

OFFICE OF THE CITY ATTORNEY / CITY PROSECUTOR  
CIVIL DIVISION

TO: Honorable Mayor and Members of the City Council

FROM: Michele Beal Bagneris, City Attorney *MBB*  
Scott D. Rasmussen, Assistant City Attorney *SR*

DATE: November 14, 2007

RE: An Ordinance of the City of Pasadena Amending the Light and Power Rate Ordinance, Chapter 13.04 of the Pasadena Municipal Code, to Revise the Public Benefit Charge (Supplemental Report)

At the September 24 City Council meeting, the City Council directed the City Attorney's Office to prepare revisions to the public benefit charge ordinance (PMC section 13.04.230) based upon the recommendations contained in the accompanying Agenda Report.

The ordinance was presented for first reading on the City Council's November 5 agenda. At that meeting, Councilmember Tyler questioned whether the ordinance text was consistent with the City Council's direction, specifically whether the ordinance formula for determining the charge should explicitly reference PWP's annual budget for public benefits.

In reviewing the matter, we have confirmed that the ordinance presented for first reading is consistent with City Council's direction and with the Agenda Report's description of the formula for setting the charge. The budget's role in the formula which determines the public benefit charge is implicit in the proposed text. This has been discussed further with Councilmember Tyler and we believe that it would be appropriate to adopt the ordinance as presented.

cc: Cynthia J. Kurtz  
Phyllis Currie  
Eric Klinkner



# Ordinance Fact Sheet

TO: CITY COUNCIL

DATE: November 5, 2007

FROM: CITY ATTORNEY

SUBJECT: AN ORDINANCE OF THE CITY OF PASADENA AMENDING THE LIGHT AND POWER RATE ORDINANCE, CHAPTER 13.04 OF THE PASADENA MUNICIPAL CODE, TO REVISE THE PUBLIC BENEFIT CHARGE

**TITLE OF PROPOSED ORDINANCE:**

AN ORDINANCE OF THE CITY OF PASADENA AMENDING THE LIGHT AND POWER RATE ORDINANCE, CHAPTER 13.04 OF THE PASADENA MUNICIPAL CODE, TO REVISE THE PUBLIC BENEFIT CHARGE.

**PURPOSE OF ORDINANCE:**

The City Council directed the preparation of this ordinance on September 24, 2007. The purpose of this ordinance is to increase the current public benefit charge to pay for new energy efficiency and solar photovoltaic programs of the Water and Power Department. These programs are described in detail in the Agenda Report dated September 24, 2007.

**REASONS WHY LEGISLATION NEEDED:**

The present public benefit charge is fixed by ordinance at \$0.00271 for each kilowatt-hour delivered to the customer (Pasadena Municipal Code Section 13.04.230 B). Code amendment is necessary to increase this charge.

**PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED:**

Retail electric ratepayers taking service from the Water and Power Department will be responsible to pay this charge. The revenues derived from the charge will be used by the Water

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MEETING OF 11/19/2007  
11/05/2007-  
AGENDA ITEM NO. 9.A.1.  
9.A.2-

and Power Department to fund: 1) cost-effective demand-side management services to promote energy efficiency, energy conservation and electric demand reduction; 2) new investment or incentives to promote the installation and use of renewable energy resources and technologies consistent with existing states and regulations which promote those resources and technologies; 3) research, development and demonstration programs for the public interest to advance science or technology which is not adequately provided by competitive and regulated markets; and 4) services provided for low-income electricity customers, including but not limited to targeted energy efficiency service and rate discounts.

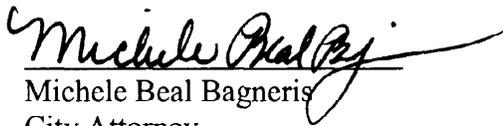
**FISCAL IMPACT:**

As stated in the Agenda Report dated September 24, 2007, this charge is expected to rise from \$0.00271 per kilowatt-hour to approximately \$0.0083 per kilowatt-hour in FY 2009. The proposed goals for the Water and Power Department's energy efficiency and solar photovoltaic programs are anticipated to result in increased program costs of \$2.5 million in FY 2008 and \$6 to 7 million annually beginning in FY 2009. Since the charge is derived from a formula which will be revised quarterly to account for program costs, the charge is designed to recover the full costs of these programs as they are implemented.

