

C O U N C I L C O M M U N I C A T I O N

TO: THE CITY COUNCIL
FROM: THE CITY MANAGER'S OFFICE

COUNCIL MEETING DATE:
OCTOBER 18, 1989

SUBJECT: ADOPTION OF ORDINANCE NO. **1464** - AN ORDINANCE OF THE LODI CITY COUNCIL REPEALING
ORDINANCE NO. **1348** OF THE CITY OF LODI AND ENACTING A NEW ORDINANCE ESTABLISHING
RATES FOR THE **SALE** OF ELECTRIC ENERGY BY THE CITY OF LODI

Ordinance No. **1464** - "An Ordinance of the Lodi City Council Repealing Ordinance No. **1348** of the City of Lodi and Enacting a New Ordinance Establishing Rates for the Sale of Electric Energy by the City of Lodi" was introduced at the regular meeting of the Lodi City Council held October **4, 1989**.

Pursuant to State statute, ordinances may be adopted five days after their introduction following reading by title.

This Ordinance has been approved as to form by the City Attorney.

RECOMMENDED ACTION: Following reading by title, it would be appropriate for the Lodi City Council to adopt Ordinance No. **1464**.


Alice M. Rempe
City Clerk

AMR/jmp

10/18

ORDINANCE NO. 1464

AN ORDINANCE OF THE LODI CITY COUNCIL
REPEALING ORDINANCE NO. 1348 OF THE CITY OF LODI
AND ENACTING A NEW ORDINANCE ESTABLISHING RATES FOR THE
SALE OF ELECTRIC ENERGY BY THE CITY OF LODI

BE IT ORDAINED BY THE LODI CITY COUNCIL AS FOLLOWS:

SECTION 1. Lodi Municipal Code Chapter 13.20 is hereby amended by adding a new section estdblishing rates for the sale of electric energy by the City of Lodi.

SECTION 2. Ordinance 1348 entitled "An Ordinance Repealing Ordinance No. 1321 of the City of Lodi and Enacting a New Ordinance Establishing Rates for the Sale of Electric Energy by the City of Lodi" is hereby repealed as of the effective date of this ordinance.

SECTION 3. She sale of electric energy by the City of Lodi shall be the rates hereinafter set forth.

SECTION 4. Schedule EA - Residential Service - See schedule attached hereto, marked Exhibit A and thereby made a part hereof.

SECTION 5. Schedule EM - Mobile Home Park Service - See schedule attached hereto, marked txhibit B and thereby made a part hereof.

SECTION 6. Schedule MR - Residential Medical Eider - See schedule attached hereto, marked Exhibit C and thereby made a part hereof.

SECTION 7. Schedule EL - Outdoor Dusk-To-Dawn Lighting - See schedule attached hereto, marked Exhibit D and thereby made a part hereof.

SECTION 8. Schedule G1 - General Service - Group 1 Commercial/Industrial - See schedule attached hereto, marked Exhibit E and thereby made a part hereof.

SECTION 9. Schedule G2 - General Service - Group 2 Commercial/Industrial - See schedule attached hereto, marked Exhibit F and thereby made a part hereof.

SECTION 10. Schedule G3 - General Service - Group 3 Commercial/Industrial - See schedule attached hereto, marked Exhibit G and thereby made a part hereof.

SECTION 11. Schedule EP - Energy Purchase - See schedule attached hereto, marked Exhibit H and thereby made a part hereof.

SECTION 12. Schedule SS - Standby Service - See schedule attached hereto, marked Exhibit I and thereby made a part hereof.

SECTION 13. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 14. This ordinance is for the usual and current expenses of the City and is adopted pursuant to Government Code § 36937(d). This

ordinance shall be published one time in the Lodi News Sentinel, a daily newspaper of general circulation printed and published in the City of Lodi and shall be in force and take effect immediately upon its passage and approval. The increased rates shall appear on utility bills prepared on or after November 1, 1989.

Approved this day of

John R. Snider

JOHN R. SNIDER
Mayor

Attest:

Alice M. Reimche
ALICE M. REIMCHE
City Clerk

State of California
County of San Joaquin, ss.

