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CITY OF GAINESVILLE
Office of the City Attorney

Memorandum
Box No. 46; 334-5011

TO: Mayor and Members of the
City Commission

DATE: April 22, 2002

FROM: Marion J. Radson
City Attorney

SECOND READING

SUBJECT: Ordinance No. 0-02-11

An ordinance amending Appendix A, Section Utilities (1) Electricity of the Gainesville Code of Ordinances by revising the rates and charges for electricity; creating an inverted block rate for the General Service Nondemand Class; eliminating Transmission Service Rates; and eliminating the Power Correction Factor; providing a repealing clause; providing directions to the codifier; providing a severability clause; and, providing an effective date in accordance with the schedule provided herein.

Recommendation: The City Commission adopt the proposed ordinance.

Background:

Rate workshops were held with the City Commission on September 17 and November 19, 2001 to discuss and propose solutions for needed changes in electric prices. During the first workshop, strategic objectives were discussed and at the second workshop pricing proposals were submitted. Discussions were also held with the Regional Utilities Committee (RUC) on December 6, 2001 and February 7, 2002. As demonstrated in the workshops and RUC discussions, pricing changes are needed to bring GRU electric prices more in line with competitive targets and to more closely reflect the costs incurred by each customer class. The proposed pricing structure also creates an inverted block rate for General Service Non-Demand customers and enhances the one currently in place for the Residential customers. The proposed pricing structure consists of a plan spanning two fiscal years. In addition, effective June 1, 2002, Business Partners discounts will increase from seven to 10 percent and from 10 to 13 percent for General Service Demand and Large Power customers, respectively. Eligibility for the new Business Partners discount is contingent upon customers signing a new agreement, binding them to an additional ten year term with GRU.

This matter was presented to the City Commission on March 11, 2002, however, first reading was deferred until March 25, 2002, with anticipated second and final reading April 8, 2002. However, at the April 8 City Commission meeting second reading was continued to April 22, 2002. Accordingly, the effective date has been changed from April 1, 2002, to June 1, 2002. This also allows sufficient time for the utility billing system to be properly programmed to accept all the numerous rate changes.

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