

RESOLUTION NO. 2016-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UKIAH ADOPTING ELECTRIC UTILITY RATE SCHEDULE ADJUSTMENTS FOR FIVE-YEAR PERIOD COMMENCING JANUARY 1, 2017

WHEREAS: The City of Ukiah ("City") provides electric utility services to residents and businesses in the City and Ukiah Electric Utility is the City's publicly owned electric utility with the City Council providing local governance and oversight; and

WHEREAS: The City has operated the municipal utility for more than 110 years and the electric rates are based on the cost to provide service; and

WHEREAS: The electric energy costs for the citizens of Ukiah are significantly lower than what others pay in Mendocino county; and

WHEREAS: In accordance with the Ukiah City Code Division 4, Chapter 6, Sections 3950 through 3957, the City Council will hold a public hearing on December 7, 2016, to receive the City Manager's Report on electric utility energy rates and consider adoption by resolution of proposed electric rate increases. Legal notices were published successfully in accordance with City Code section 3953; and

WHEREAS: Since 2007, the electric utility has experienced cost increases across all categories while revenues have remained essentially flat. Capital investment was accelerated to address deferred maintenance and to implement newer proven technologies resulting in improved reliability and safety. During this period of accelerated system investment, expenditures exceeded revenues by about \$1.4 million dollars; and

WHEREAS: The electric utility faces increased cost pressures from a number of areas. First, utility infrastructures such as poles, wires and equipment need to be replaced at a stepped up rate to maintain the reliability of the system. Second, new technologies such as automated meter reading and system control are needed to improve the utility's reliability and to meet future regulatory requirements. Other costs such as medical and pension costs continue to rise; and

WHEREAS: To meet these challenges and maintain an adequate cash reserve, a phased rate change over four years will be implemented. Five 3% rate adjustments will be implemented starting on January 1, 2017, with four remaining rate changes that will be implemented every year at the beginning of the fiscal year on July 1st. The phased approach of 3% provides a modest change per year approximating inflation. Under California Proposition 26, court rulings have indicated that electric rates must meet cost of service requirements. A cost of service of the electric rate classes shows that the phased approach of the across-the-board rate increases will meet Proposition 26 requirements; and

WHEREAS: In addition to the phased rate approach, the residential rate structure will add a basic monthly charge based on the customer's usage. Cost of service indicates a fixed basic charge is appropriate to cover the infrastructure maintenance; and

WHEREAS: The City Manager, staff and the Electric Rate Ad-Hoc committee recommend proceeding with proposed electric rate adjustments outlined on Exhibit A; and

WHEREAS: During the fourth quarter of every year through 2020, the Electric Department shall conduct a review of the rates to determine whether the annual adjustments adequately account for the actual increases or decreases of the Utility's reasonable operating costs.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Ukiah hereby adopts the Proposed Electric Rates, as set forth in Exhibit A.

BE IT FURTHER RESOLVED that the rate schedule adopted by this Resolution shall be effective on January 1, 2017, unless otherwise ordered by the City Council. All prior rate schedules in conflict herewith are repealed upon the effective date of the new schedule. All other contract conditions for service remain unaltered and in full effect and the City Clerk shall cause the publication of this resolution in the Ukiah Daily Journal within 10 days following Council action on December 7, 2016, pursuant to the provisions of Section 3957 of the Ukiah City Code.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Ukiah on the 7th day of December 2016, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

, Mayor

ATTEST:

Kristine Lawler, City Clerk

Proposed City of Ukiah Electric Rates

Winter Rates effective November 1-April 30 Summer Rates effective May 1-October 31

(The amended rates will apply to the first full month's consumption following the rate's effective date)

Residential Single Phase: Electric Rate E1 (Basic Service), E2 (All Electric)

All Electric Rate (E2) will be closed to new customers effective 1/1/2017. Current customers will be allowed to stay on the rate no matter how they qualified. Other rate discounts and or adjustments to baseline quantities for various programs such as but not exclusive of senior and life support will remain the same. The minimum charge will be billed if the sum of the basic and the energy charges are less than the minimum charge amount.

