

## ORDINANCE NO. 00-82 AC CMS

### AN ORDINANCE ADOPTING RATES, TERMS AND CONDITIONS FOR ELECTRIC SERVICE PROVIDED BY THE CITY OF OBERLIN, OHIO

WHEREAS, the City of Oberlin by Ordinance has established and periodically adjusted its current rates, terms, and conditions for providing electric service; and

WHEREAS, said Ordinances contain rates, terms, and conditions for providing electric service; and

WHEREAS, the City of Oberlin understands the need to evaluate its rates, terms, and conditions for electric service in anticipation of a deregulated market as required by State of Ohio legislation; and

WHEREAS, the City of Oberlin desires to maintain the best possible electric service to its customers, as well as operate a financially stable electric utility system; and

WHEREAS, the City of Oberlin needs to make adjustments to the rates, terms and conditions for providing electric service to its customers in order to comply with State regulations and ensuring the best possible service.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Oberlin, Lorain County, State of Ohio.

SECTION 1. That the current monthly electric rates of the City of Oberlin are modified, and said monthly schedule of electric rates contained in Appendix A is hereby adopted, and said rates shall be hereby effective for bills rendered on or after January 1, 2001.

SECTION 2. That the calculation of the Generation and Demand Charge Riders shall be as stated in Appendix B to this Ordinance, which appendix is deemed a part of this Ordinance. The initial Generation Charges, Demand Charges, and Transition Cost Riders applied to customer bills at the inception of the new rates shall be computed using data obtained during the twelve months immediately preceding January 1, 2001.

SECTION 3. That it is hereby found and determined that all formal actions of this Council concerning or relating to the passage of this Ordinance were passed in an open meeting of this Council, and that all deliberations of the Council and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

SECTION 4. This ordinance shall take effect at the earliest date provided by law.

Page 2 - ORDINANCE NO. 00-82 AC CMS

PASSED: 1<sup>st</sup> Reading - July 17, 2000  
2<sup>nd</sup> Reading - August 21, 2000  
3<sup>rd</sup> Reading - September 5, 2000

ATTEST:

  
CLERK OF COUNCIL

  
CHAIR OF COUNCIL

POSTED: September 6, 2000

EFFECTIVE DATE: October 5, 2000

**APPENDIX A TO ORDINANCE NO. 00-82 Ac cms**

## RESIDENTIAL SERVICE

### *Applicability*

Applicable to and available for residential service to installations served through one meter per family unit in a residence or apartment including service to single phase motors up 240 volts with locked rotor currents not exceeding 130 amperes. When service through one meter is used for both residential and commercial purposes a commercial rate shall apply.

### *Service*

Service provided at the Residential Service rate will be alternating current 60 hertz, supplied at a nominal secondary voltage of 120 volts or 120/240 volts single phase.

Customer Charge:	\$ 2.50
Distribution Charge	
All kWh:	\$ 0.0287
Generation Charge	
All kWh:	\$ 0.0000
Transition Cost Rider	
All kWh:	\$ 0.0000

### *Terms of Payment*

The net amount billed is due within ten (10) days after the date of mailing.

### *Multi-Family Dwellings*

Where two or more families occupy a residential dwelling, the wiring shall be arranged so that the service to each family can be metered and billed separately. If the wiring is not so arranged and two or more families are served through one meter, the energy blocks and minimum charge as determined on a single family basis shall be multiplied by the number of families served.

### *Seasonal or Temporary Discontinuance of Service*

Where service has been discontinued at consumer's request, the minimum charge shall not be applicable during such discontinuance, but in lieu thereof, a charge of \$10.00 will be made when service is re-established.

**SMALL COMMERCIAL SERVICE**  
(Secondary Service)

*Applicability*

Applicable to and available for commercial service which does not qualify for Large Commercial Service. Single and three phase services will be billed and metered separately or, provided the consumer arranges their wiring to facilitate the installation of one meter, both single and three phase service will be furnished through a single meter and billed as one account.

*Service*

Service provided at the Small Commercial Service rate will be alternating current 60 hertz, supplied at a nominal secondary voltage of 120 or 120/240 volts, single phase, or 120/208, 240 or 277/480 volts three phase.

