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## City of Kelowna

# MEMORANDUM

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**DATE:** December 13, 2005  
**FILE:** 1824-02  
**TO:** City Manager  
**FROM:** Electrical Manager  
**RE:** **ELECTRICAL UTILITY RATES**

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### **RECOMMENDATION:**

THAT Council approve a rate increase of **5.9%** to the City's electrical utility rates for all annual residential customer revenues, municipal and school customer revenues and commercial customer revenues;

AND THAT the approved changes are for consumption that would appear on the Cycle 1 billing in March 2006.

### **BACKGROUND:**

On December 2, 2005, the British Columbia Utilities Commission (BCUC) approved a FortisBC interim rate increased of 5.9 percent, effective January 1, 2006. Historically the Electrical Division has applied rate increases in July of each year and has had a capital expenditure program of just less than 2 million dollars annually. Due to a recently revised 20-year electrical capital plan, having an estimated 3.9 million dollar electrical capital expenditure for 2006 and an estimated 5-year capital expenditure of 20 million dollars, staff believes it is essential to apply this rate increase to all customer classes at this time. Loss of revenue to the Electrical Division by not applying the increase effective January 1<sup>st</sup> would potentially have a loss of an estimated ninety five thousand dollars per month or \$1.143 million annually.

FortisBC's revenue requirement regulatory timetable has been set and will take place here in Kelowna on February 9<sup>th</sup> and 10<sup>th</sup>, 2006. Final Commission approval should be concluded by early March 2006. Should the Commissions final decision be lower or greater than the 5.9% increase City staff will bring a further report back to Council.

The attached Schedule 2 shows the revenue difference between the existing rates and the proposed new rates.



Approved for inclusion:  
John Vos, P. Eng.  
Director of Works & Utilities

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R. Carle  
Electrical Manager

KG/ms

Attachments

cc: Director of Financial Services  
Financial Planning Manager  
Revenue Supervisor

**Schedule 1**

**RESIDENTIAL RATE COMPARISON - RATE CODES 101-107**

**BASED ON THE FOLLOWING RATES (\$/kWH):**

	<i>CURRENT</i>	<i>NEW</i>	<i>% CHANGE</i>
<i>1st kWH</i>	9.50	10.06	5.9%
<i>Balance</i>	0.06280	0.06651	5.9%

<b>MONTHLY % INCREASE FOR CITY OF KELOWNA RESIDENTIAL CUSTOMERS</b>				
<b><u>KW USED</u></b>	<b><u>CURRENT RATE</u></b>	<b><u>NEW RATE</u></b>	<b><u>DIFFERENCE</u></b>	<b><u>% CHANGE</u></b>
125	17.29	18.31	1.02	5.9%
250	25.14	26.62	1.48	5.9%
500	40.84	43.25	2.41	5.9%
<b>730</b>	<b>55.28 *</b>	<b>58.55</b>	<b>3.26</b>	<b>5.9%</b>
<b>825</b>	<b>61.25 **</b>	<b>64.86</b>	<b>3.62</b>	<b>5.9%</b>
1,000	72.24	76.50	4.27	5.9%
1,250	87.94	93.13	5.19	5.9%
1,500	103.64	109.76	6.12	5.9%
2,000	135.04	143.01	7.98	5.9%
3,000	197.84	209.52	11.69	5.9%
5,000	323.44	342.54	19.11	5.9%
10,000	637.44	675.09	37.66	5.9%

\* Average single family residential (no electric heat) 730 kWH's per month.

\*\* Average single family residential (with electric heat) 825 kWH's per month.

**Schedule 2**

***ELECTRICAL UTILITY REVENUES - SUMMARY RATE CODE CHANGES 2006***

	# OF	ANNUAL REVENUES			
<u>RATE CODE</u>	<u>CUST.</u>	<u>CURRENT</u>	<u>PROPOSED</u>	<u>DIFFERENCE</u>	<u>% CHANGE</u>
RESIDENTIAL					
101-107 RESIDENTIAL	11,000	7,616,000	8,065,344	449,344	5.9%
116 - APARTMENT GEN. SERV/DEMA	117	1,140,000	1,207,260	67,260	5.9%
201,204 PWR APARTMENT	73	126,000	133,434	7,434	5.9%
202 WTR HTG APTS	5	6,000	6,354	354	5.9%
	11,195	8,888,000	9,412,392	524,392	5.9%
COMMERCIAL					
211 TEMP POWER	329	191,000	202,269	11,269	5.9%
213,218,219 SMALL GENERAL SERV	950	2,098,000	2,221,782	123,782	5.9%
214 WTR HEAT PWR	7	1,600	1,694	94	5.9%
215 GENERAL SERVICE/DEMAND	285	2,927,000	3,099,693	172,693	5.9%
220 PRIMARY POWER	12	461,000	488,199	27,199	5.9%
223 LARGE PRIMARY	1	202,000	213,918	11,918	5.9%
224 MEDIUM PRIMARY	9	2,921,000	3,093,339	172,339	5.9%
IRRIGATION POWER	1	60	64	4	5.9%
	1,594	8,801,660	9,320,958	519,298	5.9%
MUNICIPAL & SCHOOLS					
226 SCHOOLS	15	174,000	184,266	10,266	5.9%
227, 225 CITY OF KELOWNA	71	1,300,000	1,376,700	76,700	5.9%
MISC - ST LIGHTS/SIGNALS	40	20,000	21,180	1,180	5.9%
	126	1,494,000	1,582,146	88,146	5.9%
TOTAL	12,915	19,183,660	20,315,496	1,131,836	5.9%
WHOLESALE POWER		13,300,000	14,084,700	784,700	5.9%