<u>Rate by effective date</u>	1/1/2017	7/1/2017	7/1/2018	7/1/2019	7/1/2020
Base line Quantities, per kWh, \$/kWh	\$0.12040	\$0.12410	\$0.12790	\$0.13180	\$0.13580
Exceeding Base line Quantities, per kWh, \$/kWh	\$0.15800	\$0.16280	\$0.16770	\$0.17280	\$0.17800
Minimum Monthly Billing, \$/Month	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Basic Monthly Charge for Monthly KWh less than 200 kWh per month, \$/Month	\$0.50	\$0.52	\$0.54	\$0.56	\$0.58
Basic Monthly Charge for Monthly KWh greater than or equal to 200 kWh per month and less than 550 kWh per month, \$/Month	\$1.00	\$1.03	\$1.07	\$1.11	\$1.15
Basic Monthly Charge for Monthly KWh greater than or equal to 550 kWh per month, \$/Month	\$1.50	\$1.55	\$1.60	\$1.65	\$1.70

BASELINE QUANTITIES (kWh PER MONTH)

	WINTER	SUMMER
Basic Service (E1)	360	360
All Electric (E2)	660	360

General Service: Electric Rate E5, E6, C5, C6, E55, E51

This rate schedule is applicable to general commercial and non-commercial residential lighting, heating and all single phase and three phase alternating current loads in which energy use is less than 144,000 kWh per meter for 12 consecutive months. This schedule will not be applicable to commercial uses permitted by the City under a Home Occupation Permit.

Effective Date	1/1/2017	7/1/2017	7/1/2018	7/1/2019	7/1/2020
Energy Rates, \$/kWh					
Summer	\$0.17066	\$0.17578	\$0.18106	\$0.18650	\$0.19210
Winter	\$0.12663	\$0.13043	\$0.13435	\$0.13839	\$0.14255
Base Charge, \$/month					
Single Phase (E5)	\$8.66	\$8.92	\$9.19	\$9.47	\$9.76
Poly-phase (E6)	\$9.69	\$9.99	\$10.29	\$10.60	\$10.92
X-Ray (E51)	\$21.63	\$22.28	\$22.95	\$23.64	\$24.35
Minimum Charge, \$/Month					
2nd Meter (E55)	\$8.66	\$8.92	\$9.19	\$9.47	\$9.76

General Service with Demand: Electric Rate E7, C7

This rate is applicable to commercial and non-residential lighting, heating, and all single phase and three phase loads in which energy use is 144,000 kWh or greater per meter for 12 consecutive months. The customer bill will consist of a basic month charge, energy and demand charges.

DEMAND CHARGE

The customer will be billed for demand according to the customer's "maximum kilowatt demand" each month. The number of kilowatt (kW) used will be recorded over 15 minute intervals: the highest 15 minute average kW use in the month will be the customer's maximum demand.

Effective Date	1/1/2017	7/1/2017	7/1/2018	7/1/2019	7/1/2020
Energy Rates, \$/kWh					
Winter	\$0.09094	\$0.09367	\$0.09649	\$0.09939	\$0.10238
Summer	\$0.11295	\$0.11634	\$0.11984	\$0.12344	\$0.12715
Basic Charge, \$/Month	\$72.72	\$74.91	\$77.16	\$79.48	\$81.87
Demand Charge, \$/kW					
Winter	\$4.18	\$4.31	\$4.44	\$4.58	\$4.72
Summer	\$6.65	\$6.85	\$7.06	\$7.28	\$7.50

General Large Industrial Service with Demand: E-I

This schedule is applicable to large industrial production, lighting, heating and all single and three phase loads in which energy use is an average of 75,000 kWh monthly or greater with a demand of 200 kW monthly or greater for at least six consecutive months (multiple meters at a single location will be combined).

The Industrial rate is applicable to large manufacturing facilities, defined as businesses or corporations that produce products for either wholesale or retail sales or businesses that contract to fulfill obligations to produce specific components.

DEMAND CHARGE

The customer will be billed for demand according to the customer's "maximum kilowatt demand" each month. The number of kilowatt (kW) used will be recorded over 15 minute intervals: the highest 15 minute average kW use in the month will be the customer's maximum demand.

Effective Date	1/1/2017	7/1/2017	7/1/2018	7/1/2019	7/1/2020
Energy Rates \$/kWh					
Winter	\$0.07034	\$0.07246	\$0.07464	\$0.07688	\$0.07919
Summer	\$0.09235	\$0.09513	\$0.09799	\$0.10093	\$0.10396
Base Charge					
\$/Month	\$72.72	\$74.91	\$77.16	\$79.48	\$81.87
Demand Charge \$/kW					
Winter	\$4.18	\$4.31	\$4.44	\$4.58	\$4.72
Summer	\$6.65	\$6.85	\$7.06	\$7.28	\$7.50