**POLICY CHANGES:**

This ordinance does not result in any policy changes.

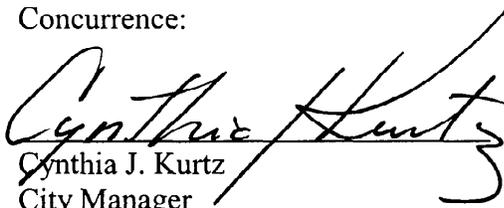
Respectfully submitted,

  
Michele Beal Bagneris  
City Attorney

Prepared by:

  
Scott D. Rasmussen  
Assistant City Attorney

Concurrence:

  
Cynthia J. Kurtz  
City Manager

Introduced by Councilmember

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY OF PASADENA AMENDING THE LIGHT AND POWER RATE ORDINANCE, CHAPTER 13.04 THE PASADENA MUNICIPAL CODE, TO REVISE THE PUBLIC BENEFIT CHARGE

The People of the City of Pasadena ordain as follows:

SECTION 1. Title 13, Chapter 13.04, Section 13.04.230 of the Pasadena

Municipal Code is hereby amended to read:

“Section 13.04.230 Public benefit- ~~Benefit charge~~ **Charge.**

A. Pursuant to the requirements of Section 385 of the Public Utilities Code of the State of California, there is established a nonbypassable, usage based **public benefit** charge on local distribution service **for each kilowatt-hour delivered to the customer.**

**B. The Public Benefit Charge shall be based on data obtained from the city’s accounting system and updated forecast data prepared quarterly by the department.**

**C. The department shall recalculate the Public Benefit Charge quarterly and the resulting value for this charge shall be automatically implemented on the first day of the following month.**

**D. For the purposes of calculating the Public Benefit Charge, the following definitions shall apply:**

**1. “Public Benefit Cost” means expenditures pursuant to Section 13.04.230 (G)1 through (G)4, inclusive.**

**2. “Public Benefit Cost Forecast” means the forecast of Public Benefit Cost for the twelve months immediately following the last billing period.**

3. “Public Benefit Fund Balance” means the sum of all prior revenues from the public benefit charge, less the sum of all actual Public Benefit Cost and Committed Public Benefit Cost.

4. “Full Service Energy Sales Forecast” means the forecast of projected energy sales (in kilowatt-hours) to all electric customers taking service under Chapter 13.04 for the twelve months immediately following the last billing period.

E. The Public Benefit Charge shall be calculated based on the Public Benefit Cost Forecast, the Public Benefit Fund Balance, and the Full Service Energy Sales Forecast as follows: the result of the Public Benefit Cost Forecast, minus the Public Benefit Fund Balance, divided by the Full Service Energy Sales Forecast,. The result shall be rounded to the nearest mill per kilowatt-hour.

F. In no event shall the Public Benefit Charge be less than \$0.00271 per kilowatt-hour.

~~E.~~ **G.** Moneys collected through ~~this charge~~ the **Public Benefit Charge** will be used exclusively to fund investments in any or all of the following:

1. Cost-effective demand-side management services to promote energy efficiency, energy conservation, **and electric demand reduction;**

2. New investment **or incentives to promote the installation and use of** in renewable energy resources and technologies consistent with existing statutes and regulations which promote those resources and technologies;

3. Research, development and demonstration programs for the public interest to advance science or technology which is not adequately provided by competitive and regulated markets; and

4. Services provided for low-income electricity customers, including but not limited to, targeted energy efficiency service and rate discounts.

~~D.~~ H. ~~This charge~~ **The Public Benefit Charge** shall not be subject to any taxes or surcharges imposed pursuant to the Pasadena Municipal Code.

~~E.~~ I. ~~This charge~~ **The Public Benefit Charge** shall not be included as gross income for purposes of calculating the light and power fund transfer under sections 1407 and 1408 of the Charter.”

SECTION 2. This ordinance shall take effect upon publication.

Signed and approved this \_\_\_\_\_ day of  
\_\_\_\_\_, 2007.

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William Bogaard  
Mayor of the City of Pasadena

I HEREBY CERTIFY that the foregoing Ordinance was adopted by the city council at its meeting held \_\_\_\_\_, 2007, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Jane L. Rodriguez, CMC  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Scott D. Rasmussen  
Assistant City Attorney