

ESTABLISHMENT OF  
RATE NORMALIZATION FUND

RESOLUTION NO. 85-69

City Manager Peterson introduced Agenda Item K-4 requesting that Council establish a Rate Normalization Reserve in the Electric Utility Fund. The City Manager explained that the purpose of this reserve is to provide funding for the City's ultimate share of the costs of the Calaveras County Water Project during the first

four years of its operations. The initial contribution to this reserve as a part of the 1985-86 Operating Budget is \$500,000.

The requested reserve would be isolated from other funds and utilized only for rate normalization within the Electric Department. Accrued interest would stay within this reserve. Other monies previously received by the City to be placed in this reserve include the recent refund to the City of its share of the Calaveras Project Development Fund; the NCPA Development Fund repayment; and the refund from PG&E of monies owed wholesale power purchasers resulting from the sale of certain coal facilities and settlement of hydro purchases.

Utility Director Henry Rice provided additional information regarding the subject, presented diagrams, and responded to questions as were posed by the Council.

On motion of Council Member Snider, Reid second, Council, adopted Resolution No. 85-69 approving an appropriation in the amount of \$1,578,083 to establish the Rate Normalization Reserve in the Electric Utility Fund.

The motion carried by the following vote:

AYES: Council Members - Olson, Reid,  
Snider, Hinchman (Mayor)

NOES: Council Members - Pinkerton

ABSENT: Council Members - None

MEMORANDUM

TO: TOM PETERSON, CITY MANAGER  
FROM: HENRY J. RICE, UTILITY DIRECTOR  
DATE: MAY 1, 1985  
SUBJECT: APPROPRIATION OF FUNDS FOR RATE NORMALIZATION RESERVE

Finance received a check from NCPA on April 30 in the amount of \$822,179.62. This amount represents a principle sum of \$513,560.35 paid into the Calaveras Project Development Fund over the past several years plus accrued interest calculated over that period.

I am hereby requesting that that total amount be set aside in a Rate Normalization Reserve (RNR) to help stabilize rate increases. The RNR should be isolated from other fund sources and utilized only for rate stabilization within the Electric Department.

A similar treatment should be made of the \$466,827 (plus accrued interest) received from the NCPA Development Fund Repayment in November, 1984. This was an amount repaying development proceeds paid into the combustion turbine project.

Additionally, on your first day in the office of City Manager, Lodi received \$289,077 in refund from P.G.&E. This amount was a Regulatory Commission ordered refund of P.G.&E. monies to wholesale power purchasers resulting from sale of certain coal facilities and settlement of hydro purchases. Please consider including this amount as well in the Rate Normalization Reserve.

Total - \$1,578,083

  
Henry J. Rice

Copy to: Jerry Glenn, Assist. City Manager  
Robert Holm, Finance Director

RESOLUTION NO. 85-69

RESOLUTION ESTABLISHING A RATE NORMALIZATION RESERVE  
IN THE CITY OF LODI ELECTRIC UTILITY FUND

WHEREAS, the City of Lodi in order to provide funding for the City's ultimate share of the costs of the Calaveras County Water Project during the first four years of its operation is desirous of establishing a Rate Normalization Reserve in the City of Lodi Electric Utility Fund.

WHEREAS, it was Staff's recommendation that the initial contribution to this reserve as part of the 1985-86 Operating Budget be \$500,000.

WHEREAS, other monies previously received by the City to be placed in this reserve include the recent refund to the City of its share of the Calaveras Project Development Fund; the NCPA Development Fund repayment; and the refund from PG & E of monies owed wholesale power purchasers resulting from the sale of certain coal facilities and settlement of hydro purchases.

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Lodi does hereby appropriate the amount of \$1,578,083 to establish the Rate Normalization Reserve in the Electric Utility Fund.

Dated: June 19, 1985

I hereby certify that Resolution No. 85-69 was passed and adopted by the City Council of the City of Lodi in a Regular Meeting held June 19, 1985 by the following vote:

AYES: Council Members - Olson, Reid, Snider,  
Hinchman (Mayor)

NOES: Council Members - Pinkerton

ABSENT: Council Members - None

ATTEST:

*Alice M. Reimche*  
ALICE M. REIMCHE  
City Clerk