CURE COMMISSION REPORT

FY 2025 ELECTRIC SYSTEM

RATE STUDY

AUGUST 2025

The Alexandria City Council is required by law to review and balance its utility rates, energy cost adjustment, and capital needs in regular intervals to ensure the viability of its enterprise operating as the Alexandria Utility Systems (AUS). The Alexandria City Council is Alexandria's Rate Making Authority for the utility departments, including electric, water, gas and wastewater. The rate making function includes immediate, intermediate and long-term resource planning using various outside subject matter experts.

Periodic evaluation of the adequacy of the City's existing rate charges for utility service and adjustments—including revenue requirements (the overall adjustment in rates needed to forecast the cash requirements of each utility, reduce inter-utility subsidies, and maintain appropriate cash reserves), cost of services (determining each class's equitable share of the utility revenue requirements), and rate design (the adjustment needed to reflect cost of services and remain sensitive to customer rate impacts). For this purpose, the City of Alexandria created the Commission on Utility Reform and Equity. Of the several purposes of the Commission, one is to evaluate the adequacy of the City's rate schedules for the existing utility services and recommend changes as needed.

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ELECTRIC SYSTEM RATE STUDY

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

CITY: City of Alexandria, LA (Alexandria Utility System)

KW: A unit of electrical measurement that means 1000 watts of electricity.

KWH: A unit of measurement of electrical energy that is consumed in one hour.

CPI-U: Consumer Price Index for all Urban consumers – the measure of changes in U.S. consumer prices as issued by the U.S. Department of Labor – Bureau of Labor Statistics.

O&M: Operations and Maintenance.

FY: Fiscal Year.

SECTION 2: EXECUTIVE SUMMARY

In recent years the financial condition of the City of Alexandria, Louisiana utility department has declined to the point where substantial losses have occurred. This has resulted in delays in the implementation of much needed system improvements. It has also resulted in a dramatic reduction in the net position of the system through the use of significant amounts of retained earnings which jeopardize the ongoing stability of the system.

To address the situation, the City retained Delta Consulting, Inc., Natchitoches, Louisiana, (the Engineer) to perform a study of the electric department finances and its customer rates and to report its findings and recommendations to the City. The objectives of the study are the following:

1. To provide an analysis of the financial condition of the electric system, including operating revenues and expenses, non-operating revenues and expenses, capital improvements and appropriations into and from the electric department.
2. To develop a set of electric rates to meet the revenue requirements of the electric system.
3. To review the system customer rate classifications and to recommend any changes deemed necessary to simplify billing practices and revenue collections.
4. To provide any other recommendations the Engineer may deem advisable for consideration by the City.

During the study, the Engineer prepared an Excel workbook containing spreadsheets wherein the electric department financial condition was analyzed (Exhibit A). The workbook also presents a set of potential rate adjustments and accompanying revenue enhancements for consideration by the City.

The primary conclusions and recommendations of the study are the following:

1. Over the past eight fiscal years (FY2017 – FY2024), fluctuations in the operating revenues and expenses of the Utility Fund have jeopardized the ability to plan and execute utility functions and to implement the capital improvements needed. The City FY2026 Budget includes the use of over $23 million of retained earnings FY2025 and FY2026. The combination of operating losses and large drawdowns of retained earnings will seriously erode the ability of the system to function as it should.

RECOMMENDATION 1A: Electric rates should be adjusted to achieve a minimum of $9.5 million in additional revenue per year. This amount does not include any funds to replace the large amounts of retained earnings being used by the City to fund the department. The adoption of the rate adjustments presented in Alternate C in Exhibit A (Sheet 203) should meet the electric department's revenue requirements. The adoption of the rates in Alternate C would result in the average residential consumer of 1,190 KWH per month would see an increase of $19.13 per month (15.0%). A residential consumer of 1000 KWH would see a billing increase of $15.89 (14.7%). Other customer classifications would incur similar cost increases on the order of 15 percent.

RECOMMENDATION 1B: The City should consider the adoption of rate adjustments to all classifications of electric customers so that the new rates would become effective as early as practical in FY 2026.

2. The City electric rates have not been adjusted since December 2015, a period of nine years. Delays in periodic rate reviews and rate adjustments can result in larger increases than customers would have otherwise faced.

RECOMMENDATION 2A: The City should periodically review the financial status of all utility systems within the Utility Fund and take any action to allow each utility to obtain sufficient revenue to satisfy its respective operating expenses, non-operating expenses, capital improvement program, debt service and its pro rata share of other appropriations.

RECOMMENDATION 2B: The City should consider the inclusion of automatic annual rate adjustments based on the change in the Consumer Price Index. Doing so would allow the system to meet expense increases through relatively small annual increases and avoid larger rate increases after a period of years without any adjustments. The CPI–Urban Index could be used but others may serve as well.

3. The existing City rates are based on a Declining Block Rate structure that charges higher unit costs for electricity on the lower consumption levels and lower unit charges on customer that use higher amounts of electricity on all rate classes except for Large Industrial Service customers.

RECOMMENDATION 3: The City should convert all rate classes to a Flat Rate structure. Doing so would result in all customers paying the same unit cost for energy rather than low-end users paying a higher unit cost. This action would also simplify the accounting and billing procedures. In consultation with the utility administration, it was agreed that we would proceed with the flat rate structure plan.

4. The City rates include an Infrastructure Renewal Assessment of $0.00098 per KWH on energy sales inside the City and $0.00113 per KWH outside the City. This assessment generates only about $600,000 per year, which is woefully short of what the City actually needs for system improvements.

RECOMMENDATION 4: The City should eliminate the Infrastructure Renewal Assessment and adjust its base energy rates to meet its infrastructure needs. Doing so would further simplify the accounting and billing procedures.

5. The City has a high number of different rates within the residential and commercial rate classifications with 13 in the residential group and 12 in the commercial group. Some of these rate classifications have only a few customers.

RECOMMENDATION 5: The City should adopt the recommended consolidation of various rate classifications in order to simplify the operating and billing department functions, as described elsewhere in this report.

SECTION 3: INTRODUCTION

The City of Alexandria, Louisiana is a member of the Louisiana Power and Energy Authority (LEPA), a joint-action agency that was created in 1979 by the Louisiana Legislature. LEPA serves as the agency through which Louisiana municipalities that operate their own electric systems may generate, transmit and purchase and/or sell electric power and energy to other municipalities.

The City administration and the electric utility management recognized the worsening financial condition of the electric system in recent years and decided to retain professional assistance in the evaluation of the system's financial condition and the development of alternative customer rates that would allow the City to meet its revenue requirements. Accordingly, the City retained Delta Consulting, Inc., Natchitoches, Louisiana to serve in this capacity. Delta has provided its services to municipal electric utility systems across Louisiana and east Texas for over 50 years. Delta is providing its services to the City as a sub-consultant to Pan American Engineers of Alexandria, Louisiana. Delta and PAE have worked together on other public and private endeavors and have an strong working relationship.

The rate study was based upon system information provided by the City, audit reports available online from the legislative auditor and other information available to Delta Consulting. The City information included data on system revenues and expenses, power purchases, system losses, customer classifications and the number of customers in each classification, along with associated energy consumption data for each class of customers.

The objectives of the study are the following:

1. To provide an analysis of the financial condition of the electric system, including operating revenues and expenses, non-operating revenues and expenses, capital improvements and appropriations into and from the electric department.
2. To provide recommendations on the required revenue requirements of the system to meet system operations and other requirements.
3. To develop a set of electric rates to generate the revenue required to address the financial problems.
4. To review the system customer rate classifications and to recommend any changes deemed necessary to simplify billing practices and revenue collections.
5. To provide any other recommendations the Engineer may deem advisable for consideration by the City.

The rate study began with an analysis of the financial condition of the electric utility department. The analysis involved a review of recent annual financial audits of the City and the budgets for FY 2025 and FY 2026, along with data on system revenues and expenses from the City Finance Department. This was followed by the analysis of potential rate adjustments to meet system revenue requirements.
The revenue requirements include all expenses to be incurred by the department, the non-operating expenses associated with the provision of facilities and personnel to staff the

department and all other indirect expenses. It should also include funds for routine capital repairs and replacements of facilities and equipment and dealing with unplanned major expenditures resulting from equipment failure or weather-related events. All of these expenses form the cost of service for the utility and are the basis of the rate system used by the City. In addition, the revenue requirements should include the appropriation of funds to meet other City services.

The Engineer was also requested to review the system of billing classifications with the goal of simplifying the system.

The remaining sections of this report further describe the rate study and the relevant conclusions and recommendations of Delta Consulting.

SECTION 4: DESCRIPTION OF THE RATE STUDY

For purposes of this study, the period of FY 2017 through FY 2024 was selected for review. Budgets for FY 2025 and FY 2026 were also examined along with other system financial data from the City. Delta Consulting also utilized data available online and from other reputable sources to prepare an Excel workbook as part of its analysis of the electric department financial condition. This workbook is attached to the report as Exhibit A and is summarized below.

