



Memorandum

September 3, 2013

To: Assembly, City & Borough of Sitka
Via: Jay Sweeney, Interim Municipal Administrator
From: Christopher Brewton, Utility Director
Subject: **Electric Rate Increase – July 1, 2014**

To ensure compliance with the rate covenants of the upcoming third (3rd) bond issuance for Blue Lake, an electric rate increase is necessary. The proposed rate increases per attached ordinance are adequate to meet these requirements and are simply a flat 10% increase of the existing energy charges only.

As you are aware, the rate structures were adjusted in July 2013 to reflect lower customer charges, elimination of the monthly minimum bill, and establishment of new general service rates. To date, I have not received complaints or questions relative to these changes.

We will continue to utilize the services of our rate consultant to evaluate our rate increases and utility financial objectives. We will do everything possible to keep rates as low as possible yet generate adequate revenue to meet department requirements.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2013-39

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SUBSECTION 15.01.020 OF THE SITKA GENERAL CODE ELECTRICAL RATES BY INCREASING RATES FOR ALL CUSTOMER CLASSES TO FUND APPROVED ELECTRICAL UTILITY CAPITAL PROJECTS INCLUDING THE BLUE LAKE HYDROELECTRIC EXPANSION PROJECT

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 and provide sufficient revenues to meet all fiscal requirements to complete approved 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 financial margins and revenue bond covenants.

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):

Chapter 15.01 ELECTRIC UTILITY POLICIES

15.01.020 Electrical rates.

- B. Residential Services.
2. Energy Charges.

Table with 2 columns: kWh range and rate per kWh. Rows include: First 500 kWh's (\$0.0850 to \$0.0935), Next 1,000 kWh's (\$0.0990 to \$0.1089), Next 1,000 kWh's (\$0.1040 to \$0.1144), Next 1,000 kWh's (\$0.1350 to \$0.1485), Over 3,000 kWh's (\$0.1730 to \$0.1903), and Customer Charge is \$19.50 per month.

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C. General Service – Small
2. Energy Charges.

First 500 kWh	\$0.1610 <u>\$0.1771</u> per kWh
501 kWh to 10,000 kWh	\$0.1030 <u>\$0.1133</u> per kWh
10,001 kWh to 100,000 kWh	\$0.1030 <u>\$0.1133</u> per kWh
Over 100,001 kWh	\$0.1030 <u>\$0.1133</u> per kWh
Customer charge is \$39.00 per month	

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D. General Service - Large.
2. Energy Charges.

First 500 kWh	\$0.1610 <u>\$0.1771</u> per kWh
501 kWh to 10,000 kWh	\$0.1025 <u>\$0.1128</u> per kWh
10,001 kWh to 100,000 kWh	\$0.1025 <u>\$0.1128</u> per kWh
Over 100,001 kWh	\$0.1025 <u>\$0.1128</u> per kWh
Customer Charge is \$60.00 per month	

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E. General Service – Public Authority.
2. Energy Charges.

First 500 kWh	\$0.1610 <u>\$0.1771</u> per kWh
501 kWh to 10,000 kWh	\$0.1030 <u>\$0.1133</u> per kWh
10,001 kWh to 100,000 kWh	\$0.1030 <u>\$0.1133</u> per kWh
Over 100,001 kWh	\$0.1030 <u>\$0.1133</u> per kWh
Customer Charge is \$45.00 per month	

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F. Boat Service.
2. Energy Charges.

First 150 kWh	\$0.1230 <u>\$0.1353</u> per kWh
All additional kWh	\$0.1230 <u>\$0.1353</u> per kWh
Customer Charge is \$8.75 per month	

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67 G. Street and Security Light Service.

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(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 \$0.1785 <u>\$0.1964</u> per kWh.	
48 kWh per month x \$0.1785 <u>\$0.1964/kWh</u> = \$8.57 <u>\$9.43</u> per month energy rate	
Typical lamp energy rates:	
70 Watt	\$6.02 <u>\$6.62</u> per month
100 Watt	\$8.56 <u>\$9.42</u> per month
150 Watt	\$12.84 <u>\$14.12</u> per month
175 Watt	\$15.00 <u>\$16.50</u> per month
250 Watt	\$21.42 <u>\$23.56</u> per month
400 Watt	\$34.44 <u>\$37.88</u> per month
1,000 Watt	\$86.03 <u>\$94.63</u> per month

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83 H. Interruptible Service – Large Customer.

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

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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 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 ~~ten~~ eleven cents per kilowatt hour.

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5. **EFFECTIVE DATE.** This ordinance shall become effective on July 1, 2014.

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PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 24th day of September, 2013.

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Mim McConnell, Mayor

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ATTEST:

Colleen Ingman, MMC
Municipal Clerk