

RE: SECOND READING COUNCIL BILL #2023-20 AMENDING EFFECTIVE DATES FOR SECION 22-310 (H)(1) ELECTRIC ENERGY COST ADJUSTMENT.

Background:

As presented on March 27th, this Council Bill proposes a modification to part of the latest Electric Rate ordinance to adjust Energy Cost Adjustment (ECA) effective dates.

Analysis:

The original ordinance, passed in early 2022 established an annual ECA to absorb cost changes due to energy supply and transportation cost. The currently adopted wording is:

22-310 (h) (1) The Energy Cost Adjustment ("ECA") shall be calculated annually for the prior calendar year. Any difference from the base wholesale energy cost rate shall be applied monthly to electric utility bills beginning in February through January of the next calendar year for each kilowatthour used.

Because of the time needed to receive all of the prior year bills and have all of the market energy adjustments figured and verified, we don't have enough information in January to accurately figure an adjustment by mid-February for City Council to consider.

This Council Bill proposes to modify the ordinance that allows for any approved adjustment to be applied beginning in April through March of the next calendar year. This wording is on page 10 of 12 of the Council Bill. All other parts of the Electric Rate Ordinance are unchanged from the original version passed in February of 2022.

Recommendation:

Pass Resolution #2023-20.

MEMO SUBMITTED BY:

Doug Colvin | Assistant City Administrator, Director Nixa Utilities and Public Works

dcolvin@nixa.com | 417-725-2353





RE: FIRST READING COUNCIL BILL #2023-000 AMENDING EFFECTIVE DATES FOR SECION 22-310 (H)(1) ELECTRIC ENERGY COST ADJUSTMENT.

Background:

This Council Bill proposes a modification to part of the latest Electric Rate ordinance to adjust Energy Cost Adjustment (ECA) effective dates. Attached to this memo is the proposed Council Bill.

Analysis:

The original ordinance, passed in early 2022 established an annual ECA to absorb cost changes due to energy supply and transportation cost. The currently adopted wording is:

22-310 (h) (1) The Energy Cost Adjustment ("ECA") shall be calculated annually for the prior calendar year. Any difference from the base wholesale energy cost rate shall be applied monthly to electric utility bills beginning in February through January of the next calendar year for each kilowatthour used.

I was a little too optimistic when recommending that we could have an ECA implemented with the February billing. Because of the time needed to receive all of the prior year bills and have all of the market energy adjustments figured and verified, we don't have enough information to accurately figure an adjustment until mid-February. From there, any difference must be presented to City Council in the form of a resolution for approval which could take us into early March.

Therefore, my recommendation would be to change the implementation date to take place with the bills to customers beginning April 2023. I spoke with Bryan Hawk about any concerns he may have making the changes. He was agreeable with the timing since that is the same time changes are made for the coming years wastewater charges.

Recommendation:

My recommendation is to modify the ordinance wording to:

22-310 (h) (1) The Energy Cost Adjustment ("ECA") shall be calculated annually for the prior calendar year. Any difference from the base wholesale energy cost rate shall be applied monthly to electric utility bills beginning



in February April through January March of the next calendar year for each kilowatt-hour used.

This wording is on page 10 of 12 of the Council Bill. All other parts of the Electric Rate Ordinance are unchanged from the original version passed in February of 2022.

I plan to bring this back for a second reading along with my recommendation for passage at the April 10th meeting. Until then, I am ready to answer any questions or address any concerns you may have.