Exhibit A: System Financial Analysis of Potential Electric Rate Adjustments

Exhibit A presents a general review of the financial condition of the utility department and the analysis of potential rate adjustment alternatives for consideration by the City. The data presentation may be summarized as follows:

System Financial Analysis

Sheet 1: Utility Fund financial data FY2017 -FY2024 using annual audits.

A summary of the Utility Fund finances, including revenues, expenses, net operating revenues, other appropriations and changes in the fund net position.

Sheet 2: Electric Department operating revenues and expenses for FY2023 – FY2026. (FY2026 budget)

Sheet 2A: Utility non-operating expenses, debt service, capital improvements and other appropriations for FY2023 – FY2026 using the City FY2026 budget.

Sheet 2B: Electric revenues, operating expenses, other expenses using FY2026 budget.

Electric Revenue Requirements

Sheet 4: Electric Revenue Requirements based upon the financial status of the department and planned expenditures to improve budget performance and allow for needed capital improvements.

Existing and Proposed Rate Classifications

Sheet 5: City Customer KW Cost Analysis 2021. This sheet presents the costs associated with each rate classification, including energy cost and fuel costs. It also calculates the average KWH per customer per month for each classification.

Sheet 6: City Customer KW Cost Analysis 2022. Same data as Sheet 5 for 2022.

Sheet 7: City Customer KW Cost Analysis 2023. Same data as Sheet 5 for 2023.

Sheet 7A-1: Customer KW Cost Analysis 2023 showing the residential rates that are recommended to be combined with other existing rates.

Sheet 7A-2: Customer KW Cost Analysis 2023 showing the commercial and industrial rates that are recommended to be combined with other existing rates.

Existing Electric Rate Model and Rate Adjustment Alternatives

Sheets 8-179: Model of existing and potential rates.

An evaluation of the various rate adjustment alternatives studied with projected customer costs at various levels of energy consumption within each of the City's customer classifications and the projected revenues to be generated by each rate alternative.

Calculations were made to determine the average kilowatt-hours (KWH) of energy purchased by customers in each rate classification. These average customers were the basis of the calculated projections of electricity cost on a cost per KWH and total monthly bill at various levels of consumption during the month. The exhibit sheets also show the projected monthly and annual City revenues in association with each rate adjustment alternative.

These cost calculations included the actual fuel cost adjustment utilized by the City in its billing during FY 2024-2025. The key element of the model is the projection of the incremental revenues associated with each rate adjustment alternative and the cost to City customers. The alternative rate adjustment alternatives were designed to provide for increases in revenue of approximately five percent (5%) with each succeeding alternative.

There is one anomaly

Sheet 8: Existing E110 Residential – Inside City rate analysis of declining block rate structure.

Sheet 8A: Existing E110 Residential – Inside City rate analysis with equivalent flat energy rate.

Sheets 9 – 13: E110 Rate Alternatives A through E.

Sheet 15: Existing E120 Residential – Outside City rate analysis of declining block rate structure.

Sheet 15A: Existing E120 Residential – Outside City rate analysis with equivalent flat energy rate.

Sheets 16 – 20: E120 Rate Alternatives A through E.

Sheets 22 – 179: Existing and Alternative Rates for remaining rate classifications.

There are no analyses performed for rates the study recommends be combined with existing rate classifications.

Impact of Alternative Rate Adjustments on System Revenue and Customer Billing

Sheet 197: Summary of the revenue and cost per KWH of energy of the various Residential rate alternatives.

Sheet 198: Summary of the revenue and cost per KWH of energy of the various Commercial rate alternatives.

Sheet 199: Summary of the revenue and cost per KWH of energy of the Industrial rate alternatives, plus a summary of the bottom line impacts of residential, commercial and industrial rate alternatives.

Recommended Rate Adjustments

Sheet 200: Recommended Rate Adjustments.

SECTION 5: RESULTS OF THE RATE STUDY ANALYSIS

The forecasting of future energy sales and revenue is complicated by uncertainties over national and international fuel costs, growing emphasis on energy efficient appliances and equipment and the unpredictable nature of weather. Another major factor is the energy policy of the federal administration in Washington, D.C. These complications, however, do not mean one can ignore the subject and simply wait for events to occur. A proactive approach is required to maintain the system and its financial viability.

For purposes of this study, an average customer for each rate class was derived from the customer data provided by the City. This data was then incorporated into the spreadsheet analysis contained in Exhibit A.

Utility System Financial Status:

Sheets 1: The City utility department has experienced losses in its net operating revenue in only one of these years (FY2023). In the other years, the fund operating revenue was positive. The financial problem arises when the non-operating (such as administration, billing, customer service, field service, etc.), debt service, capital improvements and other appropriations are included in the calculations of overall net income and net position of the utility fund. The addition of these non-operating and other expenditures results in losses in six of the eight years. The losses range from $324,290 in FY 2017 to $10,525,844 in FY 2023. The result over this period has been a steady reduction in the net position of the utility fund as retained earnings accumulated in prior years must be used to meet current obligations. The FY2024 results appear to reverse the trend, but, as the City auditor pointed out in the FY2024 audit, that year's figures can be explained by wide fluctuations in fuel cost.

City Audit Reports for FY2017 – FY2024 illustrate the deterioration of system finances as follows: ($ x 1,000)

	FY2017	FY2023	FY2024
Operating Revenue	$95,288,958	$108,920,688	$122,826,055
Operating Expenses	$77,503,030	$110,362,621	$ 96,113,342
Net Operating Revenue	$17,785,928	($ 1,441,933)	$ 26,712,713
Non-operating Expenses	($ 6,771,233	($ 5,094,398)	($ 1,194,363)
Other Appropriations	($11,338,958)	($ 3,989,513)	($ 10,320,450)
Change in Net Position	($ 324,290)	($ 10,525,844)	$ 15,197,900
Net Position – May 1	$118,543,506	$105,903,197	$ 95,377,353
Net Position – April 30	$118,219,216	$ 95,377,353	$110,575,253

Sheet 2 presents data from the FY2026 operating budget for FY2023 through FY2026. The electric department exhibits a positive operating income in each of the four years. Again, the FY2024

figures are not representative of the steady decline in financial position in the recent past.

Sheet 2A presents data from the FY2026 budget covering non-operating and other expenses for FY2023 through FY2026. These expenses cover utility administration, financial services, debt service, capital improvements and other appropriations. The debt service and capital improvements amounts for the electric department are carried forward to Sheet 2B. The other expenses are prorated to the electric department on the basis of its share of the overall utility revenue each year.

Sheet 2B combines the data in Sheet 2A and Sheet 2B for the electric department to determine each year's revenues or losses. The department's share of non-operating expenses and other appropriations is estimated to be equal to the electric department's share of total utility operating revenues in each year, ranging from 74.2% to 77.8% over the four years. The electric department losses ranged from $2,518,850 to $3,722,339. The electric department debt service and capital improvements are carried forward from Sheet 2A.

The resulting net revenue after operations, non-operating expenses, debt service, capital improvements and other appropriations indicates large losses in three of the four years. Only in FY2024 is there a positive total net income and improvement in the net position. The following table includes information from the FY2026 City Budget for the Electrical Department.

	FY2023	FY2024	FY2025	FY2026
Operating Revenues	$82,372,643	$94,862,518	$64,002,000	$76,777,000
Operating Expenses	62,161,360	49,281,334	39,441,000	51,632,383
Net Operating Revenue	$20,211,283	$45,581,184	$24,561,000	$25,144,617
Non-Operating Expenses	(7,379,203)	(7,751,540)	(8,372,971)	(7,849,626)
Debt Service	(8,490,814)	(8,488,437)	(8,439,444)	(8,505,094)
Other Appropriations	(4,944,705)	(9,272,631)	(5,209,543)	(8,008,747)
Capital Projects	(3,118,900)	(2,102,000)	(5,722,000)	(3,300,000)
Total Other Expenses	(23,933,622)	(27,614,608)	(27,743,958)	(27,663,467)
Total Revenue After All Expenses	(3,722,339)	17,966,576	(3,182,958)	(2,518,850)

The Engineer recommends that caution should be exercised in accepting the FY2024 net revenues as an indicator of future performance due to the unusual manner in which revenues and expenses actually occurred that fiscal year. The City's annual report prepared by the City auditor addressed his situation in the report filed with the City and the state legislative auditor. That report stated that "Business-type Activities Net Position increased $14.0 million for FY 2023-2024, compared to a decrease in the prior year of $9.0 million. Expenses are down $15.6 million with decreases of $10.6 million in Electricity and $5.3 million in Gas accounting for the majority of the change." The report went on to point out that "In the long run, the City's costs for Electric

and Gas fuel are passed on to the customers and have no effect on the City's finances. In the short run, however, the City can be either recovering costs or rebating costs depending on which way fuel prices are going. These fluctuations in revenue can cause significant differences in the short term." (FY2024 Annual Report, page 9)

With regard to the Utilities System Fund revenues, the FY 2024 annual report goes on to say the following:

"These revenues, Charges for Services, are up $14.1 million compared to the prior year. A portion of Charges for Services is electrical & gas fuel cost recovery. The City does not benefit from fuel cost because that is simply the passing on of costs incurred by the City to its customers, but the incurring and subsequent recovery of these costs can cause considerable fluctuations in the revenue and expense of the System."

