

ORDINANCE NO. 21-02

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
REVISING ELECTRIC RATES AND RATE STRUCTURE**

Section 1. Purpose and Authority. The purpose of this ordinance is to revise electric service charges and rate structure that are currently being charged to customers that receive electric service from Kirkwood Meadows Public Utility District (“District”), and to concurrently adjust the credit applied by District for surplus electricity generated by net energy metered customers. The District Board of Directors adopts this ordinance pursuant to Government Code section 66018, Public Utilities Code sections 16461 and 16467 through 16472, and other applicable laws.

Section 2. Findings. The District Board of Directors finds as follows:

A) In 2007, the Alpine County Local Agency Formation Commission authorized the District to provide electric service within its service area. In 2009, the District Board of Directors adopted Ordinance No. 09-02 authorizing the acquisition of Mountain Utilities’ (“MU”) electric and propane gas systems and approving an Asset Purchase Agreement with MU. The District adopted Ordinances 11-01, 13-01, 14-04, 14-06, and 16-01 which each successively revised electric rates and rate structures.

B) Current & Proposed Service Charges:

	Current Rates	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Monthly Meter Charge (per meter)	\$ 2.94	\$ 3.03	\$ 3.12	\$ 3.21	\$ 3.31	\$ 3.41
Monthly Base Rate (per EDU)	\$ 14.93	\$ 119.00	\$ 119.54	\$ 120.07	\$ 120.61	\$ 121.16
Usage Rate (per kWh)	\$ 0.656	\$ 0.220	\$ 0.220	\$ 0.220	\$ 0.220	\$ 0.220

C) Per Ordinance 16-01, the District currently calculates EDUs for each electric customer on an annual basis where 1 EDU is equivalent to the average electric usage of all customers, including commercial, for the prior 3 fiscal years (July 1 to June 30).

The Board has determined that the calculation shall be revised to mirror industry standards which generally only considers residential customers “dwellings”. Thus, for the purposes of the 2021 Electric Rate Study, EDUs were calculated as follows:

5 Year Avg. Individual Customer Use / Average All Residential Customer Use = ## EDUs

D) Per Ordinance 16-01, the District currently does not merge previous customer usage with new customer usage. Instead, each new residential customer is assigned 1 EDU until they have at least 12 months of usage data on July 1, and at that time the District recalculates the new customer’s EDU based on that usage. Usage is recalculated on an annual basis and the EDU is adjusted. The minimum EDU is 1 and EDU are rounded to the nearest 0.1 EDU.

The Board has determined that the calculation shall be revised so that when a parcel changes ownership, the EDUs be based on historical usage, rounded to the nearest 0.1 EDU. The Board has further determined that the minimum EDU should be reduced.

- E) Per Ordinance 16-01, Section K, "In preparation of the electric portion of the Rate Study, the District staff and consultants anticipated the potential for customers to 'self-generate' power from renewable sources such as solar and wind. The District wishes to encourage the use of renewable power. Therefore, renewable generating systems connected to the District's electricity distribution system shall be subject to 'net energy metering'. For the purposes of this Ordinance, the credit or compensation associated with surplus electricity generated by a net energy metered customer shall be determined pursuant to section 2827(h) of the California Public Utilities Code and shall be set at a level to ensure that the District's net energy metering program does not result in a shifting of costs between net energy metered customers and other bundled customers. The District shall set the credit or compensation associated with surplus electricity generated by a net energy metered customer at an amount equal to the avoided cost of bulk purchased electricity. The net energy metered customer shall also be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity in two directions."

This Board has determined to revise this policy to ensure that net metering customers, who connect to the KMPUD electric grid, meet their minimum obligation to equitably cover the costs of the infrastructure and debt service.

