

RE: FIRST READING COUNCIL BILL #2023-000 AMENDING EFFECTIVE DATES FOR SECTION 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 kilowatt-hour 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

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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

dcolvin@nixa.com | 417-725-2353

1 AN ORDINANCE OF THE COUNCIL OF THE CITY OF NIXA AMENDING CHAPTER
2 22, ARTICLE IV, SECTION 22-310 OF THE NIXA CITY CODE TO AMEND THE
3 IMPLEMENTATION DATE FOR THE ENERGY COST ADJUSTMENTS APPLIED TO
4 CITY ELECTRIC RATES.

5 _____
6
7 WHEREAS the City adopted new electric service rates on February 14, 2022; and

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9 WHEREAS in addition to establishing electric rates, the Council authorized the
10 implementation of an Energy Cost Adjustment (“ECA”); and

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12 WHEREAS Section 22-310(h)(1) of the Nixa City Code provides for the ECA to
13 begin in February for the years 2023-2026; and

14
15 WHEREAS staff has found it necessary to adjust the annual implementation to
16 April allowing time to accurately calculate the annual ECA and have it approved by City
17 Council.

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19 NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF
20 NIXA, AS FOLLOWS, THAT:

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22 SECTION 1: Chapter 22, Article IV, section 22-310 of the Nixa City Code is hereby
23 amended by repealing said section in its entirety and adopting in lieu thereof a new
24 section 22-310, which said section shall read as follows:

25
26 (Note: Language to be added is indicated by being underlined. Language to be removed
27 is indicated by being ~~stricken~~.)

28
29 Sec. 22-310. Rates for electric service.

30
31 Rates and charges for electric service shall be as established as set forth herein:

32
33 (a) *Residential service rate*. The following residential service rate shall only apply to
34 service to residential dwelling units. No other service rate shall be available for
35 service to which the residential rate applies. The monthly rates shall be as follows:

36
37 (1) *2022 residential service rate*. Beginning March 1, 2022, the following monthly
38 rates shall be charged:

39
40 a. A service availability charge of \$15.00 per month shall be assessed for the
41 provision of this type of electric service.

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43 b. The monthly rate per kilowatt-hour for residential service shall be \$0.10500.

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45 (2) *2023 residential service rate*. Beginning January 1, 2023, the following monthly
46 rates shall be charged:

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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 non-residential business electric consumers who obtain their electric service via single-phase 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 c. The monthly rate per kilowatt-hour for small commercial service shall be
94 \$0.1015.

95
96 (2) *2023 small commercial service rate.* Beginning January 1, 2023, the following
97 monthly rates shall be charged:

98
99 a. A service availability charge of \$15.15 per month shall be assessed for the
100 provision of single-phase electric service of this type.

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102 b. A service availability charge of \$33.33 per month shall be assessed for the
103 provision of three-phase electric service of this type.

104
105 c. The monthly rate per kilowatt-hour for small commercial service shall be
106 \$0.1032.

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108 (3) *2024 small commercial service rate.* Beginning January 1, 2024, the following
109 monthly rates shall be charged:

110
111 a. A service availability charge of \$15.30 per month shall be assessed for the
112 provision of single-phase electric service of this type.

113
114 b. A service availability charge of \$33.66 per month shall be assessed for the
115 provision of three-phase electric service of this type.

116
117 c. The monthly rate per kilowatt-hour for small commercial service shall be
118 \$0.10475.

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120 (4) *2025 small commercial service rate.* Beginning January 1, 2025, the following
121 monthly rates shall be charged:

122
123 a. A service availability charge of \$15.45 per month shall be assessed for the
124 provision of single-phase electric service of this type.

125
126 b. A service availability charge of \$34.00 per month shall be assessed for the
127 provision of three-phase electric service of this type.

128
129 c. The monthly rate per kilowatt-hour for small commercial service shall be
130 \$0.1063.

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132 (5) *2026 small commercial service rate.* Beginning January 1, 2026, the following
133 monthly rates shall be charged:

134
135 a. A service availability charge of \$15.60 per month shall be assessed for the
136 provision of single-phase electric service of this type.