Also, expenses and other appropriations were down $9.3 million in FY 2023-2024 compared to the previous year. The biggest factor was the expense side of Fuel Cost that decreased approximately $20.0 million."

The bottom line is that the cost and expense figures for FY 2023-2024 should be considered an anomaly and not an indication of similar situations in the future. Therefore, the Engineer has discounted the FY 2023-2024 figures in its analysis.

Sheet 4 presents the electric system revenue requirements, as summarized below:

			FY23 – FY26 Averages	Revenue
Avg. Net Operating Revenue w/o FY24				$23,305,633
Less:	Non-Operating Expenses		$8,505,305	
	Debt Service (P & I)		8,495,197	
	Capital Improvements			
	Replacement Cost	$500,000,000		
	Budget @ 2%/year	$ 10,000,000		
	Actual Budget	$ 3,560,725		
	Additional Required		6,439,275	
	General Fund (5% of REV)	$ 3,975,177		
	Less: Existing Appro.	$ 2,336,000		
	General Fund Req'd.		1,639,177	
	Other Appropriations		6,858,906	
Total Non-Operating Revenue Required				$31,937,860
Total Additional Revenue Required				$ 8,632,227
Recommended Contingency Revenue: (10%)				863,223
Total Additional Revenue Requirements with Contingency:				$ 9,495,450

Electric System Customer Model and Customer Class Revisions

Sheets 5, 6 and 7 present the City's "Customer KW Cost Analysis" for the years 2021, 2022 and 2023, respectively. They are included to provide data on the various rate classes used by the City, the number of customers in each class and each class's energy consumption, along with various cost figures. The Engineer added a column to indicate the average KWH consumption per month in each rate class. These average customer consumption levels were used in the system customer modeling in the following Sheets 8 through 179.

Sheets 7A-1 and 7A-2 repeat the Customer KW Cost Analysis with revisions to reduce the number of customer classifications. The classifications to be eliminated have relatively few customers and their respective costs vary slightly from the major classifications. The elimination of these rate classes should simplify the process of assigning a rate classification to a new customer and the billing process.

Sheet 7A-1 presents the Residential Rate Classifications and Sheet 7A-2 presents the Commercial and Industrial Rate Classifications.

Customer Class	Existing Rate	Rates to be Included	Class Rate Description
Residential	E110	E110	Residential – Inside City
		E130	Electric
		E135	All Electric – Inside City
		E136	All Electric – Inside City Nov – Apr
		E150	All Electric – Gas Hot Water Heater
		ESR1	Electric/Special/Grimble Park/CML
	E120	E120	Residential – Outside City
		E140	All Electric – Outside City
		E145	All Electric (DISC) - Outside City
	NM10	NM10	Net Meter Single – Inside City
		RSMI	Solar Meter – Inside City
	NM11	NM11	Net Meter - Outside City
		RSMO	Solar Meter - Outside City
Commercial	E210	E210	Commercial – Inside City
		E215	All Electric – Inside City Elect Heat
		E232	Commercial Apartments – Inside City
		E610	Electric (KWH Demand Ratchet)
		ESR2	Electric/Special/Grimble Park/CML

Customer Class	Existing Rate	Rates to be Included	Class Rate Description
Commercial	E230	E230	Commercial Churches – Inside City
	E410	E410	City Meters – Inside City
	E220	E220	Commercial – Outside City
	E231	E231	Commercial Churches – Outside City
	E420	E420	City Meters – Outside City
	NM20	NM20	Net Meter Single – Inside City
	NM21	NM21	Net Meter Single – Outside City
Industrial	E240	E240	Industrial – Inside City
Discontinued	ED10		DISC CML Elect - Inside City

Evaluation of Potential Rate Adjustment Alternatives

Sheet 8 – 179, as described previously, provide the analysis of the various rate alternatives considered. The results of the various rate alternative adjustments are summarized in Sheet 197 (Residential), Sheet 198 (Commercial) and Sheet 199 (Industrial).

The existing rates for all electric customers incorporate a Declining Block Rate Structure except for the Large Industrial Service customers. This type of rate structure typically charges the highest unit cost of energy, i.e. cost per KWH, and lowers the unit cost in each step of consumption that follows. Declining Block allows the utility to collect more revenue on the front end to cover certain fixed costs associated with electric service regardless of the number of KWH's consumed by the customer. On the other hand, the higher rate charge for energy at low consumption levels tends to create a higher overall cost per KWH for low users of electricity.

In addition, the present rate structure for Church and Orphanage Services is an "inverted bell" curve. It has the highest unit costs of energy at the low usage end, a lower unit cost for mid-range consumers and then an increased unit cost for high end consumers.

Early in the rate study, the Engineer recommended the City convert to a flat rate structure for all customer classifications. The City authorized the Engineer to proceed on this basis. To establish a baseline for evaluating the rate adjustment alternatives, the Engineer converted each existing Declining Block rates to an Equivalent Flat Rate that would produce the same cost to the customer as the Declining Block rate.

The calculations of costs associated with existing and potential rate alternatives include Energy Cost Adjustment (ECA) based on the City's actual ECA used in billing its customers in FY2025.

Example of Rate Alternative Analysis

Rate E110 – Residential Inside the City. The results are summarized as follows for the 1,000 KWH customer (standard basis for comparisons among utilities) and the City average customer usage of 1190 KWH. The average E110 customer KWH consumption for the alternative rates dropped to 1,190 KWH after the recommended consolidation of the rate classifications.

Rate E110

Rate Case	KWH Consumption	Total Cost
Existing Rate	1,000	$108.51
Avg. Customer	1,276	$127.58
Alternative A	1,000	$113.69
Avg. Customer	1,190	$133.69
Alternative B	1,000	$119.05
Avg. Customer	1,190	$140.34
Alternative C	1,000	$124.41
Avg. Customer	1,190	$146.71
Alternative D	1,000	$129.78
Avg. Customer	1,190	$153.10
Alternative E	1,000	$135.14
Avg. Customer	1,190	$159.48

For details on the individual rates, the reader can refer to the rate results using the index found on the cover sheet.

The Impact on System Revenues and Customer Billing is presented on the following sheets:

Sheet 197	Residential
Sheet 198	Commercial
Sheet 199	Industrial and Summary of all three customer groups

SECTION 6: CONCLUSIONS AND RECOMMENDATIONS

A. CONCLUSIONS:

The analysis performed by the Engineer resulted in the following primary observations and conclusions:

1. Over the past eight fiscal years (FY2017 – FY2024), fluctuations in the operating revenues and expenses of the Utility Fund have jeopardized the ability to plan and execute utility functions and to implement the capital improvements needed. The City FY2026 Budget includes the use of over $23 million of retained earnings FY2025 and FY2026. The combination of operating losses and large drawdowns of retained earnings will seriously erode the ability of the system to function as it should.

2. The magnitude of the non-operating appropriations places a strain on the Utility Fund and compromises the ability of the utility department to meet its internal requirement and address its long-term capital improvement program. Even though these appropriations are deemed necessary for critical municipal requirements their current level could cause serious damage to system integrity and customer service without increases in utility revenues.

3. Based upon current utility finances and the revenue requirements (Exhibit A, Sheet 4), the Electric System needs an additional $9.5 million per year. This amount does not include any funds to restore the retained earnings that have been used in recent years.

4. The City has a high number of different rates within the residential and commercial rate classifications. Some of these rates have only a few customers and the origin and reason for these rates is unclear.

5. The Declining Block rate structure results in higher unit costs to customers on the low end of energy consumption. It may also encourage greater consumption since greater consumption results in lowering the unit cost of energy.

6. The City rates include an Infrastructure Renewal Assessment of $0.00098 on energy sales inside the City. This assessment generates only about $600,000 per year, which is woefully short of what the City actually needs for system improvements.

B. RECOMMENDATIONS:

The Engineer offers the following recommendations for the City's consideration:

1. Over the past eight fiscal years (FY2017 – FY2024), fluctuations in the operating revenues and expenses of the Utility Fund have jeopardized the ability to plan and execute utility functions and to implement the capital improvements needed. The City FY2026 Budget includes the use

of over $23 million of retained earnings FY2025 and FY2026. The combination of operating losses and large drawdowns of retained earnings will seriously erode the ability of the system to function as it should.

RECOMMENDATION 1A: Electric rates should be adjusted to achieve a minimum of $9.5 million in additional revenue per year. This amount does not include any funds to replace the large amounts of retained earnings being used by the City to fund the department. The adoption of the rate adjustments presented in Alternate C in Exhibit A (Sheet 200) should meet the electric department's revenue requirements. The adoption of the rates in Alternate C would result in a residential consumer of 1,000 KWH per month experiencing an increase $15.89 per month. The average residential consumer of 1,276 KWH per month would see an increase of $19.13 per month. Other customer classifications would incur similar cost increases. The overall increase would be on the order of 15 percent.

