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**CITY OF UKIAH, MENDOCINO COUNTY, CALIFORNIA**

**NOTICE OF AMENDMENT OF UKIAH ELECTRIC RATES:**

On August 17, 2022, the Ukiah City Council held a public hearing and adopted Resolution No. 2022-54 adopting the Power Cost Surcharge Rider. A copy of the City Manager's Report, approved rider and the adopted Resolution are available on the City's website at <http://www.cityofukiah.com/electricrates>. For additional details refer to the Web link above or at the City's customer service counter located at 300 Seminary Ave, Ukiah Ca.

Pursuant to City Code sections 3950-3957, the City published a notice on August 6-7, 2022 with a copy of the City Manager's Report detailing the proposed rate changes available with the City Clerk.

For additional information, please go to <http://www.cityofukiah.com/electricrates> or contact the Diann Lucchetti, Program Coordinator at 707-467-5711.

**RESOLUTION NO. 2022-54**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UKIAH ADOPTING THE POWER COST SURCHARGE RIDER**

**WHEREAS:** The City of Ukiah ("City") provides electric utility services to residents and businesses in the City, and Ukiah Electric Utility is the City's publicly owned electric utility with the City Council providing local governance and oversight; and

**WHEREAS:** The City has operated the municipal electric utility for more than 110 years and the electric rates are based on the cost to provide service; and

**WHEREAS:** In accordance with the Ukiah City Code Division 4, Chapter 6, Sections 3950 through 3957, the City Council will hold a public hearing on August 17, 2022, to receive the City Manager's Report and consider adopting a resolution to establish a Power Cost Surcharge Rider. Legal notices were published successfully in accordance with City Code section 3953; and

**WHEREAS:** The cost of service rates established to provide Ukiah customers with power include generation, transmission, and distribution components; and

**WHEREAS:** The Electric Utility has experienced cost pressures brought upon by the California energy market's price volatility due to drought, natural gas prices, inflation and geopolitical issues; and

**WHEREAS:** The Electric Utility rates and budgets were based on cost of energy projections in January 2022, but which fall short of the actual cost of energy purchased to provide Ukiah customer's with electricity due to the market's volatility; and

**WHEREAS:** To meet these challenges and ensure that the Utility is fully recouping the cost to deliver power to Ukiah customers, a Power Cost Surcharge will be implemented, adjusted bi-annually and effective October 1<sup>st</sup> and April 1<sup>st</sup> every year. The Power Cost Surcharge will be based on the actual difference of the cost to provide power less the cost projected in January 2022; and

**WHEREAS:** Under California Proposition 26, court rulings have indicated that electric rates must meet the cost of service requirements of the utility. The proposed Power Cost Surcharge, based on actual costs, will meet the Proposition 26 requirements; and

**WHEREAS:** The City Manager and Staff recommend proceeding with the proposed Power Cost Surcharge Rider as outlined in Exhibit A; and

**WHEREAS:** Beginning October 1, 2022, the Power Cost Surcharge will be applied to all customer's usage and modified and applied, either up or down, based on actual costs on April 1<sup>st</sup> and October 1<sup>st</sup> every year, thereafter.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Ukiah hereby adopts the Proposed Power Cost Surcharge Rider, as set forth in Exhibit A.

**BE IT FURTHER RESOLVED**

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Ukiah on the 17<sup>th</sup> day of August 2022, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Jim O. Brown, Mayor

**ATTEST:**

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Kristine Lawler, City Clerk

## **Exhibit A**

### **City of Ukiah Power Cost Surcharge Rider**

The Power Cost Surcharge (Surcharge) is a per kilowatt-hour (kWh) charge that is used to ensure an adequate revenue stream to cover all power costs incurred by Ukiah Electric's system: including generation, management of Utility owned facilities, and transmission costs through Northern California Power Agency (NCPA). The Surcharge will be assessed to all customers as an additional charge per kWh to their standard rate.

#### **Calculation:**

A 12-month running sum of actual metered dollars invoiced and metered kWh of load for the previous 12 months of the NCPA Net All Resources Bill (ARB) will be maintained. The Surcharge Factor for a particular month will be calculated as the previous 12-month sum of actual metered NCPA net ARB invoiced amounts divided by the previous 12-month sum of the NCPA ARB metered kWh monthly loads adjusted for distribution losses. The Surcharge is set as the difference between Surcharge Factor of the semi-annual month and the January 2022 Surcharge Factor. The Surcharge can be negative or positive.

The Surcharge is implemented semi-annually on October 1<sup>st</sup> and April 1<sup>st</sup>, with the first Power Cost Surcharge to begin on October 1, 2022.

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