Customer Charge:	\$ 7.50
Distribution Charge	
All kWh:	\$ 0.0287
Generation Charge	
All kWh:	\$ 0.0000
Transition Cost Rider	
All kWh:	\$ 0.0000

*Terms of Payment*

The net amount billed is due within ten (10) days after the date of mailing.

*Seasonal or Temporary Discontinuance of Service*

Where service has been discontinued at consumer's request, the minimum charge shall not be applicable during such discontinuance, but in lieu thereof, a charge of \$30.00 will be made when service is re-established.

*Contract Service*

The service defined under this schedule shall be furnished only upon written application of the consumer and shall be furnished for a period of not less than one year.

*Adjustment for Primary Metering:*

Where a utility-owned transformer installation is utilized solely to furnish service to a single customer, the Utility may meter service on the primary side of the transformer installation, and in such case the demand and energy registrations shall be reduced by 2%.

**LARGE COMMERCIAL SERVICE**  
(Primary Service)

*Applicability*

Applicable to and available for commercial service which does not qualify for Small Commercial Service. Single and three phase services will be billed and metered separately or, provided the consumer arranges their wiring to facilitate the installation of one meter, both single and three phase service will be furnished through a single meter and billed as one account. All Large Commercial Service customers will be served through a meter capable of measuring billing demand, and whose maximum monthly billing demand is 50 kVa and higher during the twelve month period starting in January and ending in December. New customers may be placed under this schedule if their maximum billing demand is estimated to be 50 kVa and higher per month for a twelve month period.

*Service*

Service provided at the Large Commercial Service rate will be alternating current 60 hertz, supplied at nominal primary voltages of 2,400 or 7,200 volts, single phase, or 2,400/4,160 or 7,200/12,470 volts three phase.

Customer Charge:	\$ 15.00
Distribution Charge	
All kWh:	\$ 0.0257
Demand Charge	
All kVa:	\$ 0.00
Generation Charge	
All kWh:	\$ 0.0000
Transition Cost Rider	
All kWh:	\$ 0.0000

*Demand*

The billing load for the month shall be either the measured load for the month, sixty (60) per cent of the highest billing load during the preceding eleven months, or five (5) kVa, whichever is greatest.

*Terms of Payment*

The net amount billed is due within ten (10) days after the date of mailing.

*Seasonal or Temporary Discontinuance of Service*

Where service has been discontinued at consumer's request, the minimum charge shall not be applicable during such discontinuance, but in lieu thereof, a charge of \$60.00 will be made when service is re-established.

#### *Contract Service*

The service defined under this schedule shall be furnished only upon written application of the consumer and shall be furnished for a period of not less than one year.

#### *Adjustment for Primary Metering:*

The Utility reserves the right to install the metering equipment on either the primary or secondary side of the customer's transformer installation, and when installed on the secondary side of the customer's transformer installation, the demand and energy registrations shall be increased by 2%.

### YARD LIGHT SERVICE

#### *Applicability*

Available for area lighting where it is to be installed in a location accessible to maintenance trucks.

#### *Service*

A pole mounted luminaire to furnish light from dusk to dawn.

Applicable for area lighting where it is to be installed in a location accessible to maintenance trucks.

70/100 Watt:	\$ 5.00/Mo.
250 Watt:	\$ 9.00/Mo.
400 Watt:	\$ 12.00/Mo.

#### *Terms of Payment*

The billing will be added to the consumer's regular monthly bill.

#### *Installation and Maintenance*

The complete installation will be furnished and maintained by the City.

**APPENDIX B TO ORDINANCE NO. CO-82 AC Cms**



### TRANSITION COST, GENERATION, AND DEMAND CHARGE RIDERS

The Generation Charge to the Residential Service and Small Commercial Service Schedules shall be identical. The Large Commercial Service Schedule shall have a Power Charge, and a Demand Charge. The calculation of Generation and Demand Charges shall be determined as a product of the following factors:

***Determination of Demand and Energy Costs:*** The total cost of purchased power is derived from monthly bills rendered by AMP-Ohio and operation and maintenance costs of the Utility's power plant. The bills are divided into demand charges (those charges applied by kW) and energy charges (those charges applied by kWh). Any adjustments, fees, and taxes shall be allocated by the percentage of the demand and energy charges of the individual elements of the bills.