The corresponding system revenue figures are summarized as follows (Sheet 199):

	Annual Revenue Increase
Existing Rates:	-0-
Alternate A:	$ 3,163,981
Alternate B:	$ 6,658,134
Alternate C:	$10,152,105
Alternate D:	$13,645,804
Alternate E:	$17,136,603

RECOMMENDATION 1B: The City should consider the adoption of rate adjustments to all classifications of electric customers so that the new rates would become effective as early as practical in FY 2026.

2. The City electric rates have not been adjusted since December 2015, a period of nine years. Delays in periodic rate reviews can result in larger increases than customers would have incurred had otherwise faced.

RECOMMENDATION 2A: The City should periodically review the financial status of all utility systems within the Utility Fund and take any action to allow each utility to obtain sufficient revenue to satisfy its respective operating expenses, non-operating expenses, capital improvement program, debt service and its pro rata share of other appropriations.

RECOMMENDATION 2B: The City should consider the inclusion of automatic annual rate adjustments based on the change in the Consumer Price Index. Doing so would allow the system to meet expense increases through relatively small annual increases and avoid larger rate increases after a period of years without any adjustments. The CPI – Urban may be the appropriate index but others may serve as well.

3. The existing City rates are based on a Declining Block Rate structure that charges higher unit costs for electricity on the lower consumption levels and lower unit charges on customer that use higher amounts of electricity on all rate classes except for Large Industrial Service customers.

RECOMMENDATION 3: The City should convert all rate classes to a Flat Rate structure. Doing so would result in all customers paying the same unit cost for energy.

4. The City rates include an Infrastructure Renewal Assessment of $0.00098 per KWH on energy sales inside the City and $0.00113 per KWH outside the City. This assessment generates only about $600,000 per year, which is woefully short of what the City actually needs for system improvements.

RECOMMENDATION 4: The City should eliminate the Infrastructure Renewal Assessment and design its base energy rates to include sufficient funds to meet the system infrastructure needs. The alternative rates analyzed by the Engineer address this objective.

5. The City has a high number of different rates within the residential and commercial rate classifications with 13 in the residential group and 12 in the commercial group. Some of these rate classifications have only a few customers.

RECOMMENDATION 5: The City should adopt the recommended consolidation of various rate classifications in order to simplify the operating and billing department functions, as described in this report.

C. FINAL COMMENT:

It should be noted that the recommended electric rate adjustments are based upon the assumption the City will adjust its rates for gas, water and wastewater services to levels that will allow each utility to cover its operating costs and its share of the non-operating costs, debt service and appropriations out of the Utility Fund. Failure to make the necessary adjustments would likely result in the recommended electric rate adjustments not being sufficient to meet the revenue requirements of the electric system.

Further, the financial position of the electric utility has been reduced to the point it could jeopardize the much-needed major system improvements to the system. In the event of a major disaster, the repairs and replacements could place a major strain of the system. Examples would be damages from a major storm, tornado or hurricane or expenses resulting from major equipment failure. In recent years, the cost and delivery time for major equipment has risen significantly and the system needs to have the funds on-hand to meet any emergency.

EXHIBIT C

ARTICLE V. ELECTRICITY

Sec. 26-70. Scope of article.

This article consists of standard terms and conditions and electric rate schedules.

All electric service furnished by the city shall be subject to the following standard terms and conditions and to applicable provisions of the electric service rate schedules set out herein.

(Code 1956, § 10-6)

Sec. 26-71. Modification of terms and conditions; conflict with rate schedule.

(a) No agent of the city has the power to amend, alter or waive any of these terms and conditions or to bind the city by making any promises or representations that conflict with the provisions of these terms and conditions.

(b) Whenever there is a conflict between the provisions of any of the requirements herein, and the specific provisions of any rate schedule, the provisions of the rate schedule shall govern.

(Code 1956, § 10-6.4)

Sec. 26-72. Application for electrical service.

(a) *Availability.* Electric service is available under the rate schedules set forth in this chapter at points on the utility's primary distribution or transmission system where facilities of adequate capacity and suitable phase and voltage are adjacent to the property to be served. If inadequate facilities exist, application may be made for extension of services and facilities. Extensions may be granted whenever the revenues to be derived from the proposed extensions will be sufficient to provide a fair return upon the fair value of the facilities used and useful in rendering additional service as determined by the director of utilities or his designee.

(b) *Extension fees.* An application for extension of services wherein the director of utilities determines the anticipated revenues from the proposed extension will be insufficient to provide a fair return, extension shall be approved only upon condition of the execution of an electrical service agreement wherein the proposed customer is bound for sixty (60) months to pay a minimum monthly rate based on the following formula: The minimum monthly rate shall be the cost, including labor, materials, engineering, and other ancillary technical services, to extend electrical services amortized for sixty (60) months at three (3) percent interest. In any month of the sixty (60) months that the proposed customer's monthly electrical energy charge does not exceed the minimum monthly rate, the amount necessary to reach the minimum monthly rate shall be added to the customer's utility bill for that month. Energy cost adjustment charges, rental light charges, and any other cost recovery charges shall not apply when determining if the minimum monthly rate has been met.

(c) *Application.* At the option of the city a written application for service may be required from any customer and a separate application may be required for each point of delivery of service.

(Code 1956, § 10-6.1; Ord. No. 76-2007, § 1, 3-13-2007)

Sec. 26-72.1. Initial connection fee.

The initial connection fee shall be twenty dollars ($20.00) for each service.

(Ord. No. 36-1983, 3-29-1983)

Sec. 26-73. Deposits.

The city shall require the customer to make and maintain a cash deposit as security for payment of bills for service. The amount of such deposit shall be determined by the city, but shall not be more than an equal to two (2) times the estimated or actual maximum monthly bill estimated by the city for a residential or commercial customer similarly treated or the customers own previous experience; provided, temporary residential service shall require at least a fifty-dollar ($50.00) minimum deposit and temporary small business commercial service shall require at least a two hundred-dollar ($200.00) minimum deposit. Temporary large commercial service and permanent large commercial service customers shall make such deposit as required by the city based on square footage and two (2) times the estimated monthly bill.

Medium industrial service customers shall make a similar cash deposit or post other sufficient security in an amount to be determined by the city based upon estimated demand, estimated total consumption, and energy and supply cost adjustment charges. The amount of such deposit shall not be more than an amount equal to two (2) times the estimated monthly bill.

Large industrial service customers shall make a similar cash deposit or post other sufficient security in an amount to be determined by the city. The exact amount of the deposit shall be computed in a manner similar to the deposit for medium industrial service customers and specified in the terms of the customer's electric service agreement. The minimum deposit shall be one and one-half (1½) times the estimated monthly bill.

(Code 1956, § 10-6.8; Ord. No. 36-1983, 3-29-1983; Ord. No. 196-2003, § IV, 6-24-2003; Ord. No. 283-2006, § II, 8-29-2006)

Sec. 26-74. Meter and socket charges.

(a) *Inside city limits:* Meter and socket charges shall be assessed at cost plus twenty-five dollars ($25.00).

(b) *Outside city limits:* Meter and socket charges shall be assessed at cost plus two hundred dollars ($200.00).

(c) Meter and socket charges are not refundable.

(Code 1956, § 10-6.15; Ord. No. 37-1983, 3-29-1983; Ord. No. 93-1995, § 1, 4-25-1995; Ord. No. 147-2011, § III, 9-20-2011)

Sec. 26-75. Rights-of-way and franchises.

(a) The city's obligation to furnish service shall be contingent upon its ability to secure and retain all necessary franchises, rights-of-way, permits, etc., at costs which the city considers reasonable.

(b) Customer shall furnish to the city, free of all costs, all necessary rights-of-way over land owned or controlled by the customer and over intervening private property when requested to do so by the city.

(Code 1956, § 10-6.2)

Sec. 26-76. Point of delivery.

The point of delivery shall be as designated by an authorized representative of the utilities division of the city.

(Code 1956, § 10-6.3)

Sec. 26-77. Access to customer's premises; proper use of service by customer.

(a) The city shall have access to the customer's premises at all reasonable times, and free of all tolls or other charges, for the purpose of installing, reading, testing, repairing or removing its meters or other facilities, and for all other purposes necessary to enable the city to render proper service to the customer and to its other customers.

(b) The customer shall not use the service furnished in any manner that interferes with the supply of proper service to the city's other customers.

(c) All service furnished is for the exclusive use of the customer and shall not be resold or shared with others without the city's written consent.

(Code 1956, § 10-6.4)

Sec. 26-78. Maintenance of customer's facilities.

All facilities, including lines, wiring, apparatus and appliances, beyond the point of delivery shall be furnished, installed, owned and maintained by the customer. Such facilities shall be installed and maintained in a safe and efficient manner and in accordance with good practice and all lawful regulations. The city, however, does not assume the responsibility of inspecting the customer's facilities.

(Code 1956, § 10-6.5)

Sec. 26-79. Metering.