MEMO SUBMITTED BY:

Doug Colvin | Assistant City Administrator, Director Nixa Utilities and Public Works

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rates shall be charged:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF NIXA AMENDING CHAPTER 1 22, ARTICLE IV, SECTION 22-310 OF THE NIXA CITY CODE TO AMEND THE 2 IMPLEMENTATION DATE FOR THE ENERGY COST ADJUSTMENTS APPLIED TO 3 CITY ELECTRIC RATES. 4 5 6 WHEREAS the City adopted new electric service rates on February 14, 2022; and 7 8 WHEREAS in addition to establishing electric rates, the Council authorized the 9 implementation of an Energy Cost Adjustment ("ECA"); and 10 11 WHEREAS Section 22-310(h)(1) of the Nixa City Code provides for the ECA to 12 begin in February for the years 2023-2026; and 13 14 WHEREAS staff has found it necessary to adjust the annual implementation to 15 April allowing time to accurately calculate the annual ECA and have it approved by City 16 17 Council. 18 NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF 19 **NIXA, AS FOLLOWS, THAT:** 20 21 **SECTION 1:** Chapter 22, Article IV, section 22-310 of the Nixa City Code is hereby 22 amended by repealing said section in its entirety and adopting in lieu thereof a new 23 section 22-310, which said section shall read as follows: 24 25 26 (Note: Language to be added is indicated by being underlined. Language to be removed is indicated by being stricken.) 27 28 Sec. 22-310. Rates for electric service. 29 30 Rates and charges for electric service shall be as established as set forth herein: 31 32 33 (a) Residential service rate. The following residential service rate shall only apply to service to residential dwelling units. No other service rate shall be available for 34 service to which the residential rate applies. The monthly rates shall be as follows: 35 36 (1) 2022 residential service rate. Beginning March 1, 2022, the following monthly 37 rates shall be charged: 38 39 a. A service availability charge of \$15.00 per month shall be assessed for the 40 provision of this type of electric service. 41 42 b. The monthly rate per kilowatt-hour for residential service shall be \$0.10500. 43 44 (2) 2023 residential service rate. Beginning January 1, 2023, the following monthly

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a. A service availability charge of \$15.15 per month shall be assessed for the provision of this type of electric service.

- b. The monthly rate per kilowatt-hour for residential service shall be \$0.10660.
- (3) 2024 residential service rate. Beginning January 1, 2024, the following monthly rates shall be charged:
 - a. A service availability charge of \$15.30 per month shall be assessed for the provision of this type of electric service.
 - b. The monthly rate per kilowatt-hour for residential service shall be \$0.10820.
- (4) 2025 residential service rate. Beginning January 1, 2025, the following monthly rates shall be charged:
 - a. A service availability charge of \$15.45 per month shall be assessed for the provision of this type of electric service.
 - b. The monthly rate per kilowatt-hour for residential service shall be \$0.10980.
- (5) 2026 residential service rate. Beginning January 1, 2026, the following monthly rates shall be charged:
 - a. A service availability charge of \$15.60 per month shall be assessed for the provision of this type of electric service.
 - b. The monthly rate per kilowatt-hour for residential service shall be \$0.11140.
- (b) Small commercial rate. The following small commercial service rate shall only apply to small commercial customers. Small commercial customers are defined as nonresidential business electric consumers who obtain their electric service via singlephase or three-phase and whose demand for electric power is less than 75 kilowatts. No other service rate shall be available for service to which the small commercial rate applies. The monthly rates shall be as follows:
 - (1) 2022 small commercial service rate. Beginning March 1, 2022, the following monthly rates shall be charged:
 - a. A service availability charge of \$15.00 per month shall be assessed for the provision of a single-phase electric service of this type.
 - b. A service availability charge of \$33.00 per month shall be assessed for the provision of a three-phase electric service of this type.

