

CALLED MEETING CITY COUNCIL

July 29, 2019

The City Council of the City of Albemarle met in a called session on Monday, July 29, 2019, at 5:00 p.m. in the Raymond I. Allen Room of City Hall. Mayor G. R. Michael presided, and the following Councilmembers were present, to-wit: Bill Aldridge, Chris Bramlett, Martha Sue Hall, Martha E. Hughes, Shirley Lowder, Dexter Townsend and Chris Whitley. Absent, none.

Mayor Michael called the meeting to order.

Upon a motion by Councilmember Aldridge, seconded by Councilmember Hall, and unanimously carried, the Mayor and City Council adjourned to a Closed Session Pursuant to N.C.G.S. 160A-318.11 N.C.G.S. 143-318.11(a) (3) – To consult with City Attorney and Nance versus City of Albemarle et. al.

Upon a motion by Councilmember Aldridge, seconded by Councilmember Lowder, and unanimously carried, the Mayor and City Council returned to open session. Mayor Michael announced that a closed session was held Pursuant to N.C.G.S. 143-318.11(a) (3) – Consult with City Attorney and Nance versus City of Albemarle et. al.

Councilmember Hall moved to hire Cranfill, Sumner & Hartzog, LLP to pursue a petition, seeking a NC Supreme Court review in the matter of Stanly County No. 17 CVS 609, State of North Carolina, on relation of City of Albemarle v Chucky L. Nance, Jennifer Nance, Charlene Smith, and to pursue appeal, if review is granted. The motion was seconded by Councilmember Aldridge. Voting in favor of the motion were Councilmembers Aldridge, Bramlett, Hall, Hughes, Townsend and Whitley. Voting against the motion was Councilmember Lowder. The motion carried.

The City Manager reviewed with Council the following objectives for the electric rate and cost of service study. He stated that this study was recommended by ElectriCities. The City wants to make sure our electric rates are appropriate per class and that they cover our costs and future needs. We want to be sure we are charging different classes of customers appropriately and see if there is any cross-subsidization to be addressed.

ELECTRICITIES PRESENTATION

Ms. Wendy deMontbrun and Mr. Rick Vander Maas with Electricities gave a PowerPoint Presentation concerning a cost of service study.

Objectives

- Albemarle COS Study Results
- Monthly Fixed Charge Analysis
- Rate Design Goals FY1920
- Proposed Rate Design and Revenue Changes

What is a Cost of Service Study?

All costs to run electric business are allocated to customer classes and billing components (per customer, peak kW demand, energy kWh)

Identifies areas where rate structures can be updated and simplified (i.e. remove unnecessary energy blocks)

Can align price components with cost of service (Customer charges and demand charges are the most equitable way to allocate and collect fixed utility costs)

Identifies where there is ratepayer cross-subsidization

Enables development of costs based rates that provide correct price signals to consumers with renewable and other technologies

Albemarle Cost of Service results:

Customer Class	% Change from actual cost of service
Residential (RS)	-10.5%
Residential All Electric (RE)	-8.9%
Lighting	25.9%
Small General Service (SGS)	-6.2%

Medium General Service (MGS)	5.4%
Large General Service (LGS)	5.4%

Albemarle Monthly Fixed Charge Analysis

Customer Class	Proposed	Current
Residential (RS)	\$ 17.53	\$ 12.17
Residential All Electric (RE)	\$ 17.53	\$ 12.17
Small General Service ND (SGS)	\$ 32.73	\$ 16.73
Small General Service (SGS)	\$ 32.75	\$ 16.73
Medium General Service (MGS)	\$ 148.46	\$ 16.73

Costs Recovered in Customer Charge

- Meter operation, maintenance and replacement
- Meter reading and/or AMI installation
- Billing • Customer service
- Minimum distribution system to provide 1kWh to each customer.
- Costs that do not vary by kWh usage

Benefits of Cost Based Customer Charges

- Reflects cost to serve each type of customer regardless of kWh (equitable cost assignment)
- Stabilizes revenue when fixed charges are higher (attractive to bond rating agencies)
- Reduces subsidies to seasonal customers
- Consider impact to low use customers
- Low income is often not low user (i.e. apartments, older construction with less insulation, less energy efficient appliances)

Rate Design Goals - Year 1

- Phase in customer charge increases to COS levels. (+ \$2 for residential)
- Adjust demand and energy charges to reduce cross subsidization between customer classes
- Simplify energy tier structures

- Phase-in consolidation of residential all-electric rate with regular residential (separate class not cost justified)
- Limit overall average bill impact to +/- 2%
- Implement October 1 to avoid bill impacts caused by higher summer usage.

Ms. deMontbrun and Mr. Vander Maas answered any questions that Council had. City Council requested that they provide a plan based on a three-year implementation and provide this to the City Manager for further City Council discussion.

Upon a motion by Councilmember Bramlett, seconded by Councilmember Lowder, unanimously carried, the meeting was adjourned until Monday, August 5, 2019, at 6:00 pm for a regular session meeting.