(a) All metering equipment necessary to properly measure the electricity furnished shall be installed, owned and maintained by the city.

(b) Customer shall furnish a suitable space, acceptable to the city, for installation of meters and other equipment necessary to deliver and measure the electricity supplied by the city.

(c) Customer shall not damage or tamper with said meters, and other equipment and shall take all reasonable precautions to prevent others from damaging or tampering with any of the city's equipment located on customer's premises.

(d) The city, at its expense, shall test its meters at such intervals as may be required by good operating practices and all lawful regulations and at other times when requested to do so by the customer. However, when a test is requested by the customer at any time other than the city's standard testing period, and the meter is found to be accurate within two (2) per cent the cost of such test shall be borne by the customer. In no event shall this cost be considered less than five dollars ($5.00).

(Code 1956, § 10-6.9)

Cross reference(s)—Number and location of meters, § 7-71.

Sec. 26-80. Billing—Payment.

Customer shall pay monthly for all service furnished in accordance with the rate schedule applicable to the type of service furnished. Bills will be rendered monthly and are payable within fifteen (15) days from the date of bill. The terms "month" and "monthly" as used herein and in the city's rate schedules shall designate the period between any two (2) consecutive readings of the city's meters at approximately thirty (30) day intervals.

(Code 1956, § 10-6.7)

Sec. 26-81. Same—Adjustment of bills.

Whenever a meter is tested and found to be inaccurate by more than two (2) per cent the city shall adjust past bills on customer request to compensate for such inaccuracy. Adjustments shall cover the entire period of inaccurate registration if the length of such period can be determined; otherwise, adjustments shall cover such period as may be mutually agreeable to the customer and to the city. In no event, however, shall the adjustment cover a period of more than six (6) months.

(Code 1956, § 10-6.10)

Sec. 26-82. Liability of customer.

(a) The customer shall be solely responsible for the use and disposition of electricity on the customer's side of the point of delivery. The customer shall protect and save the city harmless and indemnified from injury or damage to persons or property occasioned by the presence, absence, use and disposition of such electricity on the customer's side of the point of delivery, except where said injury or damage shall be shown to have been caused by the sole negligence of the city.

(b) The city shall not be responsible for injury to the customer or the customer's employees in tampering with or attempting to repair or maintain any of the city's facilities on the city's side of the point of delivery.

(Code 1956, § 10-6.11)

Sec. 26-83. Service interruptions.

(a) The city shall use due diligence in the operation and maintenance of its facilities so as to provide safe, adequate and uninterrupted service. However, the city shall not be liable to the customer, nor shall the customer be liable to the city by reason of the failure of the city to deliver, or the customer to receive, electricity as a result of insurrection, fire, riot, strike, explosion, flood, accident, breakdown, acts of God or the public enemy or other acts or conditions reasonably beyond the control of the party affected.

(b) The city shall not be liable for damages occasioned by interruptions of service when such interruptions are necessary to make repairs or changes in the city's equipment and facilities.

(Code 1956, § 10-6.12)

Sec. 26-84. Rate schedules—Residential services.

(a) *Availability:* Electric service is available under this schedule at points on the municipal utility's secondary voltage distribution facilities.

(b) *Applicable:* To any single-family dwelling unit include

. Where multiple-family dwelling units are served through one (1) meter, at the utility's option, the minimum bill and the rate blocks of standard monthly rate shall be multiplied by the number of dwelling units served. Service under this schedule is not available to commercially operated rooming houses, trailer courts or other professional and business activities that may occur in a residential family dwelling unit.

(c) *Character of service:* Alternating current, sixty (60) cycles, single-phase 120/240 volt. Four-wire three-phase service may be supplied at the utility's option.

(d) *Monthly rate:*

E110-1: RESIDENTIAL – INSIDE CITY – SINGLE PHASE:

MONTHLY CUSTOMER CHARGE:	$7.00
ENERGY CHARGE PER KWH CONSUMED:	$0.05306

E110-3: RESIDENTIAL – INSIDE CITY – THREE PHASE:

MONTHLY CUSTOMER CHARGE:	$12.00
ENERGY CHARGE PER KWH CONSUMED	$0.05306

E120-1: RESIDENTIAL – OUTSIDE CITY – SINGLE PHASE:

MONTHLY CUSTOMER CHARGE:	$9.00
ENERGY CHARGE PER KWH CONSUMED:	$0.05774

E120-3: RESIDENTIAL – OUTSIDE CITY – THREE PHASE:

MONTHLY CUSTOMER CHARGE:	$14.00
ENERGY CHARGE PER KWH CONSUMED:	$0.05774

(e) ENERGY COST ADJUSTMENT:

All monthly rates charged for metered sales will be increased or decreased 0.011 cent per kWh for each 0.01 cent per kWh, or major fraction thereof. The average cost per kWh for net generation and purchased energy each month will be determined as the sum, for the second preceding calendar month, of:

(1) The fuel, operation and maintenance costs of city-owned generation;

(2) The total invoiced cost of purchased power;

(3) Any outside transmission charges incurred as a result of delivering purchased energy or energy from city-owned generation; and

(4) One-twelfth (1/12) of any generation asset debt service payable in the current fiscal year; divided by the total kilowatt-hours (kWh) delivered to the Alexandria system during the second preceding calendar month. The six-month rolling average cost per kWh shall be the rate used when computing billed energy cost adjustments. However, in the event the average cost per kWh for net generation and purchased energy in any two (2) consecutive months exceeds the rolling six-month average cost per kWh for net generation and purchased energy, the utility director, with the consent of the director of

finance may increase the monthly rate charged for metered sales to no more than the most recent month's average cost per kWh for net generation and purchased energy.

In addition, all kwh rates will be increased or decreased for each subsequent fiscal year by an amount equal to the annual adjustment. The annual adjustment shall be equal to the sum of the actual costs of fuel /and the energy portion of purchased power less the amount billed to customers for recovery of such costs for each fiscal year ending April 30, with such sum divided by total metered sales for such time period.

(f) *Delayed payment.* The total net amount based upon the net rate specified herein is due when the bill is received. After fifteen (15) days from the date of the bill, the gross amount is due. The gross amount of the bill shall be determined by adding ten (10) per cent of the net amount.

(g) *Dusk to dawn lights:* There shall be a monthly base charge of five dollars and twenty-eight cents ($5.28) for each dusk to dawn light. A fuel adjustment cost for sixty-eight (68) kwh shall be added to the base rate. There shall be a ten dollars ($10.00) service charge on all new installations with an additional charge for all materials used by the city [for] installation.

(h) *Rental floodlights.* There shall be a monthly service charge of fifteen dollars ($15.00) for the rental of floodlights. There shall be an installation fee of three hundred dollars ($300.00) to install lights with an existing pole. There shall be an installation fee of five hundred dollars ($500.00) to install lights without a pole in place.

(i) *Decorative street lights:* Each developer shall have the option to have the city install standard or decorative street lights in each new subdivision at the time of its initial construction. There shall be no charge to the developer to install the standard street light. However, when decorative street lights are requested, the developer shall reimburse the city the difference in cost between the standard and decorative street lights. Said fee shall be payable prior to the installation of the decorative lights.

(j) *Street lighting charges—Private roads:* There shall be a monthly base charge of seven dollars and twenty-eight cents ($7.28) for each standard streetlight or ten dollars and thirty cents ($10.30) for each decorative light. In either case, a fuel adjustment cost for sixty-eight (68) kwh shall be added to the base rate.

(k) *Other charges, terms, and conditions:*

(1) All electric service shall be billed and paid for under applicable and appropriate rate schedules provided for electric service. No "free" service shall be provided.

(2) In the event service is disconnected for nonpayment of bills, the utility shall collect as a reconnection charge the sum of such minimum bills as would have accrued during the period of disconnection. The minimum reconnection charge shall be set by city council resolution.

(3) When customer's service is initially connected and reconnected after a service disconnection at the same premises, a charge of ten dollars ($10.00) shall be for connecting service. The connection charge shall be added to the customer's succeeding electric bill.

(4) In the event service interruptions occur on the customer's premises and when the utility's serviceman determines such interruption to be caused by the customer's electric facilities and the reconnecting is made before 5:00 p.m., a service charge of thirty dollars ($30.00) shall be made for each service call and if the reconnecting is made after 5:00 p.m., a service charge of forty-five dollars ($45.00) shall be made for each service call. The service charge shall be added to the customer's succeeding electric bill.

(5) Service to individual motor loads up to five (5) hp will be provided at a single phase character of voltage.

(6) Service under this schedule is subject to the utility's general rules, terms and conditions.

(7) There shall be a fee charged on all checks made payable to the city and found to have insufficient funds.

(8) The city council shall review from time to time reconnection and insufficient fund check fees and set same by resolution.