93 94 95	C.	The monthly rate per kilowatt-hour for small commercial service shall be \$0.1015.
96 97 98	` ,	023 small commercial service rate. Beginning January 1, 2023, the following onthly rates shall be charged:
99 100 101	a.	A service availability charge of \$15.15 per month shall be assessed for the provision of single-phase electric service of this type.
102 103 104	b.	A service availability charge of \$33.33 per month shall be assessed for the provision of three-phase electric service of this type.
105 106	C.	The monthly rate per kilowatt-hour for small commercial service shall be \$0.1032.
107 108 109 110	` '	224 small commercial service rate. Beginning January 1, 2024, the following onthly rates shall be charged:
111 112 113	a.	A service availability charge of \$15.30 per month shall be assessed for the provision of single-phase electric service of this type.
114 115	b.	A service availability charge of \$33.66 per month shall be assessed for the provision of three-phase electric service of this type.
116 117 118	C.	The monthly rate per kilowatt-hour for small commercial service shall be \$0.10475.
119 120 121 122	` ,	225 small commercial service rate. Beginning January 1, 2025, the following onthly rates shall be charged:
123 124 125	a.	A service availability charge of \$15.45 per month shall be assessed for the provision of single-phase electric service of this type.
126 127 128	b.	A service availability charge of \$34.00 per month shall be assessed for the provision of three-phase electric service of this type.
129 130 131	C.	The monthly rate per kilowatt-hour for small commercial service shall be \$0.1063.
132 133 134	` '	226 small commercial service rate. Beginning January 1, 2026, the following onthly rates shall be charged:
134 135 136	a.	A service availability charge of \$15.60 per month shall be assessed for the provision of single-phase electric service of this type.

b. A service availability charge of \$34.50 per month shall be assessed for the 138 provision of three-phase electric service of this type. 139 140 c. The monthly rate per kilowatt-hour for small commercial service shall be 141 \$0.1079. 142 143 (c) Large commercial rate. The following large commercial service rate shall only apply 144 to service to large commercial customers. Large commercial customers are defined 145 as non-residential business electric consumers whose demand for electric power is 146 75 kilowatts or more but less than 150 kilowatts. No other service rate shall be 147 available for service to which the large commercial rate applies. The monthly rates 148 shall be as follows: 149 150 (1) 2022 large commercial service rate. Beginning March 1, 2022, the following 151 monthly rates shall be charged: 152 153 a. A service availability charge of \$200.00 per month shall be assessed for the 154 provision of electric service of this type. 155 156 157 b. A demand charge shall be assessed at a rate of \$7.75 per kilowatt based on the highest 15-minute average usage recorded on the demand meter during 158 the month. 159 160 c. The monthly rate per kilowatt-hour for large commercial service shall be 161 \$0.06825. 162 163 (2) 2023 large commercial service rate. Beginning January 1, 2023, the following 164 monthly rates shall be charged: 165 166 a. A service availability charge of \$202.00 per month shall be assessed for the 167 provision of electric service of this type. 168 169 170 b. A demand charge shall be assessed at a rate of \$7.83 per kilowatt based on the highest 15-minute average usage recorded on the demand meter during 171 the month. 172 173 174 c. The monthly rate per kilowatt-hour for large commercial service shall be \$0.06927. 175 176 (3) 2024 large commercial service rate. Beginning January 1, 2024, the following 177 monthly rates shall be charged: 178 179 a. A service availability charge of \$204.00 per month shall be assessed for the 180 provision of electric service of this type. 181 182

COUNCIL BILL NO. 2023-20 b. A demand charge shall be assessed at a rate of \$7.91 per kilowatt based on 183 the highest 15-minute average usage recorded on the demand meter during 184 the month. 185 186 c. The monthly rate per kilowatt-hour for large commercial service shall be 187 \$0.07031. 188 189 (4) 2025 large commercial service rate. Beginning January 1, 2025, the following 190 monthly rates shall be charged: 191 192 193 a. A service availability charge of \$206.00 per month shall be assessed for the provision of electric service of this type. 194 195 b. A demand charge shall be assessed at a rate of \$8.00 per kilowatt based on 196 the highest 15-minute average usage recorded on the demand meter during 197 the month. 198 199 c. The monthly rate per kilowatt-hour for large commercial service shall be 200 201 \$0.07137. 202 203 monthly rates shall be charged: 204 205 a. A service availability charge of \$209.00 per month shall be assessed for the 206 207

