

## FOR BOARD ACTION

Agenda Item # 4

Meeting Date:

11/10/09

**SUBJECT:**

2010 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 actual amount of revenue collected to the actual 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 (CAR) rate to \$0.00228 effective January 1, 2010.

The CAR was implemented in April 2007. The rate will be updated annually using the upcoming year's kwh sales forecast, and the prior year's projected over or under revenue collection.

UTILITY BOARD ACTION REQUESTED:

The Board is requested to approve and recommend that the City Council approve 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 2010 is \$0.00228/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:

December 12, 2008  
January 1, 2010



## 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, 2010.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 10<sup>th</sup> day of November 2009.

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President

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Secretary