(Code 1956, § 10-1; Ord. No. 112-1981, §§ 1—3, 6-23-1981; Ord. No. 128-1981, § 11, 8-4-1981; Ord. No. 152-1982, § 8-31-1982; Ord. No. 202-1982, § 1, 12-7-1982; Ord. No. 14-1983, § 1, 2-15-1983; Ord. No. 59-1983, § 4-26-1983; Ord. No. 58-1986, § 1, 4-8-1986; Ord. No. 93-1995, § 1, 4-25-1995; Ord. No. 104-2001, §§ I, II, 5-15-2001; Ord. No. 196-2003, § V, 6-24-2003; Ord. No. 182-2006, § II, 6-6-2006; Ord. No. 315-2006, § II, 9-26-2006; Ord. No. 59-2012, § X, 4-3-2012; Ord. No. 201-2013, §§ I, II, 11-12-2013; Ord. No. 202-2013, §§ I, II, 11-12-2013; Ord. No. 203-2015, § II, 12-15-2015)

Sec. 26-85. Rate Schedules —Commercial light and power service.

(a) *Availability:* Electric service is available under this schedule at points of the municipal utility's secondary voltage distribution facilities.

(b) *Applicable:* [This rate schedule is applicable] to commercial and industrial customers receiving electric service, unless specified otherwise, through a single meter. This schedule is not available for resale, breakdown, standby, or shared service.

(c) *Character of service:* Alternating current, sixty (60) cycles, single-phase 120/240 volts; three-phase, four-wire 120/240 volts or 120/280 volt, three-phase, three-wire 240 volt, at the utility's option.

(d) *Monthly rate:*

E210-1: COMMERCIAL – INSIDE – SINGLE PHASE:

MONTHLY CUSTOMER CHARGE:	$12.00
DEMAND CHARGE PER KW:	$3.00
ENERGY CHARGE PER KWH:	$0.05905

E210-3: COMMERCIAL – INSIDE – THREE PHASE:

MONTHLY CUSTOMER CHARGE:	$15.00
DEMAND CHARGE PER KW:	$3.00
ENERGY CHARGE PER KWH:	$0.05905

E220-1: COMMERCIAL – OUTSIDE -SINGLE PHASE:

MONTHLY CUSTOMER CHARGE:	$14.00
DEMAND CHARGE PER KW:	$3.00
ENERGY CHARGE PER KWH:	$0.06573

E220-3: COMMERCIAL – OUTSIDE CITY – THREE PHASE:

MONTHLY CUSTOMER CHARGE:	$17.00
DEMAND CHARGE PER KW:	$3.00
ENERGY CHARGE PER KWH:	$0.06573

(e) ENERGY COST ADJUSTMENT: Same as Section 26 – 84.

(f) Net minimum bill:

Inside city: Three dollars ($3.00) for each kw of the highest kilowatt demand established during the twelve (12) months ending with current month, but not less than twelve dollars ($12.00) for single-phase service, and not less than fifteen dollars ($15.00) for three-phase service.

Outside city: Three dollars ($3.00) for each kw of the highest kilowatt demand over during the twelve (12) months ending with current month, but not less than fourteen dollars ($14.00) for single-phase service, and not less than seventeen dollars ($17.00) for three-phase service.

(g) *Special service:* Where a separate service of a special transformer installation is required for highly fluctuating loads such as X-ray equipment, welders, sawmills, and other loads having similar characteristics, the minimum charge shall be two dollars and fifty cents ($2.50) per KVA of transformer capacity required but not less than twenty-five dollars ($25.00).

(h) *Electric space heating:* When the customer installs an approved separately metered electric space heating system to supply his entire space heating requirements, the electric energy required for space heating only will be billed at a net rate of $0.0632 per kwh for bills rendered during the months of November through April.

(i) *Seasonal service:* Seasonal service of not less than three (3) consecutive months, to be specified in writing in advance, will be permitted where customer guarantees a seasonal minimum charge of three dollars and thirty cents ($3.30) per month per kw of demand throughout the season but not less than nineteen dollars and eighty cents ($19.80) per kw of maximum demand established during the season. Any adjustment to be made in seasonal guaranteed minimum bill will be made at the end of the season. Service supplied provisions included with the monthly rate.

(j) *Determination of monthly demand:* The monthly maximum demand may be determined by measurement, or by periodic demand tests. When determined by demand measurement, the monthly demand shall be the highest fifteen-minute indicated demand during the month. When demands are established by periodic demand test, a new test will be established for each twelve-month billing period.

(k) *Delayed payment:* The total net amount based upon the net rates specified herein is due when the bill is received. After fifteen (15) days from the date of the bill the gross amount is due. The gross amount of the bill will be determined by adding ten (10) per cent of the net amount.

(l) *Other charges, terms and conditions:*

(1) All electric service shall be billed and paid for under applicable and appropriate rate schedules provided for electric service. No "free" service shall be provided.

(2) In the event service is disconnected for nonpayment of bills, the utility shall collect as a reconnection charge the sum of such minimum bills as would have accrued during the period of disconnection. The minimum reconnection charge shall be set by city council resolution.

(3) When customer's service is initially connected and reconnected after a service disconnection at the same premises, a charge of ten dollars ($10.00) shall be for connecting service. The connection charge shall be added to the customer's succeeding electric bill.

(4) In the event service interruptions occur on the customer's premises and when the utility's serviceman determines such interruption to be caused by the customer's electric facilities and the reconnecting is made before 5:00 p.m., a service charge off thirty dollars ($30.00) shall be made for each service call and if the reconnecting is made after 5:00 p.m., a service charge of forty-five dollars ($45.00) shall be made for each service call. The service charge shall be added to the customer's succeeding electric bill.

(5) Service to individual motor loads up to five (5) hp will be provided at a single-phase character of voltage.

(6) Service under this schedule is subject to the utility's general rules, terms and conditions.

(Code 1956, § 10-2; Ord. No. 152-1982, 8-31-1982; Ord. No. 202-1982, § 1, 12-7-1982; Ord. No. 14-1983, § 1, 2-15-1983; Ord. No. 19-1985, § 1, 1-15-1985; Ord. No. 58-1986, § 2, 4-8-1986; Ord. No. 93-1995, § 1, 4-25-1995; Ord. No. 196-2003, § VI, 6-24-2003; Ord. No. 59-2012, § X, 4-3-2012; Ord. No. 203-2015, § II, 12-15-2015)

Sec. 26-86. Rate Schedule—Seasonal interruptible service.

(a) *Availability:* Electric service under this rate is available at points adjacent to the utility's distribution facilities on an interruptible basis during the months of November through April. Service will be provided under this rate as it is available in the opinion of the city. Service may be interrupted at any time after thirty (30) minutes notice to the customer.

(b) *Applicability:* This schedule of rates is applicable to commercial or industrial customers receiving electric service through a single meter. This schedule is not available for resale, breakdown, standby or shared service.

(c) *Character of service:* Alternating current; sixty (60) cycles per minute; three (3) phase; at the available primary voltage.

(d) *Monthly rate:*

Net energy charge:

$860.00 for the first 100,000 kwh or less per month

0.70 cents per kwh for all additional kwh per month

Net minimum bill:

$860.00 per month

(e) *Fuel cost adjustment:* The energy charge specified by this rate for each kwh will be increased or decreased by $0.014 per kwh for each whole one cent ($0.01) per million Btu increase or decrease above or below twenty-two cents ($0.22) per million Btu in the cost of fuel used at the utility's power plants during the next preceding month.

(f) *Low voltage service:* Where the customer desires service at secondary voltage, there shall be added to the monthly bill during each of the six (6) months this service is available an amount equal to forty cents ($0.40) per kilovolt-ampere (kva) of transformer capacity installed to serve this load.

(g) *Delayed payment:* The total net amount based upon the net rates specified herein is due when the bill is received. After fifteen (15) days from the date of the bill the gross amount is due. The gross amount of the bill will be determined by adding ten (10) per cent of the net amount.

(h) *Other charges, terms and conditions:*

(1) All electric service shall be billed and paid for under applicable and appropriate rate schedules provided for electric service. No "free" service shall be provided.

(2) In the event service is disconnected for nonpayment of bills, the utility shall collect as a reconnection charge the sum of such minimum bills as would have accrued during the period of disconnection. The minimum reconnection charge shall be as set by city council resolution.

(3) When customer's service is initially connected or reconnected after a service disconnection at the same premises, a charge of ten dollars ($10.00) shall be made for connecting service. The connection charge shall be added to the customer's succeeding electric bill.

(4) In the event service interruptions occur on the customer's premises and when the utility's service man determines such interruption to be caused by the customer's electric facilities, a service charge of twenty dollars ($20.00) shall be made for each service call. The service charge shall be added to the customer's succeeding electric bill.

(5) Service under this schedule is subject to the utility's general rules, terms and conditions.

(Code 1956, § 10-4; Ord. No. 93-1995, § 1, 4-25-1995; Ord. No. 59-2012, § X, 4-3-2012)

Sec. 26-87. Rate Schedules __Church and orphanage service rates.

Services to churches and orphanages, as hereinafter defined, will be charged under the commercial rate set forth hereinabove and a special discount of fifty (50) per cent will be allowed on all bills amounting to one hundred dollars ($100.00) or less according to the schedule of rates. The resultant net bill shall be not less than the minimum charge provided for under the commercial rate. Where the amount of service exceeds one hundred dollars ($100.00) all usage in excess thereof will be billed at the commercial rates set forth above.