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- (5) 2026 large commercial service rate. Beginning January 1, 2026, the following
 - provision of electric service of this type.
 - b. A demand charge shall be assessed at a rate of \$8.10 per kilowatt based on the highest 15-minute average usage recorded on the demand meter during the month.
 - c. The monthly rate per kilowatt-hour for large commercial service shall be \$0.07244.
- (d) Industrial rate. The following industrial service rate shall only apply to service to industrial customers. Industrial customers are defined as non-residential business electric consumers whose normal demand for electric power is 150 kilowatts or more but less than 300 kilowatts No other service rate shall be available for service to which the industrial rate applies. The monthly rates shall be as follows:
 - (1) 2022 industrial service rate. Beginning March 1, 2022, the following monthly rates shall be charged:
 - a. A service availability charge of \$200.00 per month shall be assessed for the provision of electric service of this type.

b. A demand charge shall be assessed at a rate of \$7.75 per kilowatt based on 228 the highest 15-minute average usage recorded on the demand meter during 229 the month. 230 231 c. The monthly rate per kilowatt-hour for industrial service shall be \$0.06300. 232 233 (2) 2023 industrial service rate. Beginning January 1, 2023, the following monthly 234 rates shall be charged: 235 236 a. A service availability charge of \$202.00 per month shall be assessed for the 237 238 provision of electric service of this type. 239 b. A demand charge shall be assessed at a rate of \$7.83 per kilowatt based on 240 the highest 15-minute average usage recorded on the demand meter during 241 the month. 242 243 c. The monthly rate per kilowatt-hour for industrial service shall be \$0.06395. 244 245 (3) 2024 industrial service rate. Beginning January 1, 2024, the following monthly 246 247 rates shall be charged: 248 a. A service availability charge of \$204.00 per month shall be assessed for the 249 provision of electric service of this type. 250 251 b. A demand charge shall be assessed at a rate of \$7.91 per kilowatt based on 252 the highest 15-minute average usage recorded on the demand meter during 253 the month. 254 255 c. The monthly rate per kilowatt-hour for industrial service shall be \$0.06490. 256 257 (4) 2025 industrial service rate. Beginning January 1, 2025, the following monthly 258 rates shall be charged: 259 260 a. A service availability charge of \$206.00 per month shall be assessed for the 261 provision of electric service of this type. 262 263 b. A demand charge shall be assessed at a rate of \$8.00 per kilowatt based on 264 the highest 15-minute average usage recorded on the demand meter during 265 the month. 266 267 c. The monthly rate per kilowatt-hour for industrial service shall be \$0.06588. 268 269 (5) 2026 industrial service rate. Beginning January 1, 2026, the following monthly 270 rates shall be charged: 271 272

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a. A service availability charge of \$209.00 per month shall be assessed for the 273 provision of electric service of this type. 274 275 b. A demand charge shall be assessed at a rate of \$8.10 per kilowatt based on 276 the highest 15-minute average usage recorded on the demand meter during 277 the month. 278 279 c. The monthly rate per kilowatt-hour for industrial service shall be \$0.06687. 280 281 (e) Primary with transformation rate. The following primary rate shall only apply to 282 service to industrial customers metered at primary voltage with demand above 300 283 kilowatts and who require the utility to provide transformer service. No other 284 service rate shall be available for service to which the primary with transformation 285 rate applies. The monthly rates shall be as follows: 286 287 (1) 2022 primary with transformation rate. Beginning March 1, 2022, the following 288 monthly rates shall be charged: 289 290 a. A service availability charge of \$600.00 per month shall be assessed for the 291 provision of electric service of this type. 292 293 b. A demand charge shall be assessed at a rate of \$7.75 per kilowatt based on 294 295 the highest 15-minute average usage recorded on the demand meter during the month. 296 297 c. The monthly rate per kilowatt-hour for primary with transformation service 298 shall be \$0.06300. 299 300 (2) 2023 primary with transformation rate. Beginning January 1, 2023, the following 301 monthly rates shall be charged: 302 303 a. A service availability charge of \$605.00 per month shall be assessed for the 304 provision of electric service of this type. 305 306 b. A demand charge shall be assessed at a rate of \$7.83 per kilowatt based on 307 the highest 15-minute average usage recorded on the demand meter during 308 the month. 309 310 c. The monthly rate per kilowatt-hour for primary with transformation service 311 shall be \$0.06395 shall be charged for the hourly consumption of electricity. 312 313