137

138 b. A service availability charge of \$34.50 per month shall be assessed for the
139 provision of three-phase electric service of this type.

140
141 c. The monthly rate per kilowatt-hour for small commercial service shall be
142 \$0.1079.

143
144 (c) *Large commercial rate.* The following large commercial service rate shall only apply
145 to service to large commercial customers. Large commercial customers are defined
146 as non-residential business electric consumers whose demand for electric power is
147 75 kilowatts or more but less than 150 kilowatts. No other service rate shall be
148 available for service to which the large commercial rate applies. The monthly rates
149 shall be as follows:

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151 (1) *2022 large commercial service rate.* Beginning March 1, 2022, the following
152 monthly rates shall be charged:

153
154 a. A service availability charge of \$200.00 per month shall be assessed for the
155 provision of electric service of this type.

156
157 b. A demand charge shall be assessed at a rate of \$7.75 per kilowatt based on
158 the highest 15-minute average usage recorded on the demand meter during
159 the month.

160
161 c. The monthly rate per kilowatt-hour for large commercial service shall be
162 \$0.06825.

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164 (2) *2023 large commercial service rate.* Beginning January 1, 2023, the following
165 monthly rates shall be charged:

166
167 a. A service availability charge of \$202.00 per month shall be assessed for the
168 provision of electric service of this type.

169
170 b. A demand charge shall be assessed at a rate of \$7.83 per kilowatt based on
171 the highest 15-minute average usage recorded on the demand meter during
172 the month.

173
174 c. The monthly rate per kilowatt-hour for large commercial service shall be
175 \$0.06927.

176
177 (3) *2024 large commercial service rate.* Beginning January 1, 2024, the following
178 monthly rates shall be charged:

179
180 a. A service availability charge of \$204.00 per month shall be assessed for the
181 provision of electric service of this type.

182

183 b. A demand charge shall be assessed at a rate of \$7.91 per kilowatt based on
184 the highest 15-minute average usage recorded on the demand meter during
185 the month.

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187 c. The monthly rate per kilowatt-hour for large commercial service shall be
188 \$0.07031.

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190 (4) *2025 large commercial service rate.* Beginning January 1, 2025, the following
191 monthly rates shall be charged:

192
193 a. A service availability charge of \$206.00 per month shall be assessed for the
194 provision of electric service of this type.

195
196 b. A demand charge shall be assessed at a rate of \$8.00 per kilowatt based on
197 the highest 15-minute average usage recorded on the demand meter during
198 the month.

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200 c. The monthly rate per kilowatt-hour for large commercial service shall be
201 \$0.07137.

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203 (5) *2026 large commercial service rate.* Beginning January 1, 2026, the following
204 monthly rates shall be charged:

205
206 a. A service availability charge of \$209.00 per month shall be assessed for the
207 provision of electric service of this type.

208
209 b. A demand charge shall be assessed at a rate of \$8.10 per kilowatt based on
210 the highest 15-minute average usage recorded on the demand meter during
211 the month.

212
213 c. The monthly rate per kilowatt-hour for large commercial service shall be
214 \$0.07244.

215
216 (d) *Industrial rate.* The following industrial service rate shall only apply to service to
217 industrial customers. Industrial customers are defined as non-residential business
218 electric consumers whose normal demand for electric power is 150 kilowatts or more
219 but less than 300 kilowatts No other service rate shall be available for service to
220 which the industrial rate applies. The monthly rates shall be as follows:

221
222 (1) *2022 industrial service rate.* Beginning March 1, 2022, the following monthly rates
223 shall be charged:

224
225 a. A service availability charge of \$200.00 per month shall be assessed for the
226 provision of electric service of this type.

227

228 b. A demand charge shall be assessed at a rate of \$7.75 per kilowatt based on
229 the highest 15-minute average usage recorded on the demand meter during
230 the month.