***Allocation of Demand and Energy Costs:*** Energy costs shall be allocated to customers of the Residential Service (RS)/Small Commercial Service (SCS), and Large Commercial Service (LCS) Schedules on the basis of kWh sales during the previous year. The sales totals shall be adjusted to include system losses (kWh deliveries minus kWh sales) and any service not billed.

The demand allocator of the respective classes of customers shall be calculated by the average and excess methodology. The respective demand allocator of each class shall be applied to total demand cost to determine the allocated demand cost to each customer group.

***Reconciliation of Revenue Collection from Previous Year:*** Since the recovery of costs on a going-forward basis is determined in part by sales from the previous year, there will be an over or under recovery of costs. Reconciliation is attained by applying the Demand and Generation Charges of the previous year to the respective billing units of the corresponding customer groups (kWh and kVa). The actual recovery is then subtracted from the allocated demand and energy costs from the previous year. This will yield over/under recovery of Demand Charge revenue of the LCS customers and the respective Generation Charge revenue of the RS/SCS and LCS customers.

**Calculation of Demand and Power Charges:** The calculation of Demand and Generation Charges is a product of the following:

$$D = \frac{LPD + R}{kVa}$$

$$G1 = \frac{RCD + RCE + R}{kWh1}$$

$$G2 = \frac{LCE + R}{kWh2}$$

where:

D = Demand Charge of the LCS customers;  
G1 = Generation Charge of the RS/SCS customers;  
G2 = Generation Charge of the LCS customers;  
RCD = Allocated demand costs of the RS/SCS customers;  
LCD = Allocated demand costs of the LCS customers;  
RCE = Allocated energy costs of the RS/SCS customers;  
LCE = Allocated energy costs of the LCS customers;  
kVa = Demand billing units (kVa) of the LCS customers;  
kWh1 = Sales billing units (kWh) of the RS/SCS customers;  
kWh2 = Sales billing units (kWh) of the LCS customers; and  
R = Allocated over/under recovery of costs from the previous quarter.

**Determination of Transition Costs:** Transition costs shall be calculated at the same time and shall apply to the same yearly period as Demand and Energy Costs. Transition Costs are basically defined as the difference between purchased power costs of those sources where construction costs and/or other factors may cause the average cost of that power to be significantly higher than average market prices. The Transition Cost Rider shall be adjusted each year based on projected market price, average cost of power from transition cost sources, and sales of the previous year. A reconciliation of over or under recovery of transition costs is taken forward to the next year as a debit or credit to transition costs. Projected transition cost recovery is allocated between demand and energy costs and credited to total demand and energy costs. This credit ensures that there will be no double recovery of transition costs.

The Transition Cost Rider shall be applicable to all rate schedules.

**CERTIFICATE OF CLERK AS TO PUBLICATION OF ORDINANCE**

I, Eugene Simon, Clerk of Council of the City of Oberlin, hereby certify that the attached Ordinance No. \_\_\_\_\_ was published as required by Ohio Revised Code Section 731.22 or 731.25.

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EUGENE SIMON,  
CLERK OF COUNCIL,  
CITY OF OBERLIN, OHIO

# City of *Oberlin*

85 South Main Street, Oberlin, Ohio 44074  
(216) 775-1531

## MEMORANDUM

**To:** Members of City Council  
**Subject:** PUC Recommendation *K*  
**From:** Amy Torres, Secretary to the PUC  
**Date:** May 5, 2000

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On May 2, 2000, the members of the Public Utilities Commission met to discuss the Unbundled Cost of Service Study and Rate Evaluation.

The following motions was made after review and discussion.

Motion was made by William Koeblitz and seconded by Marianne Cochrane:

"The Public Utilities Commission accepts, as presented, the Unbundled Cost of Service Study and Rate Evaluation and recommends the same to City Council."

The motion passed: 4 - 0.

/at

c: Members of the Public Utilities Commission  
Rob DiSpirito, City Manager  
Jean Simon, City Clerk  
Eric Severs, City Solicitor  
Charlotte Champe, Interim City Auditor  
Steve Dupee, Interim OMLPS Director  
Mike Sigg, Public Works Department

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—OHIO Magazine



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## MEMORANDUM

**To:** Rob DiSpirito, City Manager  
**Re:** Unbundled Cost of Service Study  
**From:** Steve Dupee, Interim Director  
**Date:** July 24, 2000

As a follow-up to my executive summary and the presentation to City Council on the above-referenced subject, I would like to provide some basic information in a question/answer format to increase awareness and understanding of the issues at hand.

