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ELECTRIC RATE
INCREASE
APPROVED

Agenda item K-8 - "Consideration of proposed electric utility rate increase" was introduced by Utility Director Henry J. Rice who apprised the Council that Lodi's retail electric rates were last adjusted in July, 1984. Since that time, the cost of the City's wholesale electricity has changed significantly. The City currently receives bulk power from at least three sources: NCPA (geothermal), PG&E and WAPA. These bulk power increases of approximately \$1.6 M represent a cost item over which we have no control and which must be passed through directly to the consumer. These increases are due to PG&E rate increases in January 1985, as well as WAPA increases in late 1984 and 1985.

In order to offset the increased cost of power, it is proposed to raise retail electric rates an average of 17%.

The residential rate (EA) has been set at City cost for 0-440 kwh, which is between 4.5% and 6% below PG&E's winter/summer average retail charge; consumption above 440 kwh has been set an average of 7% below PG&E. Commercial and Industrial rates are set approximately 7% below PG&E at benchmark levels of consumption, which are as follows:

Commercial/Small Industrial (EB)	1,550 kwh per month
Intermediate Industrial (S-I)	33,800 kwh per month
Large Industrial (S-II)	2,300,000 kwh per month

This proposal will increase annual revenue by approximately \$3.3 million.

FUTURE PLANS: Additional wholesale power supplier cost increases are anticipated; however, these proposed rates should remain stable so long as power supplier cost increases are modest.

Discussion followed with questions being directed to the City Manager and Utility Director Rice.

URGENCY
ORDINANCE
1348 ADOPTED

Mayor Pro Tempore Hinchman then moved for adoption of Urgency Ordinance No. 1348 - An Ordinance approving electric rate increases effective with utility bills prepared on or after March 1, 1985. The motion was seconded by Council Member Reid and carried by unanimous vote.