

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

**Subject: Ordinance #1566 – Update
 Electrical Utility Rates**

**Dept. Origin: Ruston Power/Mayor’s
 Office**

**Prepared by: Jennifer Robertson
 City Attorney**

For Agenda of: March 7, 2023

Exhibits: Ordinance #1566

Proposed Council Action:

This is on for Second Reading, a Public
 Hearing and Action. Adopt Ordinance No. 1566.

Concurred by Mayor:

Initial & Date

Approved/form by City Atty: JSR/2-27-23

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 July of 2022 by adoption of Ordinance No. 1558 (effective 8/1/22). Since that time Tacoma adopted increases in its rates by 3.5 percent to be effective in 2023 and another 3.9 percent to be effective in 2024 which Ruston is passing along to its customers by adoption of this Ordinance.

An increase is proposed for fixed rates in the amount of 9 percent to account for inflation since the last update. These fixed fees help pay for infrastructure and to replenish depleted reserves. The kWh rates (consumption rates) are being increased for 2023 in the amount of 3.5% and by 3.9% for 2024 to keep up with the rate increases imposed by Tacoma. The first step of this rate increase is proposed to take effect on March 21, 2023 with the second step taking effect on March 21, 2024.

Consumption Charges

Customer Class	Current kWh	Effective 3/21/2023	Effective 3/21/2024
Regular Rates (kWh)	\$0.1076	\$0.1114	\$0.1157
Low Income/Disabled	\$0.0768	\$0.0795	\$0.0826

¹ RCW 35.92.050.

² RCW 35.84.010.

Fixed Charges

Customer Class	Current Minimum Charge	Effective 3/21/2023
Regular Rates	\$22.25	\$24.25
Low Income/Disabled	\$18.11	\$19.74

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 Second Reading and a Public Hearing. Adopt Ordinance No. 1566.

MOTION 1: I move to open the public hearing.

[Take testimony.]

MOTION 2: I move to close the public hearing.

MOTION 3: I move adoption of Ordinance No. 1566 relating to electric utility rates, amending Ruston Municipal Code Sections 18.01.010 and 18.01.015 to increase fixed rates for all customers by 9 percent to account for inflation, increasing consumption rates by 3.5 percent for 2023 and 3.9 percent for 2024 to recover increases imposed by the City of Tacoma on Ruston Power, making the first step of the new rates effective March 21, 2023 and the second step effective March 21, 2024, providing for severability and corrections, and establishing an effective date.

ORDINANCE NO. 1566

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 FIXED RATES FOR ALL CUSTOMERS BY 9 PERCENT TO ACCOUNT FOR INFLATION, INCREASING CONSUMPTION RATES BY 3.5 PERCENT FOR 2023 AND 3.9 PERCENT FOR 2024 TO RECOVER INCREASES IMPOSED BY THE CITY OF TACOMA ON RUSTON POWER, MAKING THE FIRST STEP OF THE NEW RATES EFFECTIVE MARCH 21, 2023 AND THE SECOND STEP EFFECTIVE MARCH 21, 2024, PROVIDING FOR SEVERABILITY AND CORRECTIONS, 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 5, 2022, the City Council adopted Ordinance No. 1558 which amended Chapter 18.01 of the Ruston Municipal Code (“RMC”) to update the City’s Electrical Utility Rates; and

WHEREAS, that increase was for the purpose of passing on a rate increase 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 adopted a two-step increase its electrical rates since that time,

with a 3.5 percent increase for 2023 and a 3.9 percent increase for 2024, for a cumulative increase in the amount of 7.4 percent, which have not been passed along to Ruston customers; and

WHEREAS, in response, the City finds it necessary and appropriate to increase both the fixed charge by 9 percent and increase the kilowatt hour charges by 3.5 percent effective March 21, 2023, to keep pace with Tacoma’s increases and to adopt a 3.9 percent increase for 2024 to pass through Tacoma’s increases; and

WHEREAS, on February 21, 2023 the City Council held first reading of this Ordinance; and

WHEREAS, on March 7, 2023, the City Council held a public hearing on this Ordinance; and

WHEREAS, on March 7, 2023, the Council adopted this Ordinance during its regular meeting at second reading following a public hearing; **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): ~~\$22.25~~ \$24.25 per month or any fraction thereof starting on ~~August 1, 2022~~ March 21, 2023;
 - (2) Energy charge: ~~\$0.1076~~ \$0.1114 per KWh for all kilowatt hours, beginning ~~August 1, 2022~~ March 21, 2023 and \$0.1157 per KWh for all kilowatt hours, beginning on March 21, 2024.
 - (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): ~~\$18.11~~ \$19.74 per month or any fraction thereof starting on ~~August 1, 2022~~ March 21, 2023;
 - (2) Energy charge: ~~\$0.0768~~ \$0.0795 per KWh for all kilowatt hours beginning on ~~August 1, 2022~~ March 21, 2023 and \$0.0826 per KWh for all kilowatt hours, beginning on March 21, 2024.
 - (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 first step of the new electrical utility rates set forth in this Ordinance shall take effect on March 21, 2023 with the second step taking effect March 21, 2024.

ADOPTED by the City Council of the City of Ruston and attested by the City Clerk in authentication of such passage on this 7th day of March, 2023.


APPROVED by the Mayor this 7th day of March, 2023.

Bruce Hopkins, Mayor

ATTEST/AUTHENTICATED:

Judy Grams, City Clerk

APPROVED AS TO FORM:



Jennifer S. Robertson, City Attorney

FILED WITH THE CITY CLERK: _____

PASSED BY THE CITY COUNCIL: _____

PUBLISHED: _____

EFFECTIVE DATE: _____

ORDINANCE NUMBER: 1566