

FOR BOARD ACTION

Agenda Item # 6

Meeting Date:

12/15/05

SUBJECT:

2006 Electric Revenue Adjustment

PREPARED BY:

Curt Kraft, Director of Corporate Services

ITEM DESCRIPTION:

At the November Utility Board meeting, staff presented alternative electric revenue adjustments and the projected ability of each alternative to meet board policy requirements for cash reserves. The Board's preliminary consensus was that a 5% increase for 2006 was needed to continue providing customers with reliable quality service, while maintaining a sound financial position. A notice of the proposed revenue adjustment was provided to the public via the paper of record.

Staff recommends that the Board proceed with a recommendation to the City Council for increasing electric rates by 5% effective January 1, 2006 on all the current rate schedules. A 5% increase would increase the typical residential bill by approximately \$ 3 per month.


Staff would also recommend that the customer charge for a residential customer be adjusted from \$ 8 to \$ 9 and the general service customer be adjusted from \$15 to \$ 17 while maintaining an overall increase of 5% in these rate classes. The adjustment to this rate component moves us closer to what our Cost of Service model indicates they should be.

UTILITY BOARD ACTION REQUESTED:

1. Approve and recommend to the City Council a 5.0% electric rate increase to all customer classes effective January 1, 2006.
2. Approve a resolution to approve the following rate schedules effective January 1, 2006.

Residential Service (RES)
Residential Service-Dual Fuel (RES-DF)
Residential-High Efficiency HVAC (RES-HEF)
General Service (GS)
General Service-High Efficiency
General Service Time-Of-Use (GS-TOU)
Medium General Service (MGS)
Medium General Service-High Efficiency
Medium General Service Time-Of-Use (MGS-TOU)

Large General Service (LGS)
Large Industrial Service (LIS)
Interruptible Service (INTR)
City Street Lighting (CSL)
Traffic Signals (TS)
Highway Lighting (HL)
Security Lighting (SL)
Civil Defense Sirens (CDS)


General Manager

12/12/05
Date



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the following rate schedules effective January 1, 2006.

Residential Service (RES)
Residential Service-Dual Fuel (RES-DF)
Residential-High Efficiency HVAC (RES-HEF)
General Service (GS)
General Service-High Efficiency
General Service Time-Of-Use (GS-TOU)
Medium General Service (MGS)
Medium General Service-High Efficiency
Medium General Service Time-Of-Use (MGS-TOU)

Large General Service (LGS)
Large Industrial Service (LIS)
Interruptible Service (INTR)
City Street Lighting (CSL)
Traffic Signals (TS)
Highway Lighting (HL)
Security Lighting (SL)
Civil Defense Sirens (CDS)

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 15th day of December 2005.

President

Secretary



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve a 5.0% increase electric rates effective January 1, 2006 to the following rate classes:

Residential Service (RES)	Large General Service (LGS)
Residential Service-Dual Fuel (RES-DF)	Large Industrial Service (LIS)
Residential-High Efficiency HVAC (RES-HEF)	Interruptible Service (INTR)
General Service (GS)	City Street Lighting (CSL)
General Service-High Efficiency	Traffic Signals (TS)
General Service Time-Of-Use (GS-TOU)	Highway Lighting (HL)
Medium General Service (MGS)	Security Lighting (SL)
Medium General Service-High Efficiency	Civil Defense Sirens (CDS)
Medium General Service Time-Of-Use (MGS-TOU)	

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 15th day of December, 2005.

President

Secretary