The term "churches" and "orphanages" as used herein has reference to organized places of worship or duly constituted orphanages as the case may be, which are located in permanent structures designed and used respectively for such purposes.

Monthly rate:

E230-1: CHURCH AND ORPHANAGE SERVICE – INSIDE CITY - SINGLE PHASE:

MONTHLY CUSTOMER CHARGE:	$12.00
ENERGY CHARGE PER KWH:	$0.05088

E230-3: CHURCH AND ORPHANAGE SERVICE – INSIDE CITY - THREE PHASE:

MONTHLY CUSTOMER CHARGE:	$15.00
ENERGY CHARGE PER KWH:	$0.05088

E231-1: CHURCH AND ORPHANAGE SERVICE – OUTSIDE CITY – SINGLE PHASE:

MONTHLY CUSTOMER CHARGE:	$14.00
ENERGY CHARGE PER KWH:	$0.05088

E231-3: CHURCH AND ORPHANAGE SERVICE – OUTSIDE CITY – THREE PHASE:

MONTHLY CUSTOMER CHARGE:	$17.00
ENERGY CHARGE PER KWH:	$0.05088

(e) ENERGY COST ADJUSTMENT: Same as Section 26 – 84.

(Code 1956, § 10-5; Ord. No. 203-2015, § II, 12-15-2015)

Sec. 26-88. Selection of applicable rate schedule.

When more than one (1) of the city's rate schedules are applicable to the customer's service the city will, upon request of the customer, give such assistance as it reasonably can to enable the customer to select the most favorable rate schedule. Such assistance and advice will be based upon the customer's representations as to use of service and the city shall not be responsible for any difference that may later arise because of the provisions or effect of any rate schedule so selected. Any alternate schedule, once selected by the customer, shall remain in effect for at least one (1) year unless: (a) the schedule is lawfully modified, (b) a permanent change in the customer's load or condition of service renders the schedule inapplicable, or (c) any contract with the city is terminated in accordance with its provisions.

(Code 1956, § 10-6)

Sec. 26-89. Rate Schedules - Medium industrial services rates.

(a) *Availability:* Electric service is available under this schedule at points adjacent to municipal utility's primary voltage distribution facilities.

(b) *Applicability:* The industrial service schedule shall be applicable to industrial customers having a minimum annual demand requirement between one thousand five hundred (1,500) kw and four thousand nine hundred ninety-nine (4,999) kw and whose main function is the manufacture of finished products, the extraction, fabrication or processing of raw material or preservation of the raw material or finished product, for all legitimate power and incidental lighting requirements in the operation of industrial plants. No electricity may be sold, transmitted to other premises, or used in any related commercial enterprise without the express consent of the city. Motor-starting current must conform to city requirements.

(c) *Character of service:* Alternating current, sixty (60) cycles; secondary voltage.

(d) *Monthly rate:*

E240-1: MEDIUM INDUSTRIAL – INSIDE CITY – SINGLE PHASE:

MONTHLY CUSTOMER CHARGE:	$20.00
DEMAND CHARGE PER KW:	$3.00
ENERGY CHARGE PER KWH:	$$0.03520

E240-3: MEDIUM INDUSTRIAL – INSIDE CITY – THREE PHASE:

MONTHLY CUSTOMER CHARGE:	$25.00
DEMAND CHARGE PER KW:	$3.00
ENERGY CHARGE PER KWH:	$0.03520

E241-1: MEDIUM INDUSTRIAL – OUTSIDE CITY – SINGLE PHASE:

MONTHLY CUSTOMER CHARGE:	$25.00
DEMAND CHARGE PER KW:	$3.00
ENERGY CHARGE PER KWH:	$0.03760

E241-3: MEDIUM INDUSTRIAL – OUTSIDE CITY – THREE PHASE:

MONTHLY CUSTOMER CHARGE:	$30.00
DEMAND CHARGE PER KW:	$3.00
ENERGY CHARGE PER KWH:	$0.03760

(e) ENERGY COST ADJUSTMENT: Same as Section 26 – 84.

(f) *Net minimum bill:*

Inside city: Three dollars ($3.00) for each kw of the highest kilowatt demand established during twelve (12) months ending with current month, but not less than twenty dollars ($20.00) for single-phase service, and not less than twenty-five dollars ($25.00) for three-phase service.

Outside city: Three dollars ($3.00) for each kw during the twelve (12) months ending with current month, but not less than twenty-five dollars ($25.00) for single-phase service, and not less than thirty dollars ($30.00) for three-phase service.

(g) *Special service:* Where a separate service of a special transformer installation is required for highly fluctuating loads such as X-ray equipment, welders, sawmills, and other loads having similar characteristics, the minimum charge shall be two dollars and fifty cents ($2.50) per KVA of transformer capacity required, but not less than twenty-five dollars ($25.00).

(h) *Determination of monthly demand:* The monthly maximum demand may be determined by measurement, or by periodic demand tests. When determined by demand measurement, the monthly demand shall be highest fifteen-minute indicated demand during the month. When demands are established by periodic demand test, a new test will be established for each twelve-month billing period.

(i) *Delayed payment:* The total net amount based upon the net rates specified herein is due when the bill is received. After fifteen (15) days from the date of the bill the gross amount is due. The gross amount of the bill will be determined by adding ten (10) per cent of the net amount.

(j) *Other charges, terms and conditions:*

(1) All electric service shall be billed and paid for under applicable and appropriate rate schedules provided for electric service.

(2) In the event service is disconnected for nonpayment of bills, the utility shall collect as a reconnection charge the sum of such minimum bills as would have accrued during the period of disconnection. The minimum reconnection charge shall be as set by city council resolution.

(3) When customer's service is initially connected and reconnected after a service disconnection at the same premises, a charge of twenty dollars ($20.00) shall be for connecting service. The connection charge shall be added to the customer's succeeding electric bill.

(4) In the event service interruptions occur on the customer's premises and when the utility's serviceman determines such interruption to be caused by the customer's electric facilities and the reconnecting is made before 5:00 p.m., a service charge of thirty dollars ($30.00) shall be made for each service call and if the reconnecting is made after 5:00 p.m., a service charge forty-five dollars ($45.00) shall be made for each service call. The service charge shall be added to the customer's succeeding electric bill.

(5) Service to individual motor loads up to five (5) horsepower (hp) will be provided at a single-phase character of voltage.

(6) Service under this schedule is subject to the utility's general rules, terms and conditions.

(Ord. No. 265-1988, § 1, 11-15-1989; Ord. No. 93-1995, § 1, 4-25-1995; Ord. No. 196-2003, § VII, 6-24-2003; Ord. No. 253-2006, § II, 8-1-2006; Ord. No. 59-2012, § X, 4-3-2012; Ord. No. 203-2015, § II, 12-15-2015)

Sec. 26-89.1. Large industrial services rates.

(a) *Availability*: Electric service is available under this schedule at points on the utility's primary distribution or transmission system where facilities of adequate capacity and suitable phase and voltage are adjacent to the property to be served.

(b) *Applicability*: This rate is applicable for general service or industrial customers served through a single metering installation whose monthly kilowatt demands are not less than five thousand (5,000) kw in any month within the most current twelve-month period including the current month. Should kw demand for each of the most recent twelve (12) months prior to expiration of the electric service agreement be less than five thousand (5,000) kw, the large power service customer shall return to the medium industrial services rate upon expiration of the electric service agreement. No resale, breakdown, standby, or auxiliary service is permitted. Customer must contract for not less than five thousand (5,000) kw of electric service under terms of an electric service agreement.

(c) *Character of service*: Service furnished under this rate shall be three-phase, 60-cycle, alternating current at a prevailing voltage, selected at the option of the utility. At the utility's option, investment in substation, line and associated facilities needed to deliver service to the customer may be recovered through a monthly facilities charge as determined in the electric service agreement.

(d) *Rate per month:*

Customer service charge	$1,000.00
Billing demand charge (all kw)	$7.00 per KW
Energy charge (all kwh)	$0.01612 per KWH
Monthly facilities charge	Per electric service agreement

(e) *Supply cost adjustment charge*: The above rates shall be adjusted in accordance with the supply cost adjustment clause as follows:

All kwh rates for metered and unmetered sales will be increased by an amount equal to 1.055 times the product of the utility transfer factor times the average cost per kwh(¢/kwh) for net generation and purchased power cost (determined as the sum of the fuel cost of city generation and the utility's total purchased power, energy, and delivery costs (excluding LEPA costs for: administrative and general, debt service, project renewal and replacement, and interest earnings (credit)) for the second month preceding the current billing. In addition, all kwh rates will be increased or decreased for each subsequent fiscal year by an amount equal to the annual adjustment. The annual adjustment shall be equal to the sum of the actual costs determined above less the amount billed to customers for recovery of such costs for each fiscal year ending April 30, with such sum divided by total metered sales for such time period.