- F) This Ordinance shall establish a 2.85% Public Benefit Charge ("PBC"), as per California Public Utilities Code Section 385(a), which shall be included in the Usage Rate defined above in Section 2(B) of this Ordinance.
- G) District Staff prepared a 2021 Electric Rate Study dated July 10, 2021 ("Study") to revise, determine, calculate, and substantiate the recommended District electric rates and structure.
- H) The recommended electric service charges and rate structure do not exceed the District's estimated reasonable cost of providing service. The Study utilized a cost-of-service analysis which evaluated the cost of providing service and proportionately allocated those costs to customer classes and rate structure components to ensure the proposed rate structure is aligned with the costs of providing electric service.
- I) Based on the analysis that is included in the Rate Study, the District has determined that revenue from electric service charges in any year will not exceed 1.05% of the District's electric service and related costs for that year.
- J) Pursuant to Government Code sections 6062a and 66018, District staff caused a Notice of Public Hearing on Proposed Adoption of Electric Service Charges (the "Notice") to be published in the Tahoe Daily Tribune commencing on May 28, 2021 and ending on July 9, 2021. The notice was first published at least 10 days before the District's hearing on the proposed adoption.
- K) District staff posted the Notice in at least three public places within the District and mailed a copy of the Notice to each customer.
- L) On June 12, June 28, and July 10, 2021 at a regular and special meetings of the District Board of Directors, the Board of Directors held a duly noticed public hearing regarding the proposed adoption of the revised electric rates. The District Board of Directors considered all public comments on the proposed adoption of the recommended electric charges that were provided at or before each public hearing.

Section 3. Adoption of Rate Study. The District Board of Directors hereby adopts the Study in the form as presented at this meeting.

Section 4. Authorization of Electric Service Charges. The District Board of Directors hereby authorizes the levy of charges for electric services that will be computed according to rates adopted by the District, and amended from time to time, and billed to each customer. Customer bills normally will be rendered for scheduled billing periods of approximately one month. Bills for electric service will be based upon meter readings. All customer bills are payable upon presentation to the customer. Payment shall be made at the office of the District. Unpaid electric service charges shall become delinquent at the same time and may be collected and enforced in the same manner as District water service charges. District may terminate water service as a means to enforce and compel payment of delinquent electric service charges.

Section 5. Adoption of Electric Schedule of Service Charges. The District Board of Directors hereby adopts the electric service charges that are set forth in the attached Schedule of Charges (Exhibit A). District staff shall bill and collect those charges in a manner that is consistent with this Ordinance, the District's billing policies and procedures, as may be adopted and amended from time to time, and applicable laws. The Schedule of Charges may be amended from time to time by resolution of the District Board of Directors.

Section 6. Automatic Adjustments for Inflation. Beginning on July 1, 2022 and on each July 1st thereafter, the Monthly Meter Charge and Base Rate components of the electric service charges that are adopted by this ordinance, exclusive of annual debt service payments and depreciation, shall automatically increase due to inflation. Each such automatic increase shall be based on the change in the U.S. Consumer Price Index for All Urban Consumers, San Francisco Region, for the previous 12 months, as calculated by the U.S. Department of Labor, Bureau of Labor Statistics. The District General Manager or his or her designee shall make this adjustment and prepare, keep and maintain a schedule of the current year's charges at the District office.

Section 7. EDU Calculation

A) The District shall calculate a customer's equivalent dwelling units (EDUs) for purposes of the monthly base rate as a sum equal to a 3-year average of the customer's electric usage divided by the 3-year average of all residential electric service customers. The "3 Year Avg. Individual Customer Use" will be calculated over the period from April 1, 2017 to March 31, 2020. The "Average All Residential Customer Usage" is calculated using the period from April 1, 2017 through March 31, 2020, yielding an average annual EDU equal to 230 kWh. EDUs shall be calculated based on an EDU measurement period of April 1 through March 31. The minimum EDU for any customer shall be 0.5 EDU.

B) The District shall determine electricity usage of existing customers as follows:

1) For existing customers with at least three years of data as of March 31, 2021, their EDU assignment will begin based on the most recent 36 month Average Monthly Utilization ("AMU") from April 1, 2017 to March 31, 2020. Calculations for accounts with one or more entire years without electrical usage will exclude said no-usage years.

2) For existing or future customers of with less than three years of data ending March 31, 2020 their usage would be based on a combination of their AMU and the prior owners AMU. The calculation would utilize the prior owner's AMU for the first year. In each subsequent

year the new owner's AMU will be calculated until there are three full years of usage at which time their EDU would be set as noted above.

C) The District shall determine EDUs for new construction as follows:

- 1) For new residential construction, the initial EDU assignment shall be as follows:
 - (a) High Density Condominium means there are at least > 8 units per building. The EDU for this type shall be 0.8 EDU/unit.
 - (b) Low Density Condominium means there are 3 to 7 units per building. The EDU for this type shall be 1.1 EDU/unit.
 - (c) Single Family means there are 1 to 2 units per building. The EDU for this type shall be 1.4 EDU/unit.

