



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Adopt resolution approving the revision to the Market Cost Adjustment billing factor for the Home Comfort Discount related to electric rates (EUD)

MEETING DATE: June 19, 2002

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt a resolution approving the revision to the Market Cost Adjustment (MCA) billing factor for the Home Comfort Discount (HCD) related to electric rates as attached.

BACKGROUND INFORMATION: The revision to the MCA schedule for the Home Comfort Discount (HCD) benefits the customers who were most affected by the changes in the MCA last summer. Under this summer's HCD, those customers in the residential EA class and the Commercial G1 and G2 classes will receive a reduced electric rate for consumption above last summer's level of consumption. Because the EUD is surplus in power in the summer (this summer), it has the energy available. The EUD would like to make this surplus energy available for its own customers before being sold to the electric market place. This structure preserves a target EUD revenue level yet provides the opportunity for customers to choose to consume efficiently above last summer's levels at a reduced cost. The greatest benefit from this discount will accrue to customers who conserved the most last summer.

The EUD continues to advocate efficient use of energy. The MCA and the EUD electric rate structure communicates higher cost in the summer than in the winter for base consumption. The EUD will continue aggressively marketing its public benefit funded demand side management and energy efficiency programs.

The Residential All Electric rate (EE) MCA is also adjusted in the MCA schedule to reflect changes in PG&E's rate baselines and to competitively meet PG&E's structure.

FUNDING: None required

Alan N. Vallow
Electric Utility Director

ANV/BP/lst

C: City Attorney
Finance Director

APPROVED: _____

H. Dixon Flynn - City Manager



City of Lodi

Electric Department

SCHEDULE MCA – MARKET COST ADJUSTMENT

APPLICABILITY:

When in effect, this schedule is applicable to all areas served by the City and to all kilowatt-hours billed under all rate schedules as defined under the special conditions of the rate schedules labeled Purchased Power Adjustment. Generally, power supply costs will be recovered through application of the base rates. In the event that substantial changes in projected power supply costs occur, either increases or decreases, the Market Cost Adjustment will be activated to provide for increases or decreases in the City's charges for electric service.

Rates:

The Market Cost Adjustment (MCA) is applied to specific classes as a cents per kWh charge by a Market Cost Adjustment Billing Factor (MCABF). For some classes, the MCA may be zero. The following schedule provides the MCABF by class.

MARKET COST ADJUSTMENT BILLING FACTOR

The Market Cost Adjustment Billing Factor by designated rate schedule, in cents per kilowatt-hour, shall be shown in this Section. Certain classes may have a tiered MCABF by level of monthly consumption. Certain classes are eligible for Home Comfort Discount component of the MCA as designated by (HCD) as described below. Seasonal MCA change for some classes is designated by Winter and Summer as defined by the rate class it applies to.

