

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

**Subject: Ordinance #1558 – Update
 Electrical Utility Rates**

Dept. Origin: Mayor’s Office

**Prepared by: Jennifer Robertson
 City Attorney**

For Agenda of: July 5, 2022

Exhibits: Ordinance #1558

Proposed Council Action:

Adopt Ordinance #1558.

Concurred by Mayor:	Initial & Date
Approved/form by City Atty:	<u>JSR/6-14-22</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 based on the rates charged by its electricity provider (City of Tacoma). The City of Ruston last increased rates in 2019 (effective 2020). Since that time Tacoma has increased its rates by 3.5 percent which Ruston has absorbed without passing these increases on to its customers.

An increase is proposed for both fixed rates and kWh rates in the amount of 3.5%. This rate increase is proposed to take effect on August 1, 2022.

Customer Class	Current kWh	Effective 8/1/2022
Regular Rates	\$0.104	\$0.1076
Low Income/Disabled	\$0.0704	\$0.0768

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.

Customer Class	Current Minimum Charge	Effective 8/1/2022
Regular Rates	\$21.50	\$22.25
Low Income/Disabled	\$17.50	\$18.11

¹ RCW 35.92.050.

² RCW 35.84.010.

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.

RECOMMENDATION / MOTION

This is on for First Reading. Unless directed otherwise this will return for Second Reading and Adoption on July 5, 2022.

ORDINANCE NO. 1558

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 BY 3.5 PERCENT EFFECTIVE AUGUST 1, 2022, 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 November 5, 2019 the City Council adopted Ordinance 1522 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, Tacoma has twice increased its electrical rates since that time, for a cumulative increase in the amount of 3.5 percent, which have not been passed along to Ruston customers; and

WHEREAS, in response, the City find it necessary and appropriate to increase both the fixed charge and the kilowatt hour charges by 3.5 percent effective August 1, 2022 to keep pace

with Tacoma's increases; and

WHEREAS, on June 21, 2022 the City Council held first reading of this Ordinance; and

WHEREAS, on July 5, 2022, 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): ~~\$19.00 per month or any fraction thereof starting on December 1, 2019, and \$21.50~~ \$22.25 per month or any fraction thereof starting on ~~December 1, 2020~~ August, 2022;
 - (2) Energy charge: ~~\$0.098 per KWh for all kilowatt hours, beginning December 1, 2019; and \$0.104~~ \$0.1076 per KWh for all kilowatt hours, beginning ~~December 1, 2020~~ August, 2022.
 - (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): ~~\$15.00 per month or any fraction thereof starting on December 1, 2019; and \$17.50~~ \$18.11 per month or any fraction thereof starting on ~~December 1, 2020~~ August 1, 2022;
 - (2) Energy charge: ~~\$0.070 per KWh for all kilowatt hours beginning December 1, 2019; and \$0.0742~~ \$0.0768 per KWh for all kilowatt hours beginning on ~~December 1, 2020~~ August 1, 2022.
 - (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. Corrections. Upon the approval of the city attorney, the city clerk and/or code publisher is authorized to make any necessary technical corrections to this Ordinance, including but not limited to the correction of scrivener's/clerical errors, references, Ordinance numbering, section/subsection numbers, and any reference thereto.

Section 5. Publication. This Ordinance shall be published by an approved summary consisting of the title.

Section 6. 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 August 1, 2022.

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 July, 2022.

APPROVED by the Mayor this 5th day of July, 2022.

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: 1558