



STAFF REPORT

DATE: 11/20/2024
TO: Honorable Mayor and City Council Members
FROM: Utilities Department

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:

PUBLIC HEARING FOR CONSIDERATION OF A RESOLUTION AMENDING THE SCHEDULE OF USER/SERVICE FEES FOR THE PROVISION OF ELECTRIC ENERGY TO UPDATE RATES AND TARIFFS AND TO MAKE RELATED ADJUSTMENTS TO THE ELECTRIC ENERGY RULES AND REGULATIONS.

EXECUTIVE SUMMARY:

This staff report asks the City Council to hold a public hearing and adopt a Resolution amending the City's Schedule of User/Service Fees for the Provision of Electric Energy to update the tariffs with the proposed rates and rates structures, and to make minor adjustments to the Electric Energy Rules and Regulations to support the tariff updates.

RECOMMENDED ACTION:

That the City Council:

- a. Hold a public hearing regarding the updated Schedule of User/Service Fees for the Provision of Electric Energy and updated Electric Energy Rules and Regulations.
- b. Adopt Resolution 2024-108, amending the Schedule of User/Service Fees for the Provision of Electric Energy to update the tariffs with proposed rates and rate structures per the 2024 greenfield electric rate study and to make related adjustments to the Electric Energy Rules and Regulations.

- c. Authorize an estimated revenue increase in the amount of \$209,580 in the Greenfield Electric Fund 578 for the remainder of Fiscal Year 2025.

BACKGROUND & HISTORY:

On April 3, 2024, City Council awarded Request for Proposals No. 24-051AS Utility Rate Study Project to Robert D. Niehaus, Inc. (RDN). RDN's rate study included a study of the greenfield electric rates. The Utilities Department (UD) has made presentations to City Council on May 1, 2024, June 5, 2024, July 3, 2024, August 21, 2024, and October 2, 2024 to review policy objectives, the financial plan, and proposed rates. A notice regarding the proposed rates was issued to all greenfield electric customers on October 3, 2024. The notice included an invitation to the public hearing on November 20, 2024. If approved, the proposed rates will go into effect on January 1, 2025.

Resolution 2024-108 will amend the Schedule of User/Service Fees for the Provision of Electric Energy (Rates and Tariffs) and the Electric Energy Rules and Regulations (Rules and Regulations). The purpose of the Rates and Tariffs document is to list each individual rate schedule for the greenfield electric utility. Each schedule lists the type of customer it is applicable to, the rates, the rate structure, and any special conditions. Resolution 2024-108 will amend the document to update the rates and rate structure as proposed in the greenfield electric rate study. The Rules and Regulations document includes all rules applicable to the greenfield electric utility, some of which refer directly to the Rates and Tariffs. Minor adjustments are needed in the Rules and Regulations to align with the changes being made in the Rates and Tariffs.

ANALYSIS:

UD asks City Council to approve the following changes to the Rates and Tariffs document to align with the proposed rates and rate structures:

- Schedule AL-2 Outdoor Lighting Service Metered
 - Update energy charge and customer charge to proposed rates
 - Separate out the public benefit charge and apply proposed rate
- Schedule D Domestic Service (Residential)
 - Change seasonal rates to non-seasonal
 - Change from 4 tiers to 3 tiers
 - Update energy charge and customer charge to proposed rates
 - Separate out the public benefit charge and apply proposed rate
 - Align the customer charge for multi-family and single-family
 - Add language regarding additional baseline allowance for electric vehicles
- Schedule GS-1 General Service Non Demand
 - Change seasonal rates to non-seasonal
 - Update energy charge, customer charge, and three phase charge to proposed rates
 - Separate out the public benefit charge and apply proposed rate
- Schedule GS-2 General Service Demand
 - Remove time-of-use (TOU) option (not used by any current customers)
 - Update energy charge, customer charge and demand charge to proposed rates