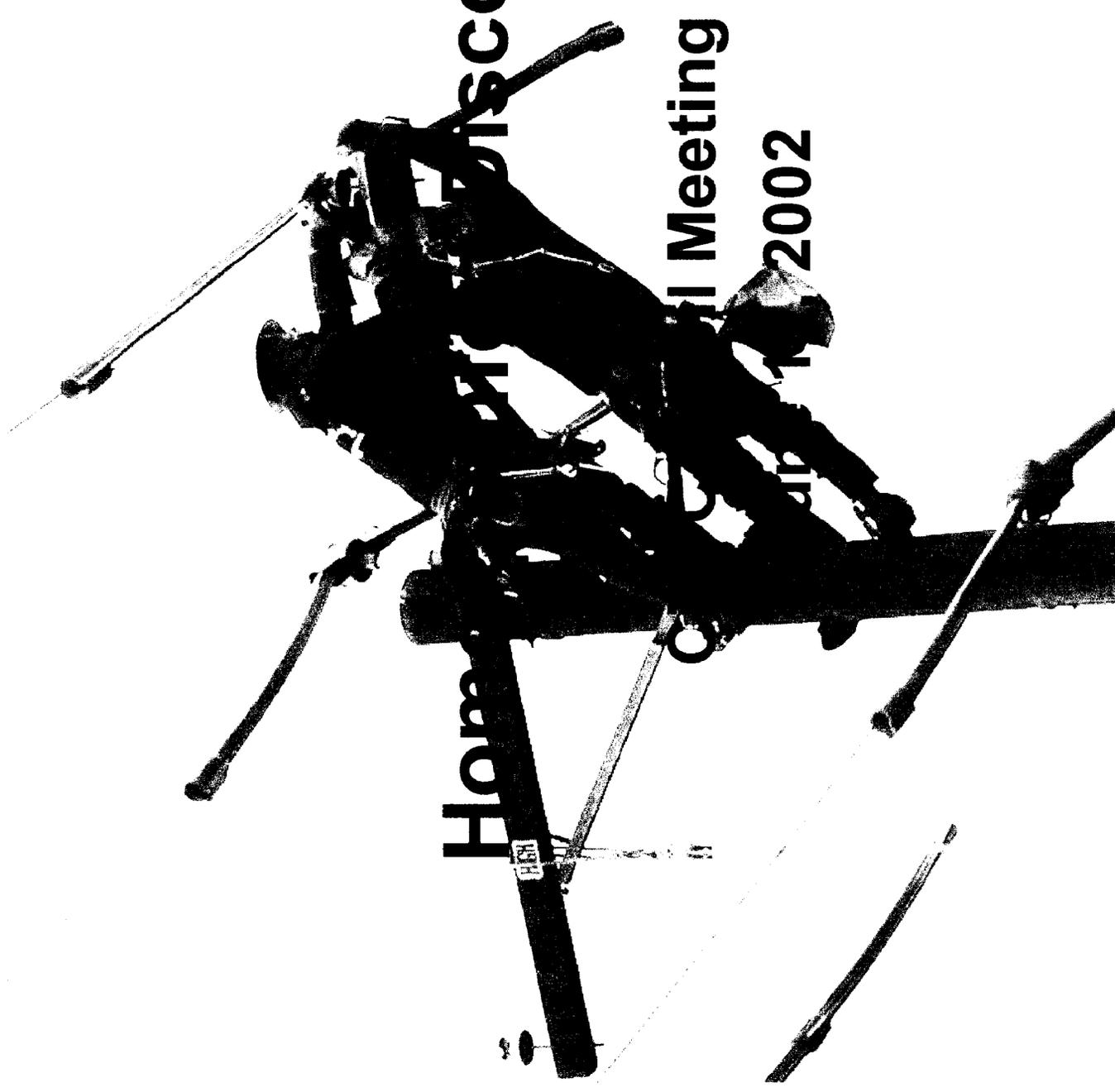
Class	Cents per kWh	Date Effective
EE under 300 kWh	2.500	August 1, 2001
EE 301 to 600 kWh	2.500	August 1, 2002
EE above 600 kWh	2.700	August 1, 2002
EA under 300 kWh Winter	2.500	August 1, 2002
EA 301 to 600 kWh Winter	3.500	August 1, 2002
EA above 600 kWh Winter	4.500	August 1, 2002
EA under 300 kWh Summer	2.500	August 1, 2002
EA 301 to 600 kWh Summer	3.500	August 1, 2002
EA above 600 kWh Summer	4.500	August 1, 2002
EA under 440 kWh Summer (HCD)	0.00	August 1, 2002
EA above 441 kWh Summer (HCD)	-3.818	August 1, 2002
ED, EF	0.000	August 1, 2001
EM	0.000	August 1, 2001
EL	0.000	August 1, 2001
G1	3.000	August 1, 2001
G1 (HCD)	-3.467	August 1, 2002
G2	3.000	August 1, 2001
G2 (HCD)	.5630	August 1, 2002
G3	1.900	August 1, 2001
G4	1.900	August 1, 2001
G5	1.300	August 1, 2001
I1	0.000	August 1, 2001

The Home Comfort Discount (HCD) Eligibility

The HCD applies to designated classes as per the MCA schedule above as specified by the HCD code. The HCD is provided for those customers with a consistent billing history that consume more energy on a kWh per day basis between a billing month in 2002 as compared with a billing month in 2001. The HCD MCA replaces the MCA for that consumption beyond the previous year's consumption. The non-HCD MCA applies to all consumption at the previous year's consumption. Customers receiving any other discount are not eligible for the HCD. The HCD applies to bills rendered between August 1, 2002 and through October 1, 2002.

A consistent billing history is required. A consistent billing is defined as follows:

- No change in address
- No change in rate class
- Billing history allowing a comparison to the previous year
- Billing days between 20 and 50 days available for both periods is required.