The net monthly charge or credit will be calculated based on the following formula:

SCA = 1.055 × T × (S/I) + A

Where:

SCA = Supply cost adjustment, expressed in $/kwh, for the current billing month and applied to all metered kwh sales to retail customers of the electric distribution department.

1.055 = Retail sales loss factor to adjust system supply costs at input for retail system distribution energy losses.

T = Utility transfer factor to collect annual transfers to the city associated with SCA revenues collected.

S = Total system supply costs of the electric department as defined above for the second month preceding the current month, expressed in $.

I = Total system input energy associated with S for the second month preceding the current month, expressed in kwh.

A = Annual adjustment as defined above, expressed in $ per kwh.

(f) *Determination of billing demand*: Billing demand shall be the highest fifteen-minute measured integrated kilowatt demand in the month. For determining the kilowatt demand charge in any month, the kilowatt demand shall be the maximum demand in the month, but not less than eighty (80) per cent of the highest demand during the preceding twelve (12) months. The minimum billing demand shall be five thousand (5,000) kw per month or eighty (80) per cent of the contract demand whichever is greater. Contract demand shall be defined in the electric service agreement and shall not be less than five thousand (5,000) kw.

(g) *Power factor clause*: Consumers shall at all times take and use power in such a manner that the power factor shall be as nearly one hundred (100) per cent as practicable. When the average power factor as determined by continuous measurement of lagging reactive kilovolt ampere hours is less than ninety (90) per cent, the billing demand may be determined by multiplying the maximum demand shown by the demand meter for the billing period by ninety (90) and dividing the product thus obtained by the actual average power factor expressed in per cent. The utility may, at its option, use for adjustment the power factor as determined by tests during a period of normal operation of the consumer's equipment instead of the average power factor.

(h) *Primary metering:* This rate applies to service metered at secondary voltage supplied through a step-down transformer owned by the utility. At the option of the utility, metering may be installed at the high voltage side of the utility owned step-down transformer, in which event, one and one-half (1½) per cent shall be subtracted from the kw demand, kvar demand and kwh energy readings to adjust them to the secondary voltage level for billing purposes.

(i) *Facilities charge*: The facilities charge shall be expressed in dollars per month. At the utility's option, investment in substation, line, and associated facilities needed to provide service shall be recovered through the facilities charge. Such charge shall be agreed upon between the utility and customer based on the cost of the facilities and the anticipated annual charges required. Such agreement shall be in writing and made part of the electric service agreement.

(j) *Electric service agreement*: Large industrial service rates are available to customers that have entered into an electric service agreement with the utility. Such an agreement shall have a term of not less than three (3) years.

(k) *Minimum monthly charge*: The minimum monthly charge shall be the customer service charge, plus the billing demand charge, plus the facilities charge.

(l) *Delayed payment charge:* The total net amount based upon the net rates specified herein is due when the bill is received. After fifteen (15) days from the date of the bill, the gross amount is due. The gross amount of the bill will be determined by adding ten (10) per cent of the net amount.

(m) *Terms and conditions*: All electric service rendered hereunder is subject to the utility's rules, terms, and conditions.

(Ord. No. 254-2006, § II, 8-1-2006; Ord. No. 59-2012, § X, 4-3-2012)

Sec. 26-89.2. Optional residential/small commercial net metering service.

RESERVED

(Ord. No. 378-2008, § I, 12-16-2008; Ord. No. 130-2020, § I, 9-1-2020)

Sec. 26-89.3. Optional residential/small commercial net metering service for interconnections completed on or after January 1, 2020.

(a) *Availability*: Service under this schedule is available in accordance with R.S. 51:3063 at any point of the municipal utility's electric system where facilities of adequate capacity and suitable phase and voltage are adjacent to the net metering facility.

(b) *Applicable:* This rate schedule is applicable to residential or commercial customer-owned facilities which operate in parallel with the municipal utility's system and which meet the criteria of a net metering facility as defined in R.S. 51:3062. Net metering is available for residential customers that have a generating capacity of no more than twenty-five (25) kilowatts (kW) and for commercial customers that have a generating capacity of no more than three hundred (300) kW. Only those customers whose generation fuel source is entirely derived from renewable resources will be eligible for this schedule. This schedule is applicable only to the net energy supplied to the municipal utility's system by the customer. All other services furnished to the customer shall be billed in accordance with the rates and charges under the customer's standard rate schedule.

Customers operating net metering facilities shall contract under the terms of an interconnection agreement for the net metering facilities.

(c) *Type of service*: Single-phase or three-phase alternating current at sixty (60) Hertz at any one (1) standard voltage.

(d) *Monthly billing:* Customers opting for net metering service shall pay the current, full rate applicable to their account (based upon the character and size of service) for all energy purchased from the utility, shall pay a zero rate for all energy self-generated and be credited at the avoided cost rate for the energy sold back to the utility.

The avoided cost rate shall be calculated as the average locational marginal price for all energy delivered to serve the municipal utility's electrical load for the prior calendar year. In lieu of conjugating its own avoided cost rate, the city shall have the option to elect the avoided cost rate of the next closest situated LPSC-jurisdictional utility.

At the end of the monthly billing period, if the electricity self-generated by the net metering customer exceeds the cost of the electricity supplied by the municipal utility, the net metering customer's bill shall be credited for the monetary value of the excess energy delivered to the municipal utility's system.

(e) *Metering*: The municipal utility shall furnish and install a standard bi-directional kilowatt-hour meter. The customer shall provide and install meter socket for the municipal utility's meter and any related interconnection equipment per the municipal utility's technical requirements, including safety and performance standards. The customer shall be responsible for all costs associated with installation of the standard bi-directional kilowatt-hour meter.

(f) *Interconnection facilities*: Customers operating net metering facilities shall contract under the terms of a standard interconnection agreement for net metering facilities.

The customer shall furnish and install equipment which will automatically isolate the net metering facility from the municipal utility's system in the event of loss of municipal utility service as outlined in IEEE standard 1547.

The customer shall furnish and install equipment which will properly match voltage and phase and synchronize power from the net metering facility with municipal utility service. All net metering facilities shall maintain a current distortion level of five (5) per cent or less as defined in Table 3 section 4.3.3 of IEEE standard 1547. The customer will have to acknowledge its understanding that several small systems on one (1) municipal utility line has the potential of significantly degrading the municipal utility's system integrity; therefore, the customer shall agree to accept the responsibility of any electric service problems that customer's net metering facility may cause.

The customer will be required to install power factor correction equipment approved by the municipal utility if the reactive energy requirements associated with the operation of the customer's net metering facility adversely affects the municipal utility's system or the quality of service supplied to other customers.

The customer shall agree to locate the net metering facility so as not to cause a hazard to the municipal utility's distribution system.

(g) *Terms of payment*: The municipal utility shall prepare a monthly statement showing the monthly service charge, any facilities charges, and kilowatt hours delivered to the municipal utility for the monthly billing period and the total amount due from the customer. Any amounts due the municipal utility shall be paid in accordance with the municipal utility's currently adopted payment terms.

The municipal utility will require the customer to sign a statement certifying that the customer is a net metering facility and meets the requirements of LPSC Order No. R-33929, whose authority is governed by R.S. 51:3063.

(Ord. No. 130-2020, § I, 9-1-2020; Ord. No. 17-2022, § I, 2-8-2022)

Sec. 26-89.4 Three-Phase Electrical Service Requirements.

An entity requesting new three-phase service (“Customer”) from the City of Alexandria shall make an application with the City. The Customer shall provide the City with the load requirements of the Customer’s facility or facilities. The City shall size the proper three-phase transformer(s), associated electrical equipment and metering required to service the Customer load.

The three-phase transformer(s), associated electrical equipment, and metering shall be purchased and installed as described below:

(a) The City shall provide Customer with the purchase price of the transformer(s) and associated electrical equipment required to service of Customer’s facility/facilities. Customer shall make payment to the City for the full purchase price of the transformer(s) and associated electrical equipment prior to the City placing the transformer(s) on order. The City shall own and be responsible for the operation and maintenance of the transformer(s) and associated electrical equipment.

(b) The City shall provide Customer with the purchase price of the metering equipment require for the service of Customer's facility/facilities. Customer shall make payment to the City for the full purchase price of the metering equipment prior to the City placing the metering equipment on order. The City shall own and be responsible for the operation and maintenance of the metering equipment.

(c) The City shall be responsible for the installation of the transformer(s), associated electrical equipment and metering.

(d) The City shall be responsible for the purchase and installation of all overhead wiring, cabling, and poles required to connect Customer's transformer(s) to the receipt point of Customer's facility.

Any and all payment(s) to the City from Customer and the details involved in the interconnection of Customer's facility/facilities to the City's distribution system will be determined and agreed upon between the Customer and the City.

Sec. 26-89.5 Automatic Annual Rate Adjustments:

The City shall adjust all rates for electric service annually not later than March 1 of each calendar year based on the change in the Consumer Price Index (CPI) for the 12-month period ending in December of the previous calendar year as detailed in Table 2-Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by detailed expenditure category published by the Bureau of Labor Statistics (BLS).