I, Alice M. Reimche, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1464 was introduced at a regular meeting of the City Council of the City of Lodi held October 4, 1989, and was thereafter passed, adopted and ordered to print at a regular meeting of the City Council held October 18, 1989, by the following vote:

Ayes :	Council Members - Hinchman, Olson, Pinkerton and Reid
Noes :	Council Members - None
Absent:	Council Members - Snider
Abstain:	Council Members - None

I further certify that Ordinance No. 1464 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

Alice M. Reimche
ALICE M. REIMCHE
City Clerk

Approved as to Form

Bobby W. McNatt

BOBBY W. McNATT
City Attorney

ORD1464/TXTA.02J

ELECTRIC UTILITY PROPOSAL

<u>Customer Category</u>	<u>Twelve Month Amount (000's)</u>	<u>Increase Percent</u>
Residential (EA)	\$1,326	14.0%
Small Commercial (G1)	163	5.3%
Medium Commercial (G2)	233	4.4%
Industrial (G3)	25	0.4%
Other	177	14.5%
Total Increase over 11/01/88 rates	\$1,924	7.6%

THE EFFECT OF THE ELECTRIC UTILITY PROPOSAL ON RESIDENTIAL CUSTOMERS.

With City Council approval of the proposed rates, a residential customer who uses 500 kilowatt-hours (kwh) of electricity per month would see a monthly electric bill increase of \$4.79 in summer, from \$32.73 to \$37.52; and \$4.96 in winter, from \$34.33 to \$39.29. A residential individual bill may differ from this example.

COMPARISON WITH PG&E LOCAL RESIDENTIAL RATES.

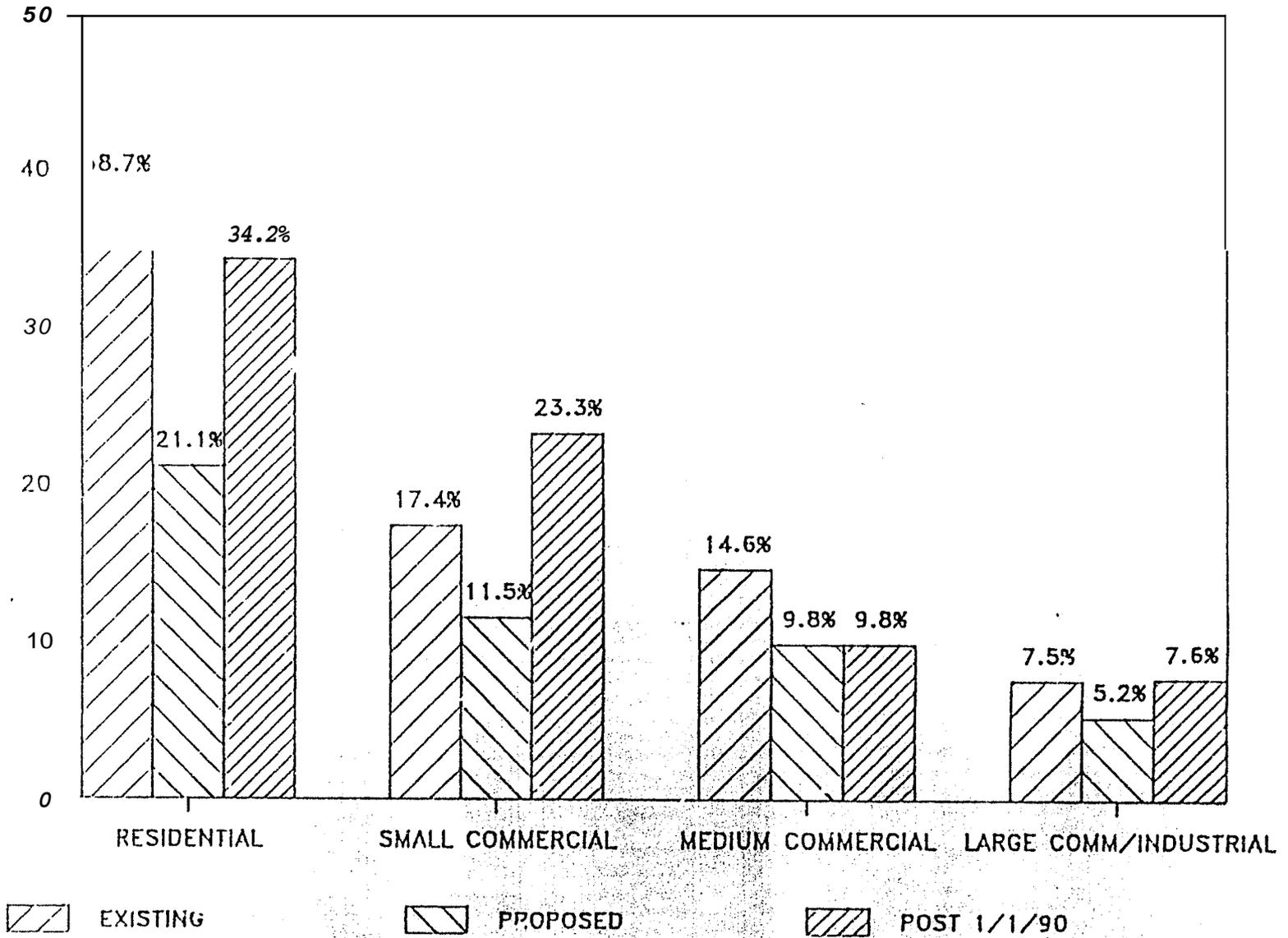
In comparing the proposed Lodi rates to PG&E's present local base customer rates at the usage of 500 kwh there would be a monthly difference of \$8.01 in summer, \$37.52 to \$45.53; and \$8.19 in winter, \$39.29 to \$47.48. PG&E has a requested increase scheduled to be implemented on January 1, 1990, which will additionally widen the difference.