Home Energy Discount Council Meeting April 14, 2002



Home Comfort Discount

- Eligibility: Residential customers with a Small Commercial (G1 & G2) contract as of January 1, 2002
- Additional discounts will be at a 30% rate level
- The customer must continue to use more or
- Essentially
- Preserves revenue



Home Comfort Discount

- Encourages efficient energy use
 - MCA still in place
 - Public B will be enhanced
 - Conservation Energy Efficiency
 - Conservation cases is deprivation



Home Comfort Discount

- Allows customer to choose more comfortably if they choose
- Gives customer choice of options before we market to them
- Similar to last options
- Alternative to last options = higher bill than HC



HCD Example

2001 Summer	700		
2002 Summer	850		
Improvement	150		
		\$	Ave \$/kWh
Current Bill @ 7	\$98.87		\$0.141
Current Bill @ 8	\$125.60		\$0.148
Home Comfort Account	-\$12.48		
Proposed Bill	\$113.12		\$0.133

Summary

- A summer savings plan for customers
- Maintains energy level that covers costs
- Provides customers a choice
- Rewards customers conservation effort from last year



RESOLUTION NO. 2002-140

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING REVISION IN THE MARKET
COST ADJUSTMENT (MCA) SCHEDULE

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WHEREAS, the revision to the MCA schedule for the Home Comfort Discount (HCD) benefits the customers who were most affected by the changes in the MCA last summer; and

WHEREAS, under this summer's HCD, those customers in the residential EA class and the Commercial G1 and G2 classes will receive a reduced electric rate for consumption above last summer's level of consumption; and

WHEREAS, because the Electric Utility Department (EUD) currently has a surplus in power for the impending summer months, it wishes to make this surplus energy available to its own customers before being sold to the electric market place; and

WHEREAS, this structure preserves a target EUD revenue level yet provides the opportunity for customers to choose to consume efficiently above last summer's levels at a reduced cost. The greatest benefit from this discount will accrue to customers who conserved the most last summer; and

WHEREAS, the EUD continues to advocate efficient use of energy. The MCA and the EUD electric rate structure communicates higher cost in the summer than in the winter for base consumption. The EUD will continue aggressively marketing its public benefit funded demand-side management and energy efficiency programs; and

WHEREAS, the Residential All Electric Rate (EE) MCA is adjusted in the MCA schedule to reflect changes in PG&E's rate baselines and to competitively meet PG&E's structure.

NOW, THEREFORE, BE IT RESOLVED, that the Lodi City Council does hereby authorize a revision to the Market Cost Adjustment (MCA) Schedule attached as Exhibit A.

Dated: June 19, 2002

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I hereby certify that Resolution No. 2002-140 was passed and adopted by the Lodi City Council in a regular meeting held June 19, 2002 by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Howard, Land, Nakanishi, and Mayor Pennino

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



SUSAN J. BLACKSTON
City Clerk

EXHIBIT A



City of Lodi
Electric Department

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Jennifer Perrin

From: Lew & Barbara McWilliams [mcwilliams@softcom.net]
Sent: Wednesday, June 19, 2002 3:58 PM
To: cityclrk@lodi.gov; nakanishi@lodi.gov; pennino@lodi.gov; hitchcock@lodi.gov; howard@lodi.gov; land@lodi.gov
Subject: Electric-market cost adjustment

Barbara McWilliams
208 S. School St.
Lodi, CA.95240
June 19, 2002

June 13 I called the electric department to ask questions regarding all the charges on my electric bill-both commercial and residential. I was told the appropriate person would call me back in one-half hour. June 17 I received a call from a lady who said she was hired by the city to answer questions about the electric billing. However, she did not know any of the answers to my questions and would have to find someone who did. To date--apparently she hasn't found anyone who could answer the question--I have not received a call back.

I am not one for wasteful spending or using. When one says, if you use more electricity than you did last year at this time you will receive a reduced rate, it certainly sounds wasteful. If this extra electricity can be sold to the outside market for a profit, then that is what we should do. However, my thought is that the electricity was some that was purchased at a high price and cannot be sold and make a profit. If this senerio is correct, then I feel sorry for all of us!!! Getting people used to being wasteful does not seem like a smart philosophy in any case.

Last year our rates were increased with market adjustments. Mr. Vallow stated he expected those to come off at the first of the year. I'm certain I must have missed the reason why it has not---could you please inform me?

Thanks,

Barbara McWilliams

6/19/02