

FOR BOARD ACTION

Agenda Item # 7.

Meeting Date:

2/28/06

SUBJECT:

Electric Revenue Adjustment

PREPARED BY:

Curt Kraft, Director of Corporate Services

ITEM DESCRIPTION:

At the January Board meeting, a discussion was held regarding the need to have a midyear electric revenue adjustment due to the impact of an additional 16.9% increase in purchased power costs from the Southern Minnesota Municipal Power Agency (SMMPA). (SMMPA had implemented a 5% rate increase January 1, 2006.) Staff offered 3 proforma scenarios to the Board for their review. The Board directed staff to work with the scenario that reflected a \$5 million dollar adjustment to the 2006 budget through revenue and cost modifications.

With those modifications staff is recommending a 8.5% adjustment to electric rates effective April 1, 2006. This revenue adjustment is necessary to maintain an appropriate cash reserve level.

UTILITY BOARD ACTION REQUESTED:

Direct staff to provide notice to the public of a proposed electric rate adjustment of 8.5% effective April 1, 2006.



General Manager



Date

ROCHESTER PUBLIC UTILITIES