231
232 c. The monthly rate per kilowatt-hour for industrial service shall be \$0.06300.

233
234 (2) *2023 industrial service rate.* Beginning January 1, 2023, the following monthly
235 rates shall be charged:

236
237 a. A service availability charge of \$202.00 per month shall be assessed for the
238 provision of electric service of this type.

239
240 b. A demand charge shall be assessed at a rate of \$7.83 per kilowatt based on
241 the highest 15-minute average usage recorded on the demand meter during
242 the month.

243
244 c. The monthly rate per kilowatt-hour for industrial service shall be \$0.06395.

245
246 (3) *2024 industrial service rate.* Beginning January 1, 2024, the following monthly
247 rates shall be charged:

248
249 a. A service availability charge of \$204.00 per month shall be assessed for the
250 provision of electric service of this type.

251
252 b. A demand charge shall be assessed at a rate of \$7.91 per kilowatt based on
253 the highest 15-minute average usage recorded on the demand meter during
254 the month.

255
256 c. The monthly rate per kilowatt-hour for industrial service shall be \$0.06490.

257
258 (4) *2025 industrial service rate.* Beginning January 1, 2025, the following monthly
259 rates shall be charged:

260
261 a. A service availability charge of \$206.00 per month shall be assessed for the
262 provision of electric service of this type.

263
264 b. A demand charge shall be assessed at a rate of \$8.00 per kilowatt based on
265 the highest 15-minute average usage recorded on the demand meter during
266 the month.

267
268 c. The monthly rate per kilowatt-hour for industrial service shall be \$0.06588.

269
270 (5) *2026 industrial service rate.* Beginning January 1, 2026, the following monthly
271 rates shall be charged:

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- 273 a. A service availability charge of \$209.00 per month shall be assessed for the
- 274 provision of electric service of this type.
- 275
- 276 b. A demand charge shall be assessed at a rate of \$8.10 per kilowatt based on
- 277 the highest 15-minute average usage recorded on the demand meter during
- 278 the month.
- 279
- 280 c. The monthly rate per kilowatt-hour for industrial service shall be \$0.06687.
- 281
- 282 (e) *Primary with transformation rate.* The following primary rate shall only apply to
- 283 service to industrial customers metered at primary voltage with demand above 300
- 284 kilowatts and who require the utility to provide transformer service. No other
- 285 service rate shall be available for service to which the primary with transformation
- 286 rate applies. The monthly rates shall be as follows:
- 287
- 288 (1) *2022 primary with transformation rate.* Beginning March 1, 2022, the following
- 289 monthly rates shall be charged:
- 290
- 291 a. A service availability charge of \$600.00 per month shall be assessed for the
- 292 provision of electric service of this type.
- 293
- 294 b. A demand charge shall be assessed at a rate of \$7.75 per kilowatt based on
- 295 the highest 15-minute average usage recorded on the demand meter during
- 296 the month.
- 297
- 298 c. The monthly rate per kilowatt-hour for primary with transformation service
- 299 shall be \$0.06300.
- 300
- 301 (2) *2023 primary with transformation rate.* Beginning January 1, 2023, the following
- 302 monthly rates shall be charged:
- 303
- 304 a. A service availability charge of \$605.00 per month shall be assessed for the
- 305 provision of electric service of this type.
- 306
- 307 b. A demand charge shall be assessed at a rate of \$7.83 per kilowatt based on
- 308 the highest 15-minute average usage recorded on the demand meter during
- 309 the month.
- 310
- 311 c. The monthly rate per kilowatt-hour for primary with transformation service
- 312 shall be \$0.06395 shall be charged for the hourly consumption of electricity.
- 313
- 314 (3) *2024 primary with transformation rate.* Beginning January 1, 2024, the following
- 315 monthly rates shall be charged:
- 316

- 317 a. A service availability charge of \$612.50 per month shall be assessed for the
- 318 provision of electric service of this type.
- 319
- 320 b. A demand charge shall be assessed at a rate of \$7.91 per kilowatt based on
- 321 the highest 15-minute average usage recorded on the demand meter during
- 322 the month.
- 323
- 324 c. The monthly rate per kilowatt-hour for primary with transformation service
- 325 shall be \$0.06490.
- 326