- Change time-related demand to peak demand during the hours of 4:00 pm to 9:00 pm only
 - Add clarification to Maximum Demand section regarding Welder Service billing
 - Separate out the public benefit charge and apply proposed rate
- Schedule LS-3 Street Lighting
 - Update energy charge and customer charge to proposed rates
 - Separate out the public benefit charge and apply proposed rate
- Schedule PA-2 Agricultural and Pumping Demand
 - Schedule removed, it is not currently in use, and PA-2 customers will always be placed on a TOU schedule.
- Schedule TC-1 Traffic Control Service
 - Update energy charge, customer charge, and three phase charge to proposed rates
 - Separate out the public benefit charge and apply proposed rate
- Schedule TOU GS-3 Time-of-Use General Service Demand
 - Update energy charges, customer charge, demand charges, and power factor adjustment to proposed rates
 - Change time-related demand to peak demand during the hours of 4:00 pm to 9:00 pm year-round
 - Add clarification to Maximum Demand section regarding Welder Service billing
 - Separate out the public benefit charge and apply proposed rate
- Schedule TOU-PA Time-of-Use Agricultural and Pumping
 - Update energy charges, customer charge, demand charges, and power factor adjustment to proposed rates
 - Change time-related demand to peak demand during the hours of 4:00 pm to 9:00 pm year-round
 - Add clarification to Maximum Demand section regarding Welder Service billing
 - Separate out the Public Benefit Charge and apply proposed rate
- Schedule TOU-8 Time-of-Use General Service Large
 - Update energy charges, customer charge, demand charges, and power factor adjustment to proposed rates
 - Change time-related demand to peak demand during the hours of 4:00 pm to 9:00 pm year-round
 - Add clarification to Maximum Demand section regarding Welder Service billing
 - Separate out the public benefit charge and apply proposed rate
- New Schedule EV-1 Electric Vehicle Charging – Commercial
 - Added new schedule for commercial EV charging stations as proposed in the rate study
- Schedule SE Service Establishment Charge
 - Schedule removed, this fee is now included in the Master Fee Recovery schedule and should not be a part of the rates and tariffs
- Schedule TES Electric Fees and Charges Schedule

- Schedule removed, these fees are now included in the Master Fee Recovery schedule and should not be a part of the rates and tariffs

UD asks City Council to approve the following changes to the Rules and Regulations to align with the proposed rates and rate structures:

- Rule 12 Rates and Optional Rates
 - Section H
 - Update time related demand to reference the hours of 4:00 pm to 9:00 pm
 - Remove language regarding the establishment of maximum demand in the on-peak, mid-peak and off-peak periods

All requested changes align with the proposed rates and rate structures in the electric greenfield rate study. These changes should only be approved if the rates as proposed are also approved.

FINANCIAL IMPACT:

Approval of the recommended actions will result in an estimated revenue increase in the amount of \$209,580 in the Greenfield Electric Fund 578 for the remainder of Fiscal Year 2025. Future revenue adjustments will be submitted during the annual budget process.

ENVIRONMENTAL ANALYSIS:

State CEQA Guidelines Section 15061(b)(3) states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to amend the Schedule of User/Service Fees for the Provision of Electric Energy to update the rates and tariffs and the Electric Energy Rules and Regulations to make minor related changes, and there is no possibility that approving these changes will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: Erin Kunkle, Electric Utility Manager

REVIEWED BY: Tom Moody, Director of Utilities

ATTACHMENTS:

1. Exhibit 1 – Resolution No. 2024-108
2. Exhibit 2 – Schedule of User/Service Fees for the Provision of Electric Energy Redline
3. Exhibit 3 – Schedule of User/Service Fees for the Provision of Electric Energy Clean
4. Exhibit 4 – Electric Energy Rules and Regulations Redline
5. Exhibit 5 – Electric Energy Rules and Regulations Clean

6. Exhibit 6 – RDN Greenfield Electric Rate Study Report