(3) 2024 primary with transformation rate. Beginning January 1, 2024, the following

monthly rates shall be charged:

a. A service availability charge of \$612.50 per month shall be assessed for the 317 provision of electric service of this type. 318 319 b. A demand charge shall be assessed at a rate of \$7.91 per kilowatt based on 320 the highest 15-minute average usage recorded on the demand meter during 321 the month. 322 323 c. The monthly rate per kilowatt-hour for primary with transformation service 324 shall be \$0.06490. 325 326 (4) 2025 primary with transformation rate. Beginning January 1, 2025, the following 327 monthly rates shall be charged: 328 329 a. A service availability charge of \$620.00 per month shall be assessed for the 330 provision of electric service of this type. 331 332 b. A demand charge shall be assessed at a rate of \$8.00 per kilowatt based on 333 the highest 15-minute average usage recorded on the demand meter during 334 the month 335 336 c. The monthly rate per kilowatt-hour for primary with transformation service 337 shall be \$0.06588. 338 339 (5) 2026 primary with transformation rate. Beginning January 1, 2026, the following 340 monthly rates shall be charged: 341 342 a. A service availability charge of \$625.00 per month shall be assessed for the 343 provision of electric service of this type. 344 345 b. A demand charge shall be assessed at a rate of \$8.10 per kilowatt based on 346 the highest 15-minute average usage recorded on the demand meter during 347 the month. 348 349 c. The monthly rate per kilowatt-hour for primary with transformation service 350 shall be \$0.06687. 351 352 (f) Primary without transformation. The following primary rate shall be available only to 353 industrial customers metered at the primary voltage (7,200v) with typical demand 354 355 above 300Kw and, who own their transformation facilities. No other service rate shall be available for service to which the primary without transformation rate applies. The 356 monthly rates shall be as follows: 357 358 359 (1) 2022 primary without transformation rate. Beginning March 1, 2022, the following monthly rates shall be charged: 360

provision of electric service of this type. 363 364 b. A demand charge shall be assessed at a rate of \$7.75 per kilowatt based on 365 the highest 15-minute average usage recorded on the demand meter during 366 the month. 367 368 c. The monthly rate per kilowatt-hour for primary without transformation service 369 shall be \$0.06300. 370 371 (2) 2023 primary without transformation rate. Beginning January 1, 2023, the 372 following monthly rates shall be charged: 373 374 a. A service availability charge of \$105.00 per month shall be assessed for the 375 provision of electric service of this type. 376 377 b. A demand charge shall be assessed at a rate of \$7.83 per kilowatt based on 378 the highest 15-minute average usage recorded on the demand meter during 379 the month. 380 381 c. The monthly rate per kilowatt-hour for primary without transformation service 382 shall be \$0.06395. 383 384 (3) 2024 primary without transformation rate. Beginning January 1, 2024, the 385 following monthly rates shall be charged: 386 387 a. A service availability charge of \$107.50 per month shall be assessed for the 388 provision of electric service of this type. 389 390 391 b. A demand charge shall be assessed at a rate of \$7.91 per kilowatt based on the highest 15-minute average usage recorded on the demand meter during 392 the month. 393 394 c. The monthly rate per kilowatt-hour for primary without transformation service 395 shall be \$0.06490. 396 397 (4) 2025 primary without transformation rate. Beginning January 1, 2025, the 398 following monthly rates shall be charged: 399 400 a. A service availability charge of \$110.00 per month shall be assessed for the 401 provision of electric service of this type. 402 403 b. A demand charge shall be assessed at a rate of \$8.00 per kilowatt based on 404 the highest 15-minute average usage recorded on the demand meter during 405 the month. 406 407

a. A service availability charge of \$100.00 per month shall be assessed for the

c. The monthly rate per kilowatt-hour for primary without transformation service shall be \$0.06588.