327 (4) *2025 primary with transformation rate.* Beginning January 1, 2025, the following

328 monthly rates shall be charged:

329

- 330 a. A service availability charge of \$620.00 per month shall be assessed for the
- 331 provision of electric service of this type.
- 332
- 333 b. A demand charge shall be assessed at a rate of \$8.00 per kilowatt based on
- 334 the highest 15-minute average usage recorded on the demand meter during
- 335 the month
- 336
- 337 c. The monthly rate per kilowatt-hour for primary with transformation service
- 338 shall be \$0.06588.
- 339

340 (5) *2026 primary with transformation rate.* Beginning January 1, 2026, the following

341 monthly rates shall be charged:

342

- 343 a. A service availability charge of \$625.00 per month shall be assessed for the
- 344 provision of electric service of this type.
- 345
- 346 b. A demand charge shall be assessed at a rate of \$8.10 per kilowatt based on
- 347 the highest 15-minute average usage recorded on the demand meter during
- 348 the month.
- 349
- 350 c. The monthly rate per kilowatt-hour for primary with transformation service
- 351 shall be \$0.06687.
- 352

353 (f) *Primary without transformation.* The following primary rate shall be available only to

354 industrial customers metered at the primary voltage (7,200v) with typical demand

355 above 300Kw and, who own their transformation facilities. No other service rate shall

356 be available for service to which the primary without transformation rate applies. The

357 monthly rates shall be as follows:

358

359 (1) *2022 primary without transformation rate.* Beginning March 1, 2022, the following

360 monthly rates shall be charged:

361

- 362 a. A service availability charge of \$100.00 per month shall be assessed for the
363 provision of electric service of this type.
364
365 b. A demand charge shall be assessed at a rate of \$7.75 per kilowatt based on
366 the highest 15-minute average usage recorded on the demand meter during
367 the month.
368
369 c. The monthly rate per kilowatt-hour for primary without transformation service
370 shall be \$0.06300.

371
372 (2) *2023 primary without transformation rate.* Beginning January 1, 2023, the
373 following monthly rates shall be charged:
374

- 375 a. A service availability charge of \$105.00 per month shall be assessed for the
376 provision of electric service of this type.
377
378 b. A demand charge shall be assessed at a rate of \$7.83 per kilowatt based on
379 the highest 15-minute average usage recorded on the demand meter during
380 the month.
381
382 c. The monthly rate per kilowatt-hour for primary without transformation service
383 shall be \$0.06395.

384
385 (3) *2024 primary without transformation rate.* Beginning January 1, 2024, the
386 following monthly rates shall be charged:
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- 388 a. A service availability charge of \$107.50 per month shall be assessed for the
389 provision of electric service of this type.
390
391 b. A demand charge shall be assessed at a rate of \$7.91 per kilowatt based on
392 the highest 15-minute average usage recorded on the demand meter during
393 the month.
394
395 c. The monthly rate per kilowatt-hour for primary without transformation service
396 shall be \$0.06490.

397
398 (4) *2025 primary without transformation rate.* Beginning January 1, 2025, the
399 following monthly rates shall be charged:
400

- 401 a. A service availability charge of \$110.00 per month shall be assessed for the
402 provision of electric service of this type.
403
404 b. A demand charge shall be assessed at a rate of \$8.00 per kilowatt based on
405 the highest 15-minute average usage recorded on the demand meter during
406 the month.
407

