

MEMO

To: City Council

Date: September 30, 2015

From: Tex Bradford

Re: Utility Rate Increase Proposals for 2016

Staff is proposing an increase in Electric, Water, and Sewer rates beginning January 1, 2016. The attached Ordinances reflect an overall increase in Electric and Water sales increases of 5% and an overall increase of 3% for sewer although the proposed increases for rates and service charges will affect individual customers differently depending upon usage therefore some may see more or less than 5% overall.

The attached Ordinance proposal reflects staff's recommendation to move the utility rate structures forward over the next three to five years to recover fixed cost thru the monthly service charges and to collect the cost of purchasing power, pumping water, waste water treatment, and capital projects thru usage fees (Rates). Fixed cost are those cost associated with the operation of each department even if no electric or water was sold and no waste water was treated. This type of rate structure is being adopted and or considered by other Utilities around the country and has been adopted by the Municipal Energy Agency of Nebraska (MEAN).

Implementing this type of rate structure is expected to minimize fluctuations in rates due to many factors such as weather and usage patterns and will more closely reflect the Rate structure adopted by MEAN.

The following are examples of the proposed rate ordinances impacts to city customers.

Residential	Commercial	WSCU
Using 630kWh (Month)	Using 3,062kWh (Month)	WSCU (Month)
An increase of \$4.76 Month	An increase of \$13.48 Month	\$2,041 Month
	Water	
Approximately \$1.00 Month	Approximately \$2.42 Month	
	Sewer	
\$1.75 increase per Month	\$4.76 increase per Month	

I propose to discontinue the electric attributes rate highlighted in the electric ordinance when the current contract expires next year and will discuss further at the October 6th work session.