EXPECTED 1989/1990 FISCAL YEAR REVENUES

<u>Customer Category</u>	<u>Amount (000's)</u>	<u>Customers</u>
Residential (EA)	\$10,289	18,500
Small Commercial (G1)	3,170	2,070
Medium Commercial (G2)	5,443	210
Large Commercial/Industrial (G3)	6,261	19
other	1,338	290
Total Budgeted Revenues	\$26,500	21,099

CITY OF LODI

ELECTRIC UTILITY DEPARTMENT





CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE EA

RESIDENTIAL SERVICE

APPLICABILITY:

Residential service is applicable to domestic lighting, heating, cooking and single-phase domestic power service in single-family and multi-family dwellings separately metered by the City.

RATES:

Minimum Charge: \$4.00

Energy Charge:

Summer (May through October)

First 440 kwh, per kwh. . . . .	.06974
Over 440 kwh, per kwh. . . . .	.11396

Winter (November through April)

First 400 kwh, per kwh. . . . .	.06974
Over 400 kwh, per kwh. . . . .	.11396

The monthly charge is the higher of the Minimum Charge or the Energy Charge.

SPECIAL CONDITIONS:

(a) When a business or commercial establishment is conducted in conjunction with a residence and both are measured through one meter, this rate does not apply.

(b) This rate does not apply to service used for common areas and facilities in multi-family dwellings.

(c) Service on this schedule will be supplied at the single-phase secondary voltage available - either 120/240 or 120/208 volts.

(d) An additional first block medical quantity is available as described in Schedule MR - Residential Medical Rider.

EXHIBIT A



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE EM

MOBILE HOME PARK SERVICE

APPLICABILITY:

Mobile home park service is applicable to single-phase service supplied to mobile home parks through one meter and sub-metered to all individual mobile home units

RATES:

Customer Charge: **\$4.00**

Energy Charge:

Summer (May through October)

First 440 kwh, per occupied mobile home space wired for service, per kwh . . . . .	.06974
Over 440 kwh, per occupied mobile home space wired for service, per kwh . . . . .	.11396

Winter (November through April)

First 400 kwh, per occupied mobile home space wired for service, per kwh . . . . .	.06974
Over 400 kwh, per occupied mobile home space wired for service, per kwh . . . . .	.11396

The monthly charge is the sum of the Customer Charge and the Energy Charge.