(5) 2026 primary without transformation rate. Beginning January 1, 2026, the following monthly rates shall be charged:

a. A service availability charge of \$115.00 per month shall be assessed for the provision of electric service of this type.

b. A demand charge shall be assessed at a rate of \$8.10 per kilowatt based on the highest 15-minute average usage recorded on the demand meter during the month.

c. The monthly rate per kilowatt-hour for primary without transformation service shall be \$0.06687.

(g) *Private or security lighting.* The following private security lighting rate shall apply for each private security light provided to the customer. The monthly rates shall be as follows:

(1) 2022 private security lighting rate. Beginning March 1, 2022, for service availability, a charge of \$15.00 per month shall be assessed.

(2) 2023 private security lighting rate. Beginning January 1, 2023, for service availability, a charge of \$15.15 per month shall be assessed.

(3) 2024 private security lighting rate. Beginning January 1, 2024, for service availability, a charge of \$15.30 per month shall be assessed.

(4) 2025 private security lighting rate. Beginning January 1, 2025, for service availability, a charge of \$15.45 per month shall be assessed.

(5) 2026 private security lighting rate. Beginning January 1, 2026, for service availability, a charge of \$15.60 per month shall be assessed.

(h) Energy Cost Adjustment. Effective January 1, 2023, the kilowatt-hour rates established in this section shall be subject to the energy cost adjustment authorized by this subsection.

(1) The Energy Cost Adjustment ("ECA") shall be calculated annually for the prior calendar year. Any difference from the base wholesale energy cost rate shall be applied monthly to electric utility bills beginning in <u>April February</u> through January of March of the next calendar year for each kilowatt-hour used.

(2) The method to be utilized to calculate the ECA adjustment shall be the difference between the anticipated wholesale power cost through 2026 and the actual cost

of wholesale power cost per kilowatt-hour for each calendar year from 2023 through 2025.

- (3) The anticipated wholesale power cost is determined by the actual cost of wholesale energy costs for the 12 months from January 2021 through December 2021 for the actual delivery of all wholesale power to the electric utility.
- (4) The actual cost of wholesale power per kilowatt-hour for each calendar year from 2023 through 2025 shall be calculated by dividing the total wholesale power cost realized by the electric utility by the total kilowatt-hours sold.
- (5) The ECA shall be established by Resolution of the City Council each year.

SECTION 2: The City Attorney, when codifying the provisions of this Ordinance, is authorized to provide for different section numbers, subsection numbers, and different internal citation references than those provided herein when such section numbers, subsection numbers, or internal citation references are in error or are contrary to the intent of this Ordinance.

SECTION 3: Savings Clause. Nothing in this Ordinance shall be construed to affect any suit or proceeding now pending in any court or any rights acquired, or liability incurred nor any cause or causes of action occurred or existing, under any act or ordinance repealed hereby.

SECTION 4: Severability Clause. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance. The Council hereby declares that it would have adopted the Ordinance and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.

SECTION 5: This Ordinance shall be in full force and effect from and after its final passage by the City Council and after its approval by the Mayor, subject to the provisions of section 3.11(g) of the City Charter.

[Remainder of page intentionally left blank. Signatures follow on next page.]

500	ADOPTED BY THE COUNCIL THIS	DAY OF 2023.	
501 502 503		ATTEST:	
504 505 506	PRESIDING OFFICER	CITY CLERK	
507 508 509 510 511	APPROVED BY THE MAYOR THIS	DAY OF ATTEST:	2023.
512 513 514	MAYOR	CITY CLERK	
515 516 517	APPROVED AS TO FORM:		
518	CITY ATTORNEY		

COUNCIL BILL NO. 2023-20

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ORDINANCE NO._____