

**Business of the City Council
 City of Ruston, WA**

**Subject: Ordinance #1494 – Update
 Electrical Utility Rates to
 Pass Through Tacoma Power
 Increase**

Dept. Origin: Mayor’s Office
**Prepared by: Jennifer Robertson
 City Attorney**

For Agenda of: May 2, 2017

Exhibits: Ordinance #1494

Proposed Council Action:

This is scheduled for Second Reading and Adoption.

Concurred by Mayor:	Initial & Date
Approved/form by City Atty:	<u>JSR / 4-20-17</u>
Approved by _____ Director:	_____
Approved by Department Head:	_____

INFORMATION / BACKGROUND

The City of Ruston is entitled to operate its own electrical utility to sell power to its residents¹ and to set the rates for such electrical utility.² Because the City purchases power from Tacoma Power, an increase in rates by Tacoma Power necessitates an increase in the rates charged by the City. The City of Ruston last increased rates in July 2015. The rates at that time were set at \$0.083 per Kilowatt hour, starting on August 1, 2015. Since that time, Tacoma Power has again increased its rates, with the first increase taking effect April 15, 2017 and the next increase taking effect on April 1, 2018, necessitating the City likewise increase its rates in order to pass through these rate increases.

These rate increases are proposed to take place on June 1, 2017 is an increase from \$0.083 per Kilowatt hour to \$0.0872 per Kilowatt hour. On April 1, 2018 that rate would increase again to \$0.092 per KWh. Additionally, under Ordinance #1494 an increase in the low-income senior rate would also occur. Currently, the rate of \$0.060 per Kilowatt hour is charged. Under the new rates, \$0.063 per Kilowatt hour would be charged starting on June 1, 2017 and \$0.0662.

Customer Class	Current KWh	Effective June 1, 2017	Effective April 1, 2018
Regular Rates	\$0.083	\$0.0872	\$0.092
Low Income/Disabled	\$0.060	\$0.063	\$0.0662

Both regular and low income customers will have a 5% increase in the KWh charges in both 2017 and 2018.

¹ RCW 35.92.050.

² RCW 35.84.010.

In addition, the minimum charge for both regular and low income customers would increase by \$3.50 per month in 2017 and another \$3.00 per month in 2018. This is to bring these fees directly in line with Tacoma. These fees help pay for infrastructure and to replenish depleted reserves.

Customer Class	Current Minimum Charge	Effective June 1, 2017	Effective April 1, 2018
Regular Rates	\$10.00	\$13.50	\$16.50
Low Income/Disabled	\$6.00	\$9.50	\$12.50

FISCAL CONSIDERATION

This increase will ensure that the City recovers the increased cost of purchasing electrical power from Tacoma Power. The new rates will help ensure that the City’s electrical utility will continue to be fiscally sound and have the resources needed to replace and refurbish the capital infrastructure and maintain high quality operations.

BOARD OR COMMITTEE RECOMMENDATION

N/A

RECOMMENDATION / MOTION

This is on for Second Reading and Adoption.

MOTION: I move to approve Ordinance No. 1494 relating to electric utility rates, amending Ruston Municipal Code Sections 18.01.010 and 18.01.015 to increase rates for all customers to pass through increases charged to Ruston by Tacoma Power, making the rates effective June 1, 2017 and establishing an effective date.

ORDINANCE NO. 1494

AN ORDINANCE OF THE CITY OF RUSTON, WASHINGTON, RELATING TO ELECTRIC UTILITY RATES, AMENDING RUSTON MUNICIPAL CODE SECTIONS 18.01.010 AND 18.01.015 TO INCREASE RATES FOR ALL CUSTOMERS TO PASS THROUGH INCREASES CHARGED TO RUSTON BY TACOMA POWER, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Ruston is permitted to provide its residents with electrical power in accordance with RCW 35.92.050; and

WHEREAS, the City of Ruston is entitled to set the rates for such electrical utility in accordance with RCW 35.84.010; and

WHEREAS, on July 7, 2015 the City Council adopted Ordinance 1460 which amended Chapter 18.01 of the Ruston Municipal Code (“RMC”) to update the City’s Electrical Utility Rates with a two-step increase; and

WHEREAS, these increases were for the purpose of passing on rate increases from the City’s electricity provider, Tacoma Power and ensuring the continued financial stability of the City’s electrical utility; and

WHEREAS, since that time, Tacoma Power has again increased its rates with a new two-step increase and an increase in the fixed charge by \$3.00 per month in 2017 and another \$3.00 per month in 2018, necessitating the City to pass through these rate increases, including another \$0.50 per month in 2017 to keep up with the rate charged by Tacoma; and

WHEREAS, the fixed charge increases help pay for infrastructure and to replenish depleted reserves to ensure that the City’s electrical utility will continue to be financially and operationally stable for many years; and

WHEREAS, the Tacoma increase took effect on April 15, 2017; and

WHEREAS, on April 18, 2017 the City Council held first reading of this Ordinance; and

WHEREAS, on May 2, 2017, the Council adopted this Ordinance during its regular meeting at second reading; **NOW, THEREFORE**

THE CITY COUNCIL OF THE CITY OF RUSTON HEREBY ORDAINS AS FOLLOWS:

Section 1. Section 18.01.010 of the Ruston Municipal Code Section is hereby amended to read as follows:

18.01.010 - Rates.

