

FOR BOARD ACTION

Agenda Item # 4

Meeting Date:

11/30/10

SUBJECT:

2011 Annual Clean Air Rider Update

PREPARED BY:

Mike Heppelmann, Senior Financial Analyst

ITEM DESCRIPTION:

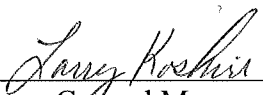
The Clean Air Rider tariff provides for annual adjustments to "true-up" the amount of revenue collected, to the debt service amount. Updating the CAR rate annually ensures that collections are sufficient to meet, without exceeding, the annual debt service cost for the Silver Lake Emissions Reduction Project, or other environmental projects the Board approves under this tariff. Staff recommends adjusting the Clean Air Rider rate to \$.00263 effective January 1, 2011.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

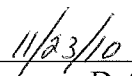
Not Applicable

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve and recommend City Council approval of the annual update to the Clean Air Rider rate.



General Manager



Date

CLEAN AIR RIDER

APPLICATION:

The Clean Air Rider (CAR) will be used to recover costs related to renewable and environmental improvement programs and projects approved by the Utility Board. Applicable to all rate classes billed in kwh.

CONDITIONS OF DELIVERY:

1. Emission Reduction Project at Silver Lake Plant:
 - a. The CAR for the Emission Reduction Project (ERP) at the Silver Lake Plant is to recover the annual debt service of the project.
 - b. The CAR for the ERP will be calculated by dividing the ERP debt service requirements by the KWH forecast for all rate classes. This monthly charge under the CAR Schedule for 2011 is \$0.00263/kwh.
 - c. The CAR will terminate for the ERP with payment of all debt service requirements.
 - d. An annual true-up will be done comparing the actual amount collected to the actual debt service requirement. The amount over or under collected will adjust future years debt service requirements used in the calculation.

Approved by Rochester Public Utility Board:
Effective Date:

November 30, 2010
January 1, 2011



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 an annual update to the Clean Air Rider Rate effective January 1, 2011.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30th day of November, 2010.

President

Secretary