

7/18/13

Sec. 27-28. - Retail fuel adjustment.

(a)

A fuel adjustment shall be added to the base rate for electric service to all retail customer rate classifications as specified in the schedule set out in Appendix A. The fuel adjustment shall be computed to the nearest one/one hundredth of a mill (\$.00001) per kilowatt hour (kwh) of energy consumed in accordance with the formula specified in subsection (c) of this section. The purposes of the fuel adjustment are to allocate to each retail customer classification the appropriate amount of system fuel cost associated with the electric service to such customer classification; to specify the amount of such costs that have resulted from increases in the cost of fuel subsequent to October 1, 1973; and, to segregate that portion of charges that are exempt from utility tax and surcharge. For the purpose of this section, system fuel costs shall be the following: the cost of fuel consumed in the city's generating plants, which may include adjustments to reflect extraordinary fuel related expenses or credits, plus the fuel cost portion of interchange purchases, less the fuel cost portion of interchange sales. In addition, until September 30, 2002, system fuel costs shall include costs associated with the settlement of the contract with Island Creek Coal Sales Company to the extent deemed appropriate by the general manager for utilities or his/her designee.

(b)

The fuel adjustment for each month shall be based on fuel cost and energy sales which are estimated by the general manager for utilities or his/her designee. When applicable, a levelization amount and a true-up correction factor, which shall be based on the actual system performance in the second month preceding the billing month, as certified by independent certified public accountants, shall be added to the fuel adjustment before applying to customer(s) bills.

(c)

The following formula shall be used in computing the fuel adjustment:

(1)	Projected system fuel cost attributed to wholesale and retail sales ¹	=	\$ _____
(2)	Projected MWh of retail sales ¹	=	_____ MWh
(3)	Projected MWh of wholesale sales ¹	=	_____ MWh
(4)	System fuel cost attributed to retail sales: ²		

$\frac{\text{Item (2)} \times [\text{Item (1)} - \text{ICP}]}{\text{Item (2)} + [\text{Item (3)} \times 0.912]}$		+ ICP =	\$ _____
(5)	True-up calculation from second month preceding the billing month:		
	a. Retail fuel revenues from second month preceding the billing month:		
	1. Retail fuel adjustment revenues ³	=	\$ _____
	2. Plus 6.5 mills; × _____ MWh retail sales ^{3,7}	=	\$ _____
	3. Total retail fuel revenues	=	\$ _____
	b. Net system fuel cost for retail sales from second month preceding the billing month:		
	1. System fuel cost ⁴	=	\$ _____
	2. Plus fuel cost portion of interchange purchases ⁵	=	\$ _____
	3. Minus fuel cost portion of interchange sales ⁵	=	\$ _____
	4. Net system fuel cost: Item (5)b1 + Item (5)b2 - Item (5)b3	=	\$ _____
	5.	=	_____ MWh

MWh of retail sales ³		
6. MWh of wholesale sales ³	=	_____ MWh
7. Net system fuel cost for retail sales from second month preceding the billing month: ²		
$\frac{\text{Item (5)b5} \times [\text{Item (5)b4 ICA}]}{\text{Item (5)b5} + [\text{Item (5)b6} \times 0.912]}$	+ ICA =	\$ _____
c. True-up included in second preceding month's fuel adjustment	=	\$ _____
d. Levelization amount included in second preceding month's fuel adjustment	=	\$ _____
e. True-up to be included in projected bill:		
Item (5)b7 + Item (5)c - [Item (5)a3 - Item (5)d]	=	\$ _____
(6) Calculation of retail fuel adjustment:		
a. Projected fuel adjustment revenues required:		
1. Projected system fuel cost [Item (4)]	=	\$ _____
2. Plus True-up [Item (5)e]	=	\$ _____

3. Minus 6.5 mills × Item (2)	=	\$ _____
4. Levelization amount ^{6, 7}	=	\$ _____
5. Total fuel adjustment revenue requirement for retail sales:		
Item (6)a1 + Item (6)a2 - Item (6)a3 + Item (6)a4	=	\$ _____
b. Fuel adjustment to be applied to bills rendered in the billing month:		
Item (6)a5 / Item (2)	=	_____ / mills/kwh

Footnotes:

System fuel costs, retail sales, and wholesale sales are to be estimated for the billing month by the general manager for utilities or his/her designee. For the purposes of this section, wholesale sales are total requirements sales for resale that are not interchange sales.

Due to estimated differences in delivery losses between retail and wholesale customers, wholesale sales are reduced by a factor of 91.2%. ICP represents projected recovery of Island Creek settlement costs for retail sales. ICA represents actual recovery of Island Creek settlement costs for retail sales.

Retail fuel adjustment revenues and retail and wholesale sales from the second month preceding the billing month shall be actual data as billed to the city's electric customers.

System fuel cost for the second month preceding the billing month shall be based on actual system fuel costs, except that it may be necessary to estimate nuclear fuel expenses based on kilowatt hour energy production from the city's nuclear generating plants.

The fuel cost portion of interchange sales for the second month preceding the billing month shall be the cost of fuel applicable to such sales as determined by the general manager for utilities or his/her designee. The fuel cost portion of interchange purchases for the second month preceding the billing month is determined from invoice(s) received for such purchases. In the case of economy interchange purchases, the entire cost including transmission charges, if any, will be included in the fuel cost for such transactions.

The levelization amount shall be zero unless the city commission shall determine that it is in the public interest to offset fluctuation in the fuel adjustment whereupon the general manager for utilities or his/her designee shall calculate and apply a levelization amount which will achieve the desired objective.

Six and one-half mills (\$0.0065) per kWh was the cost of fuel, imbedded within base rates for retail service, on October 1, 1973.

(Code 1960, § 28-3.5; Ord. No. 3112, § 1, 2-25-85; Ord. No. 3429, § 1, 4-4-88; Ord. No. 3453, § 1, 8-8-88; Ord. No. 3640, § 1, 7-16-90; Ord. No. 3750, § 1, 11-18-91; Ord. No. 3754, § 80, 1-27-92; Ord. No. 950731, § 1, 10-9-95)