SPECIAL CONDITIONS:

(a) This rate is available only for master metering in service prior to March 31, 1989.

(b) It is the responsibility of the customer to notify the City Finance Department within 15 days following any change in the number of occupied mobile home spaces wired for service.

(c) Additional first block medical quantities are available as described in Schedule KR - Residential Medical Rider.

EXHIBIT E



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE MR

RESIDENTIAL MEDICAL RIDER

APPLICABILITY:

Qualifying residential customers on Schedule EA or EM are entitled to an additional 500 kilowatt-hours (kwh) at the lower priced first block rate.

If a customer or full-time resident in the home has one or more of the medical Conditions listed below, the Electric Utility Department may be contacted to request a City application, "Declaration of Eligibility for Medical First Block Adjustment." Only one medical first-block adjustment per household is available.

QUALIFYING CONDITIONS:

To qualify for the Medical First Block Adjustment, the customer will be required to submit a completed City application, including the certification of a doctor or medicine or osteopathy licensed to practice in the State of California that a customer or other full-time resident in the home is:

1. dependent on a life-support device used in the home, or
2. a paraplegic, hemiplegic, or quadraplegic person having special air conditioning needs, or
3. a multiple-sclerosis patient with special heating or air conditioning needs.

Medical conditions other than multiple sclerosis, paraplegia, hemiplegia, or quadriplegia may qualify customers for medical quantities for electric heating or air conditioning. Any such conditions will be reviewed on an individual basis.

LIFE-SUPPORT DEVICES:

A life-support device is any medical device necessary to sustain life or relied upon for mobility. To qualify under this rule, the device must be used in the home and must run on electricity supplied by the City of Lodi.

The term "life-support device" includes, but is not limited to, respirators, iron lungs, hemodialysis machines, suction machines, electric nerve stimulators, pressure pads and pumps, aerosol tents, electrostatic and ultrasonic nebulizers, compressors, IPPB machines and motorized wheelchairs.

EXHIBIT C



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

HEATING AND AIR CONDITIONING:

Special heating and/or air-conditioning needs will qualify for a **Medical First Block** Adjustment under this rider only if the main source of energy for heating or air conditioning is electricity supplied **by** the City of Lodi.

MEDICAL FIRST BLOCK ADJUSTMENT FOR MASTER-METERED CUSTOMERS:

Residential tenants of master-metered customers can **also** qualify for **Medical First Block** Adjustments. If one or more of the tenants have a **medical condition** that qualifies under the conditions listed above, contact the **Electric Utility Department** to **app?y**.

If tenants are submetered, any **Medical First Block Adjustment** must be passed on to the qualifying tenant(s) when tenants are billed for the **electricity** they use.

p.MR-2/2

Effective November 1, 1989

Canceling Resolution No. 88-127

Ordinance No. 1454



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE EL

OUTDOOR DUSK-TO-DAWN LIGHTING

APPLICABILITY:

Outdoor dusk-to-dawn lighting is applicable to City-owned and maintained outdoor overhead area lighting service. Dusk-to-dawn lighting may not be used for streetlighting purposes.

RATES :

For each 6,000 lumen gas discharge lamp \$10.23 per month

For each 18,000 lumen gas discharge lamp \$18.72 per month

SPECIAL CONDITIONS:

(a) Lamps shall be approximately 6,000 or 18,000 lumen gas discharge with luminaire and bracket, as specified by the City of Lodi Electric Utility Department, and shall be supported on City-owned poles which are used to carry distribution system circuits for other City purposes and shall be at locations approved by the City of Lodi. Lamps will be controlled from dusk to dawn each night so as to give approximately 4,380 hours of service annually.

(b) Upon receipt of notice from a customer of failure of light to operate as scheduled, the City of Lodi Electric Utility Department will, within a reasonable period of time, make the necessary repairs.

(c) Relocation of existing outdoor lighting service equipment or the installation of additional facilities required other than mentioned in (a) above shall be at customer's expense prior to starting work.