- 408 c. The monthly rate per kilowatt-hour for primary without transformation service
409 shall be \$0.06588.
410
- 411 (5) *2026 primary without transformation rate.* Beginning January 1, 2026, the
412 following monthly rates shall be charged:
413
- 414 a. A service availability charge of \$115.00 per month shall be assessed for the
415 provision of electric service of this type.
416
- 417 b. A demand charge shall be assessed at a rate of \$8.10 per kilowatt based on
418 the highest 15-minute average usage recorded on the demand meter during
419 the month.
420
- 421 c. The monthly rate per kilowatt-hour for primary without transformation service
422 shall be \$0.06687.
423
- 424 (g) *Private or security lighting.* The following private security lighting rate shall apply for
425 each private security light provided to the customer. The monthly rates shall be as
426 follows:
427
- 428 (1) *2022 private security lighting rate.* Beginning March 1, 2022, for service
429 availability, a charge of \$15.00 per month shall be assessed.
430
- 431 (2) *2023 private security lighting rate.* Beginning January 1, 2023, for service
432 availability, a charge of \$15.15 per month shall be assessed.
433
- 434 (3) *2024 private security lighting rate.* Beginning January 1, 2024, for service
435 availability, a charge of \$15.30 per month shall be assessed.
436
- 437 (4) *2025 private security lighting rate.* Beginning January 1, 2025, for service
438 availability, a charge of \$15.45 per month shall be assessed.
439
- 440 (5) *2026 private security lighting rate.* Beginning January 1, 2026, for service
441 availability, a charge of \$15.60 per month shall be assessed.
442
- 443 (h) *Energy Cost Adjustment.* Effective January 1, 2023, the kilowatt-hour rates
444 established in this section shall be subject to the energy cost adjustment authorized
445 by this subsection.
446
- 447 (1) The Energy Cost Adjustment (“ECA”) shall be calculated annually for the prior
448 calendar year. Any difference from the base wholesale energy cost rate shall be
449 applied monthly to electric utility bills beginning in ~~April~~ February through ~~January~~
450 of March of the next calendar year for each kilowatt-hour used.
451
- 452 (2) The method to be utilized to calculate the ECA adjustment shall be the difference
453 between the anticipated wholesale power cost through 2026 and the actual cost

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

456
457 (3) The anticipated wholesale power cost is determined by the actual cost of
458 wholesale energy costs for the 12 months from January 2021 through December
459 2021 for the actual delivery of all wholesale power to the electric utility.

460
461 (4) The actual cost of wholesale power per kilowatt-hour for each calendar year from
462 2023 through 2025 shall be calculated by dividing the total wholesale power cost
463 realized by the electric utility by the total kilowatt-hours sold.

464
465 (5) The ECA shall be established by Resolution of the City Council each year.

466
467 **SECTION 2:** The City Attorney, when codifying the provisions of this Ordinance, is
468 authorized to provide for different section numbers, subsection numbers, and different
469 internal citation references than those provided herein when such section numbers,
470 subsection numbers, or internal citation references are in error or are contrary to the intent
471 of this Ordinance.

472
473 **SECTION 3:** Savings Clause. Nothing in this Ordinance shall be construed to
474 affect any suit or proceeding now pending in any court or any rights acquired, or liability
475 incurred nor any cause or causes of action occurred or existing, under any act or
476 ordinance repealed hereby.

477
478 **SECTION 4:** Severability Clause. If any section, subsection, sentence, clause, or
479 phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect
480 the validity of the remaining portions of this Ordinance. The Council hereby declares that
481 it would have adopted the Ordinance and each section, subsection, sentence, clause, or
482 phrase thereof, irrespective of the fact that any one or more sections, subsections,
483 sentences, clauses, or phrases be declared invalid.

484
485 **SECTION 5:** This Ordinance shall be in full force and effect from and after its final
486 passage by the City Council and after its approval by the Mayor, subject to the provisions
487 of section 3.11(g) of the City Charter.

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

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500 ADOPTED BY THE COUNCIL THIS _____ DAY OF _____ 2023.

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505 _____
PRESIDING OFFICER

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508 APPROVED BY THE MAYOR THIS _____ DAY OF _____ 2023.

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513 _____
MAYOR

514

515 APPROVED AS TO FORM:

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518 _____
CITY ATTORNEY

ATTEST:

CITY CLERK

ATTEST:

CITY CLERK