



Legislation Text

File #: 070456., **Version:** 4

Large Electric Power Customers Referral Item # 070456 (B)

This item is in regard to a referral from Commissioner Lowe regarding the issue of Large Power customers and conservation made to the Regional Utilities Committee on September 10, 2007.

At the September 10, 2007, City Commission meeting, Commissioner Lowe referred the issue of Large Power customers and conservation to the Regional Utilities Committee. On October 9, 2007 the Regional Utilities Committee heard a staff presentation on rates for Large Power customers. The Committee asked for additional information and on April 8, 2008 staff returned to the Committee. The Committee had additional questions about the ability of customers in the Large Power class to conserve sufficiently to change classes to the General Service Demand class

On May 13 the Regional Utilities Committee received a report from staff on the impact of conservation on Large Power customers. The Committee examined the question of the most appropriate rates and the methodology for Large Power customers. The presentation outlines the rate structures for Large Power and General Service Demand (GSD). Staff presented information on the extent of savings necessary to move from Large Power to GSD. A sensitively analysis was prepared and showed that movement from the Large Power class to GSD would require a customer to reduce energy use by at least 5 percent or reduce demand by 6 percent in conjunction with a 4 percent energy decrease, before realizing savings under the GSD rate. Large Power Customers are more likely to be impacted by the requirement established in October to have a rolling average of 1,000 kW, than to conserve into GSD. The Large Power customer with the lowest March 2008 use would have to conserve over 30 percent to move into the GSD class. Current large power customers are unlikely to be able to conserve to such a level.

The Committee determined that the rate structure reflects the lower costs to serve Large Power customers, with better load factors. Concerns about the impact of load factor based charges on solar incentives will be included in an alternate RUC referral on solar issues. The Committee determined that it is unnecessary to change the current rate structure and that the methodology is rational and sound.

The City Commission 1) receive the recommendations of the Regional Utilities Committee that it is unnecessary to change the current Large Power rate structure and that the methodology is rational and sound; and, 2) remove this item on the referral list.

Prepared by Heidi J. L. Lannon, Managing Utility Analyst

Submitted by Bob Hunzinger, General Manager