EXHIBIT D



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE G1

GENERAL SERVICE - GROUP 1 COMMERCIAL/INDUSTRIAL

APPLICABILITY:

Schedule G1 is applicable to customers with single-phase or three-phase alternating current service, or to a combination thereof, whose kwh usage does not exceed 8,000 kwh per month for three consecutive months.

RATES :

Customer Charge:

Single-Phase Service	\$4.00
Three-Phase Service.	5.25

Energy Charge: (per kwh)

Summer (May through October) . . . . .	.09866
Winter (November through April) . . . . .	.08096

The monthly charge is the higher of: 1) the Customer Charge and the Energy Charge, or 2) \$3.00 per kva of connected welder and per horsepower of three-phase connected motor load plus the Energy Charge.

EXHIBIT E



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE G2

GENERAL SERVICE - GROUP 2 COMMERCIAL/INDUSTRIAL

APPLICABILITY:

Schedule G2 will be applied to accounts with energy consumption in excess of 8,000 kilowatt-hours (kwh) or more for 3 consecutive months and with maximum demand not to exceed 400 kilowatts (kw) for 3 consecutive months.

Billing Demand: The billing demand in any billing cycle will be the maximum average power taken during any metering interval in the period, but not less than the diversified resistance welder load. (The customary metering interval is 15 minutes; in cases where the use of energy is intermittent or subject to violent fluctuations, a 5-minute interval may be used.)

Assignment to Schedule: If, in the judgment of the City, an account is expected to have usage over 8,000 kwh per billing cycle, the City has the option of placing the account immediately on Schedule G2.

When an account billed on Schedule G2 permanently changes the nature of electrical operations to such an extent that the account qualifies for Schedule G1 or G3, such billing change will be made as soon as practicable after verification of said changes. It shall be the responsibility of the customer to notify the City of any such changes.

If energy consumption drops below 8,000 kwh and remains there for 12 consecutive months, the City will transfer the account to Schedule G1. If the demand reaches or exceeds 400 kilowatts (kw) for 3 consecutive months, the account will be transferred to Schedule G3.

RATES:

Customer Charge \$ 50.00

Demand Charge:

All kw of billing demand, per kw 3.00

Energy Charge: (per kwh)

Summer (May through October)08222

Winter (November through April).06440

The monthly charge for service under Schedule G2 is the sum of the Customer Charge, Demand Charge and Energy Charge.

EXHIBIT F



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

VOLTAGE DISCOUNT:

When delivery is made at the same primary distribution voltage as that of the line from which the service is supplied, a 4% discount will be allowed on the above charge;.



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SCHEDULE G3

GENERAL SERVICE - GROUP 3 COMMERCIAL/INDUSTRIAL

APPLICABILITY:

Schedule G3 shall be applied to accounts with demands of 400 kilowatts (kw) or more for 3 consecutive months.

Demand: The billing-period and peak-period demands will be the maximum average power taken during any 15-minute interval in the billing-period and peak-period, respectively, but not less than the diversified resistance welder load. In cases where the use of energy is intermittent or subject to violent fluctuations, a 5-minute interval may be used.

Assignment to Schedule: If, in the judgment of the City, an account is expected to have demand over 400 kw per billing cycle, the City has the option of placing the account immediately on Schedule G3.

When an account billed on Schedule G3 permanently changes the nature of electrical operations to such an extent that the account qualifies for Schedule G2 or G1, such billing change will be made as soon as practicable after verification of said changes. It shall be the responsibility of the customer to notify the City of any such changes.

If billing-period demand drops below 400 kw and remains there for 12 consecutive months, the City will transfer the account to a different applicable rate schedule.

RATES:

Customer Charge					\$100.00	
Service Voltage:	Secondary (G3-S)		Primary (G3-P)		Transmission (G3-T)	
Season:	Summer	Winter	Summer	Winter	Summer	Winter
Demand Charges:						
Per kw of peak-period demand	\$8.75	--	\$8.00	--	\$7.75	--
Per kw of billing-period demand	3.00	53.00	1.90	\$1.90	1.35	\$1.35
Energy Charges:						
Peak period (per kwh)	.07790	--	.07206		.07000	--
Partial-peak period (per kwh)	.07394	.07356	.06923	.06533	.06850	.06300
Off-peak/period (per kwh)	.04713	.04263	.04134	.04006	.04000	.03900

p.G3-1/3

Effective November 1, 1989

Canceling Resolution No. 88-127

Ordinance No. 1464



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

TYPES OF CHARGES: The monthly charge for service under Schedule 63 is the sum of the Customer Charge, Demand Charges and Energy Charges:

- The Customer Charge is a flat monthly fee.
- Schedule 63 has two Demand Charges, a peak-period Demand Charge and a billing-period Demand Charge. The peak-period Demand Charge per kilowatt applies to the maximum demand during the billing-cycle's peak hours, and the billing-period Demand Charge per kilowatt applies to the maximum demand at any time during the billing cycle. The bill will include both of these Demand Charges. Time periods are defined below.
- The Energy Charge is the sum of the Energy Charges from the peak, partial peak, and off-peak periods. Energy is billed by the kilowatt-hour (kwh). Time periods are defined below.
- Monthly charges may be decreased or increased based upon power factor as defined below.
- As shown on the rates above, Demand and Energy Charges are based on the voltage at which service is taken. Service voltages are defined below.

DEFINITION OF SERVICE VOLTAGE:

The three service voltage classes of 63 rates are:

- a. Transmission: Service Voltage class for service at 60,000 volts.
- b. Primary: Service Voltage class for service at 12,000 volts.
- c. Secondary: Service Voltage class for service at all other available voltages

POWER FACTOR ADJUSTMENTS:

Bills will be adjusted for billing cycle average power factor as follows:

The total charge (except taxes and customer charge) for any billing cycle as computed on the above rate shall be decreased or increased, respectively, by 0.0006% for each 0.01 percentage point that the average power factor of the customer's load in the billing cycle is greater or less than 85.00%, such average power factor to be computed (to the nearest hundredth of a percent) from the ratio of lagging kilovolt ampere-hours to kilowatt-hours consumed in the billing cycle.

Customers with service entrance equipment unable to accommodate the City's reactive metering equipment shall have their billing power factor determined by appropriate testing performed by the City.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

DEFINITION OF TIME PERIODS -

Times of the year and times **of** the day are defined as follows:

SUMMER May 1 through October 31:

Peak: 3:00 p.m. to 7:00 p.m. Monday through Friday (except holidays).

Partial-Peak: 8:30 a.m. to 3:00 p.m. and 7:00 p.m. to 9:30 p.m.
Monday through Friday (except holidays).

Off-Peak: 9:30 p.m. to 8:30 a.m. Monday through Friday and all day
Saturday, Sunday and holidays.

WINTER: November 1 through April 30:

Partial-Peak: 8:30 a.m. to 9:30 p.m. Monday through **Friday** (except
holidays),

Off-Peak: 9:30 p.m. to 8:30 a.m. Monday through Friday **and all day**
Saturday, Sunday and holidays.

HOLIDAYS :

"Holidays" for the purpose of this rate schedule are New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day, the day after Thanksgiving Day and Christmas Day. The dates will **be** based on those days on which the holidays are observed as specified in Public Law 90-363 (U.S.C.A. Section 6103).



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE EP

ENERGY PURCHASE

APPLICABILITY:

Energy Purchase Schedule EP is applicable to qualifying customer-owned alternating current facilities operating in parallel with the City's electric system on a contract basis.

p.EP-1/1

Effective November 1, 1989

Canceling Resolution No. 88-127

Ordinance No. 1464

ENCLOSURE 1/1



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE 55

STANDBY SERVICE

APPLICABILITY :

Schedule 55 is applicable to commercial/industrial customers who would otherwise qualify for Schedule 63 and who operate a privately-owned generating plant and where the City must stand ready to supply electric service to replace such a plant.

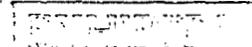
RATES :

	Per Customer-Owned Plant				Per Month	
Customer Charge	\$100.00					
Standby Charge:						
Contract capacity, per kw.	\$ 3.00					
Standby Demand Charge:						
	Secondary		Primary		Transmission	
	Summer	Winter	Summer	Winter	Summer	Winter
Per kw of peak standby demand	\$11.75	---	\$9.90	---	\$9.10	---
Per kw of partial-peak standby demand	\$11.75	\$3.00	\$9.90	\$1.90	\$9.10	\$1.35
Per kw of off-peak standby demand	\$11.75	\$3.00	\$9.90	\$1.90	\$9.10	\$1.35

Time periods are defined in Schedule 63.

