

RESOLUTION NO. 2011-39

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING
THE REVISED ELECTRIC RESERVE POLICY

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WHEREAS, on January 17, 2007, the City Council adopted Resolution No. 2007-13, establishing an Electric Reserve Fund Policy ("Policy"); and

WHEREAS, the Policy set an initial Electric Reserve Target Level ("Target") of \$12.9 million as follows:

- Operating Reserves: \$8.2 million, equal to 45 days of budgeted operating costs
- Capital Reserve: \$500,000, equal to the cost of largest distribution system contingency
- Rate Stabilization Fund: \$4.2 million, equal to 20 percent of annual market power costs; and

WHEREAS, the Electric Utility Department's ("EUD") available cash reserves as of June 30, 2010, were \$12.1 million compared to the \$3.6 million cash reserves available June 30, 2006; and

WHEREAS, the Policy also provided for an updated assessment of the Target every three years with a report to the City Council; and

WHEREAS, the attached report provides the City Council with an updated assessment of prudent cash reserve levels for Lodi Electric Utility.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby approves the Revised Electric Reserve Policy as follows:

Fund Designation	Basis	For FY 2011
Operating Reserve	90 days cash on hand	\$ 18,900,000
Capital Reserve	Largest distribution system contingency	\$ 500,000
NCPA - General Operating Reserve	As identified by NCPA plus allowance for unanticipated studies	\$ 9,300,000
Total Target		\$ 28,700,000

Dated: March 16, 2011

I hereby certify that Resolution No. 2011-39 was passed and adopted by the City Council of the City of Lodi in a regular meeting held March 16, 2011, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Katzakian, Mounce, Nakanishi, and Mayor Johnson

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



RANDI JOHL
City Clerk