

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2013-28

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE SECTION 15.01.020 ENTITLED "ELECTRICAL RATES" BY INCREASING RATES FOR ALL CUSTOMER CLASSES TO FUND VOTER APPROVED IMPROVEMENTS FOR THE BLUE LAKE HYDROELECTRIC EXPANSION PROJECT AND IMPLEMENTING RATE STRUCTURES FOR GENERAL SERVICE - SMALL, GENERAL SERVICE - LARGE, AND GENERAL SERVICE - PUBLIC AUTHORITY CLASS CUSTOMERS.

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code ("SGC").

2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. **PURPOSE.** This ordinance will increase the electrical rates for all consumer classes at SGC 15.01.020 based on the cost of service and provide sufficient revenues to meet all fiscal requirements to complete approved electrical utility capital projects, including the Blue Lake Hydroelectric Expansion Project. The ability to acquire reasonable cost financing for these projects require electric rate increases to meet revenue bond covenants and financial margins. To ensure fair and equitable rates in accordance with cost of service principals, the previous General Service (Commercial, Industrial, and Government) Rate will be replaced with three specific rate structures: General Service – Small, General Service – Large, and General Service – Public Authority. The minimum bill requirement is deleted and all electric bills are composed of three components: customer charges, energy charges, and demand charges.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that SGC 15.01.020 is amended as follows (new language underlined; deleted language stricken):

15.01.020 Electrical rates.

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B. Residential Services.

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2. Energy Charges.

First <u>500</u> 1,000 kWh	<u>\$0.0850</u> 0.0800 per kWh
Next 1,000 1,001 to 2,000 kWh	<u>\$0.0990</u> 0.0850 per kWh
Next 1,000 2,001 to 3,000 kWh	<u>\$0.1040</u> 0.1200 per kWh
Next 1,000 Over 3,001 kWh	<u>\$0.1350</u> 0.1600 per kWh
<u>Over 3,500 kWh</u>	<u>\$0.1730</u> per kWh

Customer charge is ~~\$19.50~~ \$15.00 per month – Minimum Bill is \$35.00 per month

C. General Service – Small

1. Applicable to all non-residential customers for all uses, including lighting, heating and power, when the electricity consumed in the preceding 12 months is less than 100,000 kWh and has a measured demand of less than 50 kW, subject to the rules, regulations, and customer service policies of the utility and the city. Typical customers in this class could include; restaurants, retail vendors, churches, fueling stations, and service industries.

2. Energy Charges.

<u>First 500 kWh</u>	<u>\$0.1610 per kWh</u>
<u>501 kWh to 10,000 kWh</u>	<u>\$0.1030 per kWh</u>
<u>10,001 kWh to 100,000 kWh</u>	<u>\$0.1030 per kWh</u>
<u>Over 100,001 kWh</u>	<u>\$0.1030 per kWh</u>
<u>Customer charge is \$39.00 per month</u>	

3. Demand Charges.

<u>First 25 kW</u>	<u>No Charge</u>
<u>Over 25 kW</u>	<u>\$5.60 per kW</u>

C. General Service. (Commercial, Industrial and Government.)

1. ~~Applicable to all commercial, industrial and government customers for all uses, including lighting, heating and power, subject to the rules and regulations and customer service policies of the utility and city. Included in this class are schools, hospitals, churches and public government buildings.~~

2. Energy Charges.

<u>First 500 kWh</u>	<u>\$0.0755 per kWh</u>
<u>501 kWh to 10,000 kWh</u>	<u>\$0.0900 per kWh</u>
<u>10,001 kWh to 100,000 kWh</u>	<u>\$0.0900 per kWh</u>
<u>Over 100,001 kWh</u>	<u>\$0.0900 per kWh</u>
<u>Customer charge is \$39.00 – Minimum bill is \$50.00 per month</u>	

3. Demand Charges.

First 25 kW	No charge
Over 25 kW	\$4.50 per kW

D. General Service – Large

1. Applicable to all non-residential customers for all uses, including lighting, heating and power, when the electricity consumed in the preceding 12 months is equal to or greater than 100,000 kWh or has a measured demand equal to or greater than 50 kW, subject to the rules, regulations and customer service policies of the utility and the city. Typical customers in this class could include; grocery stores, industrial users, and seafood processing facilities.

2. Energy Charges.

First 500 kWh	\$0.1610 per kWh
501 kWh to 10,000 kWh	\$0.1025 per kWh
10,001 kWh to 100,000 kWh	\$0.1025 per kWh
Over 100,001 kWh	\$0.1025 per kWh
Customer Charge is \$60.00 per month	

3. Demand Charges.

First 25 kW	No Charge
Over 25 kW	\$5.10 per kW

E. General Service - Public Authority

1. Applicable to all non-commercial and non-residential customers for all uses, including lighting, heating and power, subject to the rules, regulations, and customer service policies of the utility and the city. Typical customers in this class could include; schools, tribal governments, and other public government buildings.

