

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

**Subject: Ordinance #1522 – Update
 Electrical Utility Rates**

Dept. Origin: Mayor’s Office

**Prepared by: Jennifer Robertson
 City Attorney**

For Agenda of: November 5, 2019

Exhibits: Ordinance #1522

Proposed Council Action:

Adopt Ordinance #1522.

	Initial & Date
Concurred by Mayor:	_____
Approved/form by City Atty:	<u>JSR/10-21-19</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 The City is experiencing higher costs to operate the electric utility necessitating a rate increase. The City of Ruston last increased rates in 2017. The rates at that time were set at \$0.092 per Kilowatt hour, starting on April 1, 2018.

These rate increases are proposed to take place on December 1, 2019 is an increase from \$0.092 per Kilowatt hour to \$0.096 per Kilowatt hour. On December 1, 2020 that rate would increase again to \$0.098 per KWh. Additionally, under Ordinance #1522 an increase in the low-income senior rate would also occur. Currently, the rate of \$0.0662 per Kilowatt hour is charged. Under the new rates, \$0.069 per Kilowatt hour would be charged starting on December 1, 2019 and \$0.0704 starting on December 1, 2020.

Customer Class	Current KWh	Effective Dec. 1, 2019	Effective Dec. 1, 2020
Regular Rates	\$0.092	\$0.096	\$0.098
Low Income/Disabled	\$0.066	\$0.069	\$0.0704

Both regular and low income customers will have a 4% increase in the KWh charges in 2019 and a 2% increase in 2020.

In addition, the minimum charge for both regular and low income customers would increase by \$2.50 per month in 2019 and another \$2.50 per month in 2020. These fees help pay for infrastructure and to replenish depleted reserves.

¹ RCW 35.92.050.

² RCW 35.84.010.

Customer Class	Current Minimum Charge	Effective Dec. 1, 2019	Effective Dec. 1, 2020
Regular Rates	\$16.50	\$19.00	\$21.50
Low Income/Disabled	\$12.50	\$15.00	\$17.50

FISCAL CONSIDERATION

This increase will ensure that the City recovers the increased cost of purchasing electrical power from Tacoma Power as well as recovering the costs of operating this utility system. 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 adopt Ordinance #1522 relating to electric utility rates, amending Ruston Municipal Code Sections 18.01.010 and 18.01.015 to increase rates for all customers effective December 1, 2019, establishing increased rates for 2020, effective December 1, 2020.

ORDINANCE NO. 1522

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 EFFECTIVE DECEMBER 1, 2019, ESTABLISHING INCREASED RATES FOR 2020, EFFECTIVE DECEMBER 1, 2020, 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 May 2, 207 the City Council adopted Ordinance 1494 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, costs have continued to increase necessitating a rate increase to cover the expenses of operating the electrical utility; and

WHEREAS, a new two-step increase in the fixed charge by \$2.50 per month in both 2019 and 2020 along with kilowatt hour increases of 4 percent in 2019 and 2 percent in 2020 are needed to cover the utility costs; 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, on October 15, 2019 the City Council held first reading of this Ordinance; and

WHEREAS, on November 5, 2019, 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): ~~\$13.50~~ \$19.00 per month or any fraction thereof starting on ~~June 1, 2017~~ December 1, 2019, and ~~\$16.50~~ \$21.50 per month or any fraction thereof starting on ~~April 1, 2018~~ December 1, 2020;
 - (2) Energy charge: ~~\$0.0872~~ \$0.096 per KWh for all kilowatt hours, beginning ~~June 1, 2017~~ December 1, 2019; and ~~\$0.092~~ \$0.098 per KWh for all kilowatt hours, beginning ~~April 1, 2018~~ December 1, 2020.
 - (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): ~~\$9.50~~\$15.00 per month or any fraction thereof starting on ~~June 1, 2017~~December 1, 2019; and ~~\$12.50~~\$17.50 per month or any fraction thereof starting on ~~April 1, 2018~~ December 1, 2020;
 - (2) Energy charge: ~~\$0.063~~\$0.069 per KWh for all kilowatt hours beginning ~~June 1, 2017~~December 1, 2019; and ~~\$0.066~~ \$0.0704 per KWh for all kilowatt hours beginning on ~~April 1, 2018~~ December 1, 2020.
 - (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 December 1, 2019.

ADOPTED by the City Council of the City of Ruston and attested by the City Clerk in authentication of such passage on this 5th day of November, 2019.

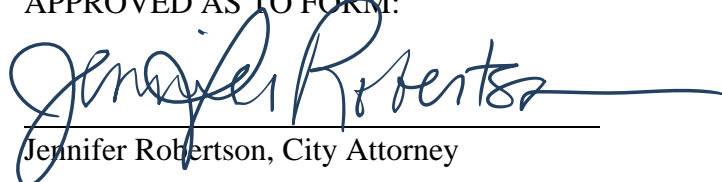
APPROVED by the Mayor this 5th day of November, 2019.

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: 1522