**Question #1:** What are the four components of electric service?

**Answer #1:** Generation - producing the electric commodity

Transmission - transportation of electric commodity at high voltage from generator to utility

Distribution - transportation of electric commodity at low voltage from utility to end-user

Customer Charge - billing, meter reading, customer service, etc.

**Question #2:** How does OMLPS currently charge for electric service?

**Answer #2:** OMLPS charges a "bundled" service rate which means all four components are lumped together under our current rate structure.

**Question #3:** What does unbundling rates mean?

**Answer #3:** Unbundling rates means identifying the exact costs associated with each component of electric service and charging for each component separately.

**Question #4:** Why did OMLPS have an Unbundled Cost of Service Study done?

**Question #4:** There are (3) three basic reasons for this study and are as follows:

(1). Deregulation - Unbundling rates is a requirement of deregulation. Deregulation allows the electric consumer to shop for the generation component of electric service or in other words the actual electric commodity. Under deregulation, electric consumers must have the ability to compare the cost of the generation component to their incumbent utility's charge for the same.

Whether OMLPS participates in deregulation or not, I believe that it is important that we know what our generation charge will be. If we do participate, it will allow our customers to shop and compare rates. If we do not participate, it will be for several reasons, including the fact that our generation component is extremely competitive.

- (2). Current Rate Structure - Our current rate structure is over 24 years old. As you well know, we have experienced some problems with our rate structure. In 1996, the discount which allows excess revenues to be passed back to the electric consumers went to 0%, indicating that the excess margin built into the rates nearly 20 years ago was no longer there. Without a discount, a "trickle down" effect on the Energy Cost Adjustment occurred, as we began experiencing rate spikes as a result of a large capital expenditure or higher power costs for a given month.

In 1998, we put a band-aid on the rate structure by dropping the discount clause, instituting an annual Energy Cost Adjustment, and adding a rate stabilization fund in an attempt to maintain a more even rate throughout the year.

If deregulation was not an issue, we still would have performed a rate study to address the problems of our current rate structure.

- (3). Cost of Service - It has been 24 years since we have reviewed our costs of service to our residential and commercial customers. This study examined those costs and the associated revenues to expose any cross-subsidization of the customer rate classes.

Question #5 - Is this a rate increase?

Answer #5 - No, this is not a rate increase; however, it is a re-distribution of how we charge for electric service based on the cost of service for our different customer rate classes.

Question # 6 - What is the effect of adopting this new rate structure on the average residential electric customer?

Answer #6 - Based on the rate comparisons in the unbundled cost of service study, the average residential customer using 700 kilowatt hours per month would see a 1.13% decrease.

Question #7 - Why is commercial service broken down into small commercial and large commercial service?

Answer #7 - The breakdown between small commercial and large commercial classes was necessary to differentiate between large-volume users and smaller commercial service. The breakdown further recognizes customer ownership of transformers and distribution equipment.

Question #8 - What is the effect of adopting this new rate structure for our commercial electric customers?

Answer#8 - Based on the rate comparisons in the unbundled cost of service study - small commercial customers will see a decrease while large commercial customers could experience a decrease or increase depending on their load factor. Load factor is the ratio between a customer's peak demand for electricity and their average demand for electricity.

**Question #9 - Did the Oberlin Public Utilities Commission review the Unbundled Cost of Service Study?**

**Answer #9 - Yes, the Oberlin Public Utilities Commission reviewed the study and at their May 2<sup>nd</sup> meeting, they unanimously approved the study and recommended the same to City Council.**

**Question #10 - Have any other AMP-Ohio member utilities adopted the unbundled rate structure?**

**Answer #10 - Three (3) member utilities have adopted an unbundled rate structure and 17 additional member utilities have requested that an unbundled cost of service study be performed by AMP-Ohio.**

**If any City Council members would like to meet with me on this issue, I would be glad to sit down and discuss it anytime.**

**/sd.**