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## CITY OF KELOWNA

### MEMORANDUM

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**Date:** March 23, 2007  
**File No.:** 1824-02  
**To:** City Manager  
**From:** Utility Contract Administrator  
**Subject:** **2007 ELECTRICAL UTILITY RATES**

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#### **RECOMMENDATION:**

THAT Council approve an electrical rate increase of 3.4% for the City's residential customers, 3.2% for the City's commercial customers and 3.3% for the City's municipal and school customers;

AND THAT Council approves the 2007 electrical rates to be effective with the first billing cycle in June, 2007;

AND FURTHER THAT the necessary bylaw be advanced for reading consideration by Council.

#### **BACKGROUND:**

On March 9, 2007, the British Columbia Utilities Commission (BCUC) approved a FortisBC rate increased of 2.1 percent, effective April 1, 2007. This was further to a 1.2 percent increase that was approved for January 1, 2007.

The rate increase from FortisBC will impact the bulk power purchase rate for the City of Kelowna and that rate increase is normally passed on to the city electrical utility customers. Revenue from residential customers is recommended to increase by 3.4%. The average single family residential customer, without electrical heat, will have a monthly increase of approximately \$2.01. The attached Schedule 1 shows the impact at various consumption levels for residential customers. To simplify the current rate code structure the various residential rates will be consolidated into one rate code.

Revenue from commercial customers is recommended to increase by 3.2% with no changes to the rate block structure. Similar to the residential class, some commercial rate codes are consolidated for ease of understanding and consistency of use. These rate codes are identical with the only difference in the minimum charge which very rarely comes into consideration. Revenue from municipal and school customers is recommended to increase by 3.3% for all steps in the consumption charge.

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

Considerations not applicable to this report:

**INTERNAL CIRCULATION TO: N/A**

**LEGAL/STATUTORY AUTHORITY: N/A**

**LEGAL/STATUTORY PROCEDURAL REQUIREMENTS: N/A**

**EXISTING POLICY: N/A**

**FINANCIAL/BUDGETARY CONSIDERATIONS:** Impacts included above.

**PERSONNEL IMPLICATIONS: N/A**

**TECHNICAL REQUIREMENTS: N/A**

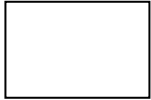
**EXTERNAL AGENCY/PUBLIC COMMENTS: N/A**

**ALTERNATE RECOMMENDATION: N/A**

Submitted by:

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C. McNeely, Electrical Administration Supervisor



Approved for Inclusion:

John Vos, Director of Works & Utilities

Attach.

Cc: *Financial Planning Manager*

Schedule 1**RESIDENTIAL RATE COMPARISON****BASED ON THE FOLLOWING RATES (\$/kWH):**

	<i>CURRENT</i>	<i>NEW</i>	<i>% CHANGE</i>
<i>1st kWH</i>	10.06	10.40	3.4%
<i>Balance</i>	0.06651	0.06880	3.4%

**MONTHLY % INCREASE FOR CITY OF KELOWNA RESIDENTIAL CUSTOMERS**

<u>KW USED</u>	<u>CURRENT RATE</u>	<u>NEW RATE</u>	<u>DIFFERENCE</u>	<u>% CHANGE</u>
125	18.31	18.93	0.62	3.4%
250	26.62	27.53	0.91	3.4%
500	43.25	44.73	1.48	3.4%
<b>730</b>	<b>58.55 *</b>	<b>60.56</b>	<b>2.01</b>	<b>3.4%</b>
<b>825</b>	<b>64.86 **</b>	<b>67.09</b>	<b>2.23</b>	<b>3.4%</b>
1,000	76.50	79.13	2.63	3.4%
1,250	93.13	96.33	3.20	3.4%
1,500	109.76	113.53	3.77	3.4%
2,000	143.01	147.93	4.92	3.4%
3,000	209.52	216.73	7.21	3.4%
5,000	342.54	354.33	11.79	3.4%
10,000	675.09	698.33	23.24	3.4%

\* 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 2007**

<b><u>RATE CODE</u></b>	<b><u># OF CUST.</u></b>	<b><u>ANNUAL REVENUES CURRENT</u></b>	<b><u>PROPOSED</u></b>	<b><u>DIFFERENCE</u></b>	<b><u>% CHANGE</u></b>
<b><i>RESIDENTIAL</i></b>					
105 RESIDENTIAL	11,277	8,730,000	9,026,820	296,820	3.4%
116 - APARTMENT GEN. SERV/DEMAND	118	1,520,000	1,571,680	51,680	3.4%
201,204 PWR APARTMENT	54	133,000	137,522	4,522	3.4%
202 WTR HTG APTS	3	7,000	7,238	238	3.4%
	11,452	10,390,000	10,743,260	353,260	3.4%
<b><i>COMMERCIAL</i></b>					
211 TEMP POWER	203	211,500	218,268	6,768	3.2%
213,218,219 SMALL GENERAL SERV	814	2,296,000	2,369,472	73,472	3.2%
214 WTR HEAT PWR	4	7,600	7,843	243	3.2%
215 GENERAL SERVICE/DEMAND	275	3,078,000	3,176,496	98,496	3.2%
220 PRIMARY POWER	11	536,000	553,152	17,152	3.2%
223 LARGE PRIMARY	1	206,000	212,592	6,592	3.2%
224 MEDIUM PRIMARY	8	3,425,000	3,534,600	109,600	3.2%
IRRIGATION POWER	1	60	62	2	3.2%
	1,317	9,760,160	10,072,485	312,325	3.2%
<b><i>MUNICIPAL &amp; SCHOOLS</i></b>					
226 SCHOOLS	14	141,100	145,756	4,656	3.3%
227, 225 CITY OF KELOWNA	67	1,468,000	1,516,444	48,444	3.3%
MISC - ST LIGHTS/SIGNALS	22	20,000	20,660	660	3.3%
	103	1,629,100	1,682,860	53,760	3.3%
<b>TOTAL</b>	<b>12,872</b>	<b>21,779,260</b>	<b>22,498,605</b>	<b>719,345</b>	<b>3.3%</b>
WHOLESALE POWER		14,728,000	15,214,024	486,024	3.3%