2) For new commercial or other non-residential construction, the initial EDU assignment shall be based on anticipated usage calculations and/or similar facilities in the District service area, as determined by the General Manager.

3) After each full year of usage (as of March 31), the AMU will be adjusted each subsequent period from April to March with the new owner's AMU until such time as the customer has at least three years of usage ending March 31 at which time their EDU would be set as noted above.

Section 8. NEM Customers

A) **Surplus Energy.** For the purposes of this Ordinance, the credit or compensation associated with surplus electricity generated by a net energy metered (NEM) customer shall be determined pursuant to section 2827(h) of the California Public Utilities Code and shall be set at a level to ensure that the District's net energy metering program does not result in a shifting of costs between net energy metered customers and other bundled customers. The District shall set the credit or compensation associated with surplus electricity generated by a NEM customer at the avoided cost of \$0.147/kWh. The NEM customer shall also be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity in two directions.

B) **Average Monthly Utilization ("AMU")**

1) AMU for existing NEM customers at the time of this Ordinance shall be calculated to reflect an assumed 10-year return on investment ("ROI") from the date of installation. For solar customers who have solar systems that have been installed for more than 10 years as of the date of this Ordinance, the AMU calculation is based on electric usage only. (Instantaneous generation and usage are not included).

2) NEM customers who installed a solar system within the last 10 years under the old rate structure to achieve ROI, the AMU for solar customers who have solar systems that have been operational for less than 10 years as of March 31, 2021, is calculated by subtracting the average monthly solar generation from the average monthly electric usage. This net AMU calculation will remain in place until the solar customer reaches 10 years of installation, after which, the AMU calculation will revert to electric usage only.

3) The AMU calculation for NEM customers who install solar or wind generation after July 1, 2021, would not be based on electric usage since the customer's decision to install solar would be based on the new rate structure.

Section 9. California Environmental Quality Act. The District Board of Directors finds that the electric charges that are adopted and imposed by this ordinance are for the purposes of meeting

operating expenses of the District's electric system, meeting the financial reserve needs, and obtaining funds for improvements that are necessary to maintain and enhance electricity within the existing District service area. The adoption and imposition of the electric charges therefore are exempt from environmental review under the California Environmental Quality Act ("CEQA"), pursuant to Public Resources Code section 21080, subdivision (b)(8), and CEQA Guideline section 15273.

Section 10. Effective Date. The electric rates that are set forth in the attached Schedule of Charges (Exhibit A) shall take effect August 1, 2021.

Section 11. Posting. Within 23 days after the date of passage of this ordinance, the Secretary of the Board of Directors shall post a copy of this ordinance in at least three public places in the District.

Section 12. Superseder. This ordinance supersedes the electric rate portion of Ordinance No. 16-01.

PASSED AND ADOPTED by the Board of Directors of the Kirkwood Meadows Public Utility District on the 10th day of July 2021 by the following vote:

AYES: *President Richert, Directors Epstein, Dornbrook, Perroud, and Schraeder*

NOES: *None*

ABSTAIN: *None*

ABSENT: *None*

Attest:

Peter A. Dornbrook
Secretary

Mike Mianen

President, Board of Directors

EXHIBIT A
Ordinance 21-02

Schedule of Electric Service Charges

The monthly electric service charges shall be the Meter Charge, plus the Base Rate, plus the Usage Rate based on the customer's metered usage in the month, and is based on the following schedule:

	Current Rates	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Monthly Meter Charge (per meter)	\$ 2.94	\$ 3.03	\$ 3.12	\$ 3.21	\$ 3.31	\$ 3.41
Monthly Base Rate (per EDU)	\$ 14.93	\$ 119.00	\$ 119.54	\$ 120.07	\$ 120.61	\$ 121.16
Usage Rate (per kWh)	\$ 0.656	\$ 0.220	\$ 0.220	\$ 0.220	\$ 0.220	\$ 0.220

The 2.85% Public Benefit Charge (required by California Public Utilities Code Section 385(a)) has been incorporated in the Usage Rate. Net metering customers shall be assessed PBC only on their net consumption.