2. Energy Charges.

First 500 kWh	\$0.1610 per kWh
501 kWh to 10,000 kWh	\$0.1030 per kWh
10,001 kWh to 100,000 kWh	\$0.1030 per kWh
Over 100,001 kWh	\$0.1030 per kWh
Customer charge is \$45.00 per month	

3. Demand Charges.

<u>First 25 kW</u>	<u>No Charge</u>
<u>Over 25 kW</u>	<u>\$5.25 per kW</u>

FD. Boat Service.

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2. Energy Charges.

First 150 kWh	<u>\$0.1230</u> \$0.1090 per kWh
All additional kWh	<u>\$0.1230</u> \$0.1090 per kWh
Customer charge is \$8.75 <u>\$6.75</u> - Minimum Bill is \$21.25 per month	

GE. Street and Security Light Service.

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2. Rate per Month. This fee is in addition to the actual installation charges required for installing the desired fixture.

Monthly unmetered street or security light energy rate is calculated as follows:

(0.482 kWh per lamp watt) times (the wattage of the lamp) = kWh per month.	
Example: 0.482 kWh x 100 Watt lamp = 48 kWh per month.	
Monthly energy rate is: kWh per month times <u>\$0.1785</u> \$0.1552 per kWh	
48 kWh per month x <u>\$0.1785</u> \$0.1552 /kWh = \$8.56 <u>\$7.45</u> per month energy rate	
Typical lamp energy rates:	
70 Watt	<u>\$6.02</u> \$5.23 per month
100 Watt	<u>\$8.56</u> \$7.45 per month
150 Watt	<u>\$12.84</u> \$11.17 per month
175 Watt	<u>\$15.00</u> \$13.04 per month
250 Watt	<u>\$21.42</u> \$18.63 per month
400 Watt	<u>\$34.44</u> \$29.95 per month
1,000 Watt	<u>\$86.03</u> \$74.81 per month

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HF. Interruptible Service – Large Customer.

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3. Rate per Month. Basic customer charge for each month or portion of a month: two ~~one~~-hundred dollars.

Energy Charge. The energy charge for all kilowatt-hours shall be 0.0317 times the city and borough's price per gallon for number 2 heating oil, assuming an overall oil heating system efficiency of seventy percent and the use of the price paid by the city and borough of

Sitka for number 2 heating oil for all of the city and borough-owned buildings. The rate will vary monthly with the price paid by the city and borough of Sitka for number 2 heating oil for all city-owned buildings. The maximum energy charge for all kilowatt hours under this rate shall be nine.eight (\$0.098) ~~nine~~ cents per kilowatt hour.

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IG. Fuel Surcharge. A fuel surcharge shall be implemented to recover the utility's costs of supplemental diesel generation in excess of budgeted funds for projected diesel operations. The costs of supplemental diesel generation to be recovered include fuel oil, lubricating oil, filters, labor, and other ancillary costs in excess of budgeted funds. The fuel surcharge will be levied as a per kilowatt hour (kWh) rate and will be calculated as follows: the quarterly projected cost of supplemental diesel operations which exceeds budgeted diesel operations divided by quarterly projected kWh sales. kWh sales projections will be kWh sales for the same period from the previous fiscal year times a load growth factor. The fuel surcharge will be recovered over a twelve-month period. The utility will maintain a balancing account to match revenues from the fuel surcharge with actual supplemental generation expenses, and will adjust this account on a quarterly basis. Any surplus in the balancing account at the end of a recovery period will be retained by the utility and will be utilized exclusively to reduce future fuel surcharges. Any deficit in the balancing account at the end of a recovery period will be added to the estimated costs to be recovered in the next recovery period. Fuel surcharges may be recalculated and changed during any quarter upon approval of the municipal administrator due to emergencies or other unforeseen circumstances. Kilowatt hours sold on an interruptible service basis or for street lights are not subject to a fuel surcharge.

JH. Determination of Demand. The billing demand shall be the maximum average kilowatt load used by the customer for any period of fifteen consecutive minutes during the billing period as indicated by a demand meter.

KI. Tax Provision. Any taxes levied are in addition to the electric rates and fees charged.

LJ. Resale of Energy. The utility will not allow the resale of energy or another person and/or organization to connect to or share the customer's electric service.

Landlords may allow common tenants of the same physical structure to share electrical service under one landlord account.

MK. Power Factor. The customer agrees to maintain unity power factor as nearly as possible. Unless specifically agreed to in writing, the utility shall not be obligated to deliver power to the customer at any time at a monthly average power factor below nine-tenths lagging. The customer will be given ample time to bring the power factor into compliance which shall not exceed six months from the time of official notification by the utility or make other arrangements with the utility. The utility may bill for all kVarh in excess of nine-tenths average power factor for the billing period at the rate of nine cents per kVarh.

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5. **EFFECTIVE DATE.** This ordinance shall become effective on July 1, 2013.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 28th day of May, 2013.



Mim McConnell, Mayor

ATTEST:



Colleen Ingman, MMC
Municipal Clerk