Electric power shall be sold by meter to all persons in the City of Ruston who desire the same at the following rates:

(a) Residential/Commercial Rate.

- (1) Customer charge (minimum charge): ~~\$10.00~~\$13.50 per month or any fraction thereof starting on June 1, 2017 and \$16.50 per month or any fraction thereof starting on April 1, 2018;
- (2) Energy charge: ~~\$0.080~~\$0.0872 per KWh for all kilowatt hours, beginning ~~February 1, 2014~~June 1, 2017; and ~~\$0.083~~\$0.092 per KWh for all kilowatt hours, beginning ~~August 1, 2015~~April 1, 2018.
- (3) Reconnect fee: \$50.00.

(b) Utility Bill Late Charge.

- (1) A late charge of \$15.00 will be added to the unpaid balance of each utility bill on the fifteenth day of the month in which such balance is due.
- (2) All late charges shall be apportioned between the utility funds as determined by the Mayor.
- (3) An additional \$15.00 fee will be charged for each shut-off notice doorhanger that is delivered to the customer's service location due to failure to make timely payment after assessment of the late charge. This is in addition to the \$15.00 late fee already assessed in (b)(1) above.

Section 2. Section 18.01.015 of the Ruston Municipal Code Section is hereby amended to read as follows:

18.01.015 - Senior/disabled low-income residential rates.*

- (a) Definitions.
 - (1) "Senior" shall mean a natural person who is 62 years of age or older.
 - (2) "Disabled" shall mean a natural person who meets one or more of the following qualifications: (i) qualifies for permanent special parking privileges under RCW 46.19.010, (ii) a blind person as defined in RCW 74.18.020, or (iii) a disabled, handicapped, or incapacitated person as defined under any other existing State or Federal program.
 - (3) "Low income" shall mean a natural person whose total income, including his or her spouse or cotenant, does not exceed the amount specified in RCW 84.36.381(5)(a) or as it may be amended from time to time or who is eligible for "low-income energy assistance" in accordance with 42 U.S.C. § 8624(C)(1) or as it may be amended from time to time.
- (b) In order to qualify as a "senior low-income" or "disabled low-income" the qualifying natural person must meet both the definition of "low income" and the definition of either "senior" or "disabled" as described above. Furthermore, this section is only applicable if the qualifying person or the spouse of that person is billed by the City for electrical services.
- (c) Eligibility shall be certified by the Utility Clerk.
- (d) Senior-Disabled Low-Income Residential Rates.
 - (1) Customer charge (minimum charge): ~~\$6.00~~ \$9.50 per month or any fraction thereof starting on June 1, 2017 and \$12.50 per month or any fraction thereof starting on April 1, 2018;
 - (2) Energy charge: ~~\$0.058~~ \$0.063 per KWh for all kilowatt hours beginning ~~February 1, 2014~~ June 1, 2017; and ~~\$0.060~~ \$0.0662 per KWh for all kilowatt hours beginning ~~August 1, 2015~~ April 1, 2018.
 - (3) Reconnect fee: \$15.00.
- (e) Utility Bill Late Charge. A late charge of \$10.00 will be added to the unpaid balance of each utility bill on the fifteenth day of the month in which such balance is due.
- (f) In addition to the above reduced rates for persons qualifying as senior/disabled low-income, any residential customer who qualifies as "low income" shall be permitted to opt for a "budget billing plan" whether he or she pays reduced rates or not. The budget billing plan shall provide the customer with equal monthly payments that will cover the annualized cost of electricity to the property. This plan may be established at any time of year. The amount of the budget billing payment will be established by the Utility Clerk based upon historical averages for the property address and may be adjusted from time to time to account for actual use.

Section 3. Severability. If any section, sentence, clause or phrase of this Ordinance should be held to be unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

Section 4. Publication. This Ordinance shall be published by an approved summary consisting of the title.

Section 5. Effective Date. A summary of this Ordinance, consisting of its Title, shall be published in the official newspaper of the City and shall take effect and be in full force five (5) days after the date of publication. The new electrical utility rates set forth in this Ordinance shall take effect on June 1, 2017.

ADOPTED by the City Council of the City of Ruston and attested by the City Clerk in authentication of such passage on this 2nd day of May, 2017.

APPROVED by the Mayor this 2nd day of May, 2017.

Bruce Hopkins, Mayor

ATTEST/AUTHENTICATED:

Judy Grams, City Clerk

APPROVED AS TO FORM:



Jennifer Robertson, City Attorney

FILED WITH THE CITY CLERK: _____

PASSED BY THE CITY COUNCIL: _____

PUBLISHED: _____

EFFECTIVE DATE: _____

ORDINANCE NUMBER: 1494