(i)(3)(d)(f), THEREOF, FOR THE PURPOSE OF PROVIDING DEFINITIONS AND TO REVISE CURRENT PROVISIONS; REPEALING ANY AND ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT TO THE EXTENT OF SUCH CONFLICT; PROVIDING A PENALTY; AND ESTABLISHING AN EFFECTIVE DATE.

BE IT ENACTED, by the City Council for the City of Ames, Iowa, that:

Section One. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by revising 28.103(2)(a)(b)(i)(ii)(3), 28.104(2)(a)(b)(i)(ii)(3), 28.105(2)(a)(b)(i),(ii), 28.106(2)(a)(b)(i)(ii), 28.107(2)(a)(i)(3)(d)(f) as follows:

“Sec. 28.103. RESIDENTIAL ELECTRIC RATES.

- (2) **Rate per billing period.** For each monthly billing period a residential rate customer:
- (a) shall be charged five dollars (\$5.00) as a customer service charge, and
 - (b) in addition, shall be charged for energy consumption during the billing period as follows:
 - (i) for bills mailed on or between July 1 and October 31 (summer period):
\$0.0825 per kWh, or
 - (ii) for bills mailed on or between November 1 and June 30 (winter period):
\$0.0760 per kWh for the first 400 kWhs
\$0.0637 per kWh for the next 600 kWhs
\$0.0604 per kWh for all kWhs over 1000 kWhs,
- and
- (3) **Minimum bill:** The minimum charge per billing period shall be five dollars (\$5.00).

Sec. 28.104. GENERAL POWER RATE.

- (2) **Rate per billing period:** For each monthly billing period a general power rate customer:
- (a) shall be charged six dollars (\$6.00) as the customer service charge; and,
 - (b) in addition, shall be charged for energy consumption during the billing as follows:
 - (i) for bills mailed on or between July 1 and October 31 (summer period):
\$0.0917 per kWh for the first 2000 kWhs
\$0.0783 per kWh for the next 5000 kWhs
\$0.0760 per kWh for all kWh over 7000 kWhs.
 - (ii) for bills mailed on or between November 1 and June 30 (winter period):
\$0.0715 per kWh for the first 2000 kWhs
\$0.0593 per kWh for the next 5000 kWhs

\$0.0570 per kWh for all kWh s over 7000 kWhs.

- (3) **Minimum bill:** The minimum charge per billing period shall be six dollars (\$6.00).

Sec. 28.105. LARGE POWER RATE.

- (2) **Rate per Billing Period.** For each monthly billing period, a large power rate customer:
- (a) shall be charged forty-five dollars (\$45.00) as a customer service charge, and
 - (b) in addition, shall be charged for demand and energy consumption during the billing period as follows:
 - (i) for bills mailed on or between July 1 and October 31 (summer period) a customer shall be charged a demand of:
 - \$4.751 per kW for the first 50 kW of billing demand
 - \$4.304 per kW for the next 100 kW of billing demand
 - \$3.857 per kW for all kilowatts over 150 kW of billing demand and an energy charge of:
 - \$0.0615 per kWh for the first 200 hours use of billing demand
 - \$0.0425 per kWh for the next 200 hours use of billing demand
 - \$0.0391 per kWh for all kWh s over 400 hours use of billing demand
 - (ii) for bills mailed on or between November 1 and June 30 (winter period) a customer shall be charged a demand charge of:
 - \$3.410 per kW for the first 50 kW of billing demand
 - \$2.962 per kW for the next 100 kW of billing demand
 - \$2.515 per kW for all kilowatts over 150 kW of billing demand and an energy charge of:
 - \$0.0525 per kWh for the first 200 hours use of billing demand
 - \$0.0414 per kWh for the next 200 hours use of billing demand
 - \$0.0369 per kWh for all kWhs over 400 hours use of billing demand

Sec. 28.106. INDUSTRIAL RATE.

- (2) **Rate Per Billing Period.** For each monthly billing period, an industrial rate customer
- (a) shall be charged one hundred twelve dollars (\$112.00) as a customer service charge, and
 - (b) in addition, shall be charged for demand and energy consumption during the billing period as follows:
 - (i) for bills mailed on or between July 1 and October 31 (summer period) a customer shall be charged a demand charge of \$3.857 per kW for all kilowatts of billing demand, and an energy charge of:
 - \$0.0548 per kWh for the first 200 hours of billing demand
 - \$0.0369 per kWh for the next 200 hours use of billing demand
 - \$0.0347 per kWh for all kWhs over 400 hours use of billing demand
 - (ii) for bills mailed on or between November 1 and June 30 (winter period) a customer shall be charged a demand charge of:
 - \$2.515 per kW for all kilowatts of billing demand, and an energy charge of:
 - \$0.0470 per kWh for the first 200 hours use of billing demand

\$0.0357 per kWh for the next 200 hours use of billing demand
 \$0.0324 per kWh for all kWhs over 400 hours use of billing demand

Sec. 28.107. STREET AND SECURITY LIGHTING RATE.

- (2) **Rate per Billing Period.** For each monthly billing period the lighting customer:
 (a) shall be charged for service per lamp:
 (i) for bills mailed on or after July 1, 2008:

	Monthly Charge	Monthly Consumption Lamp (kWh per Lamp)
1000 Watt - Mercury Vapor	23.25	383
700 Watt - Mercury Vapor	16.95	268
400 Watt - Mercury Vapor	10.60	153
400 Watt - Mercury Vapor-Ornamental	12.85	153
250 Watt - Mercury Vapor	7.60	96
250 Watt - Mercury Vapor-Ornamental	11.30	96
175 Watt - Mercury Vapor	6.25	67
175 Watt - Mercury Vapor-Ornamental	8.45	67
400 Watt - High Pressure Sodium	11.45	153
400 Watt - High Pressure Sodium-Ornamental	12.85	153
360 Watt - High Pressure Sodium	10.85	138
360 Watt - High Pressure Sodium-Ornamental	12.25	138
250 Watt - High Pressure Sodium	8.30	96
250 Watt - High Pressure Sodium-Ornamental	11.75	96
200 Watt - High Pressure Sodium	8.05	77
200 Watt - High Pressure Sodium-Ornamental	11.75	77
150 Watt - High Pressure Sodium	6.95	60
150 Watt - High Pressure Sodium-Ornamental	9.15	60
100 Watt - High Pressure Sodium	5.60	38
100 Watt - High Pressure Sodium-Ornamental	7.60	38
70 Watt - High Pressure Sodium	4.90	27
70 Watt - High Pressure Sodium-Ornamental	7.00	27

(3) **Conditions.**

(d) Flood lights, where available from utility stock, shall have an additional monthly charge of \$0.60 per lamp.

(f) Contract for energy only charges will be billed at a rate of \$0.075 per kilowatt hour plus the applicable energy cost adjustment.

Section Two. Violation of the provisions of this ordinance shall constitute a simple misdemeanor punishable as set out by law.

Section Three. All ordinances, or parts of ordinances, in conflict herewith are hereby repealed to the extent of such conflict, if any.

Section Four. This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed this _____ day of _____, ____.

Diane R. Voss, City Clerk
00970

Ann H. Campbell, Mayor

CAF APPROVAL

SS SS BK BK SL _____

DM DM JP _____ SR _____

To be sent to _____