Summer Season: The maximum capacity expressed in kw, by interval, in a billing cycle during peak and partial-peak periods will be billed at the standby demand charge rate for 12 consecutive months beginning with the month in which the capacity was provided. Standby demand charges occurring more than once in a 12-month period will not be additive. However, the largest demand charge will be used for 12 months for billing purposes.

The maximum capacity expressed in kw, by interval, in a billing cycle during off-peak periods will be billed at the standby demand rate for the month of occurrence, only.





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Winter Season: The maximum capacity expressed in kw, by interval, in a billing cycle during partial-peak and off-peak periods will be billed at the standby demand rate for the month of occurrence, only.

Energy Charge:

All energy provided **by** the City will be billed at the Schedule G3 rate for the applicable service voltage, season and periods as defined in Schedule 63.

Reactive Demand Charge:

Per kvar of maximum reactive demand. \$1.00

SPECIAL CONDITIONS:

(a) **CONTRACT:** This schedule is available only for each specific service connection point on a contract basis to industrial customers for each customer-owned generating plant as authorized by the City Council. Each contract term shall be for the service life of the customer-owned generating plant and shall obligate the customer to pay for Customer Standby and Standby Demand Charges for the contract term. The contract shall provide, among other things, that if service is cancelled prior to expiration of the contract period, the customer shall pay the total Standby Charges for the unexpired term of the contract and any outstanding Standby Demand Charges.

(b) **CONTRACT CAPACITY:** Contract Capacity is the nameplate rating of the customer-owned generating plant.

(c) **EXCESS CAPACITY:** Capacity supplied by the customer-owned generating plant in excess of the measured load at the customer's service connection point shall be considered inadvertent and no demand or energy adjustment shall be given.

(d) **LIMITATION OF CONTRACT CAPACITY SERVED:** Standby Service to new or increased loads is limited by the City's ability to serve such loads without jeopardizing service to existing customers on rate schedules for firm service, including standby service.

(e) **RENDERING OF BILLS:** All bills, including opening and closing bills, will be based on meter registration, except as otherwise provided in the City's Rules and Regulations or rate schedule. Should the billing period be less than one billing cycle, no proration will be made and the amount of the bill shall be determined in accordance with the schedule in effect at the time of the end of the normal meter reading period. Standby Demand Charges will not be applied in a cumulative manner.

(f) **TOTALIZING:** Totalizing of a customer's meter readings from more than one service connection point for billing purposes will not be done if one or more such service connections are receiving Standby Service.



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ELECTRIC UTILITY DEPARTMENT

(g) **DEMAND READINGS:** Demand readings will be based on 15-minute intervals.

(h) **PARALLEL OPERATION:** Any customer on this schedule intending to operate a generating plant in parallel with the City's electric system must construct and operate such plant in accordance with applicable Rules and Regulations. However, a customer who operates its generating plant in parallel must assume responsibility for protecting the City and other parties from damage resulting from negligent operation.

(i) **METERING:** The City will furnish, own and maintain, at its expense, the normal metering for the size and type of load served. The City will furnish, own and maintain, at the customer's expense, other metering equipment that the City determines to be necessary on both the service and the customer-owned generating plant. The customer shall provide facilities to accommodate such metering. Meters shall not allow reverse registration.

(j) **REACTIVE DEMAND CHARGE:** When the customer-owned generating plant is operated in parallel with the City's system, the customer will design and operate its facilities such that the reactive current requirements of the portion of the Customer's load supplied from such plant are not supplied at any time from the City's system. If the City determines by test that the customer-owned generating plant is placing a reactive demand on the City's electric system in excess of 0.1 kvar per kw of Contract Capacity, the Reactive Demand Charge shall be effective in that month and each subsequent month until the customer demonstrates to the City's satisfaction that adequate correction has been provided.