

## RE: RESOLUTION 2024-14 - AUTHORIZING AN ENERGY COST ADJUSTMENT UNDER SECTION 22-310 ELECTRIC SERVICE RATES

### Background:

This Resolution, if approved, empowers the City Administrator to implement a 2024 Energy Cost Adjustment (ECA) as authorized in the adopted Electric Rates section 22-310 (h).

### Analysis:

The current electric rate ordinance sets forth a formula to adjust the energy portion of the rates for our customers based on the preceding year's overall wholesale energy cost. The "all in" cost for wholesale power includes the cost of the energy and the cost for the transmission delivering that wholesale power to our distribution system. A simple version of the formula is to subtract the past year's wholesale energy cost from the adopted base amount in the current rate ordinance. Depending on the preceding years' wholesale cost, the ECA can be either a credit in years where costs were down or an increase in cost for any year where wholesale prices rose above the base.

Any ECA to be applied to customer bills must be approved by the City Council. The current ECA is a credit of 6/10<sup>ths</sup> of one cent per kilowatt Hour (kwh) sold under all rate classes. Similar to 2022 cost incurred, 2023 was a good year for wholesale energy prices resulting in continued savings for our customers. Per section 22-310 (h) of the Nixa code, the formula computation below results in a 4.5/10<sup>ths</sup> of a cent per Kwh credit.

2021 (base) estimated wholesale Kwh energy cost:	\$0.0573
Less the 2023 actual wholesale Kwh energy cost:	<u>\$0.0528</u>
Difference to be applied per this Resolution:	-\$0.0450

If approved, this ECA would be applied as a monthly credit for each Kwh sold from April 2024 through March 2025.

### Recommendation:

Pass the resolution.

MEMO SUBMITTED BY:

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

dcolvin@nixa.com | 417-725-2353

**RESOLUTION NO. 2024-14**

1 **A RESOLUTION OF THE COUNCIL OF THE CITY OF NIXA AUTHORIZING AN**  
2 **ELECTRIC ENERGY COST ADJUSTMENT PURSUANT TO SECTION 22-310 OF THE**  
3 **NIXA CITY CODE.**

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

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

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11 **WHEREAS** Section 22-310 of the Nixa City Code authorizes the Council by  
12 Resolution, to authorize an annual Energy Cost Adjustment (ECA); and

13  
14 **WHEREAS** staff has determined that wholesale energy cost for the year 2023 to  
15 be \$0.0045 per Kwh less than the base cost estimate established by Section 22-310; and

16  
17 **WHEREAS** City Council desires to apply an energy cost credit to customer bills  
18 pursuant to Section 22-310 of the Nixa City Code.

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20 **NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF**  
21 **NIXA, AS FOLLOWS, THAT:**

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23 **SECTION 1:** The City Council, pursuant to Section 22-310 of the Nixa City Code,  
24 hereby establishes an Energy Cost Adjustment in the amount of \$0.0045 for each Kwh  
25 as a credit to apply on electric bills from the effective date of this Resolution until March  
26 31<sup>st</sup>, 2025.

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28 **SECTION 2:** The City Administrator and the officers of the City are hereby  
29 authorized to do all things necessary or convenient to carry out the terms and intent of  
30 this Resolution.

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32 **SECTION 3:** This Resolution shall be in full force and effect from and after its final  
33 passage by the City Council and after its approval by the Mayor, subject to the provisions  
34 of section 3.11(g) of the City Charter.

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37 **[Remainder of page intentionally left blank. Signatures follow on next page.]**  
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**RESOLUTION NO. 2024-14**

47 **ADOPTED BY THE COUNCIL THIS 11<sup>th</sup> DAY OF March, 2024.**

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ATTEST:

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52 \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
CITY CLERK

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55 **APPROVED BY THE MAYOR THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2024.**

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ATTEST:

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60 \_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CITY CLERK

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63 APPROVED AS TO FORM:

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CITY ATTORNEY