

Introduced by: \_\_\_\_\_

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

**AN ORDINANCE OF THE CITY OF PASADENA AMENDING TITLE 13, CHAPTER 13.04 OF THE PASADENA MUNICIPAL CODE, THE LIGHT AND POWER RATE ORDINANCE TO REMOVE DIRECT ACCESS AND RELATED TARIFFS AND TO AMEND LONG-TERM CONTRACT PROVISIONS**

The People of the City of Pasadena ordain as follows:

**SECTION 1.** This ordinance, due to its length and corresponding cost of publication, will be published by title and summary as permitted in Section 508 of the Pasadena City Charter. The approved summary of this ordinance is as follows:

**“Summary**

This proposed ordinance repeals and amends provisions of Title 13, Chapter 13.04 of the Pasadena Municipal Code, the Light and Power Rate Ordinance, to end Direct Access Service and related tariffs and update requirements for Long-term contracts for energy and energy related products and services. This proposed ordinance repeals Sections 13.04.095, 13.04.096, and 13.04.097 concerning Direct Access Service and amends Sections 13.04.170 and 13.04.173 to remove references to Direct Access Service. This proposed ordinance also amends Section 13.04.075 concerning Long-term contracts to update eligibility requirements and end prescriptive equity adjustments.

Ordinance No. \_\_\_\_\_ shall take effect upon publication.”

**SECTION 2.** Pasadena Municipal Code, Title 13, Chapter 13.04.075 - Long-term contracts is amended to read as follows:

“13.04.075 – Long-term contracts.

A. For the purposes of this section, certain terms used herein are defined as follows:

~~“Energy bill” means the bill for energy and energy-related products and services provided by the department.~~

“Energy and energy-related products and services” means only the energy, products and services provided by the eDepartment.

~~"Equity adjustment" means any and all rate reductions offered pursuant to this section and as limited under this section, calculated against the electric rates in existence as of September 14, 1998. The equity adjustment shall apply only to that portion of the rate which constitutes the generation, transmission and distribution portion of the rates and will not affect the collection of the stranded investment surcharge, the public benefit charge, or any applicable taxes, fees or other similar assessments required by local, state or federal law.~~

~~"Long-term contract" means a contract between the dDepartment and any eligible P class customers receiving a voltage discount or any other eligible P class customer, for energy needs for a minimum term of five years or a contract between the department and any eligible G2 class customer served at 100 kW or higher for a minimum term of four years, which provides an equity adjustment in return for remaining a customer of the department with a minimum load and load factor, for a minimum of five years pursuant to this section.~~

"Peak Demand" means the highest kW of measured maximum demand recorded in the last 12 months, including the current billing month at the time of application. Demand is determined to the nearest kW.

"Primary Voltage" means customers receiving electric service on the distribution system at 1.3kV.

"Sub-transmission voltage" means customers receiving electric service on the distribution system at 34.5kV.

~~"Total equity adjustment" means all equity adjustments for which a customer's meter or meters may qualify under each subsection of this section, and in accordance with the provisions of this section.~~

"Transmission voltage" means customers receiving electric service on the transmission system at 69kV or greater.

#### B. Applicability.

1. PWP at the discretion of the General Manager may enter long-term contracts to provide energy and energy-related products and services.
2. Customers that receive electric service at primary, sub-transmission voltage, or transmission voltage and that have a Peak Demand equal to or greater than 10,000kW are eligible for long-term contracts. For new customers that do not have an existing load profile or consumption data establishing a Peak Demand equal to or greater than 10,000kW, PWP may accept, in the sole discretion of the General Manager, a customer-provided load profile as evidence of qualifying Peak Demand.
3. Customers must own and maintain customer equipment and infrastructure beyond PWP's metering location.

- C. Character of Service Furnished. 3 phase at applicable customer delivery voltage, 60 cycle alternating current service.
- D. Metering of Demand. Demand meters for Long-term contracts will be adjusted to measure the maximum integrated demand over a 15-minute interval, or if the demand is of an intermittent character, PWP may adjust the meters to measure the demand during a shorter interval.
- E. Rates. Long-term contract customers shall pay charges as applicable to the level of service(s) provided customers by PWP.
- ~~B. Notwithstanding any other provision of this code, the general manager of the department may enter into long term contracts, in accordance with the provisions of this section, this code and the City Charter, for energy and energy related products and services with those customers having qualifying meters as specified in subsection C of this section. The equity adjustment program will be offered to customers in the following order, beginning with those customers having the highest load factor within each class: (i) PV class, (ii) P class, (iii) G2 class served at 100 kW or higher.~~
- ~~C. Qualifying Customer Meters and Equity Adjustment Amounts.~~
- ~~1. To be eligible for a long term contract, a customer meter must meet one of the following requirements: (i) P class customer meters qualifying for the voltage discount ("PV class") having an average annual load factor equal to or in excess of 35%; (ii) P class customer meters having an average annual load factor equal to or in excess of 35%; or (iii) G2 customer meters served at a 100 kW or greater having an average annual load factor in excess of 45%. All qualifying customer meters shall maintain a minimum load and a minimum load factor during the term of the long term contract.~~
  - ~~2. Every PV class and P class customer eligible for a long term contract, as provided above, that has signed a long term contract, as defined, may receive a seven percent (7%) equity adjustment for the qualifying meter or meters, from the ordinance rates in effect as of the date of the ordinance codified in this section. For each additional year in the term of the contract, customer may receive an additional two percent (2%) equity adjustment for the qualifying meter or meters. Customer meters with an average annual load factor as determined by the department, which maintain that minimum load factor may receive an additional equity adjustment as follows:
    - ~~a. PV Class.
      - ~~i. At least a 40% minimum load factor, one percent (1%) additional equity adjustment.~~~~~~

- ~~ii. At least a 45% minimum load factor, two percent (2%) additional equity adjustment.~~
    - ~~iii. At least a 50% minimum load factor, three percent (3%) additional equity adjustment.~~
  - ~~b. P Class.~~
    - ~~i. At least a 40% minimum load factor, one percent (1%) additional equity adjustment.~~
    - ~~ii. At least a 50% minimum load factor, two percent (2%) additional equity adjustment.~~
    - ~~iii. At least a 60% minimum load factor, three percent (3%) additional equity adjustment.~~
- ~~3. Every G2 class customer eligible for a long term contract, as provided above, that has signed a long term contract, as defined, may receive a five percent (5%) equity adjustment for the qualifying meter or meters, from the ordinance rates in effect as of the date of the ordinance codified in this section. For each additional year in the term of the contract, the customer meter may receive an additional two percent (2%) equity adjustment. Customer meters with an average annual load factor as determined by the department, which maintain that minimum load factor shall receive an additional equity adjustment as follows:~~
  - ~~a. At least a 50% minimum load factor, two percent (2%) additional equity adjustment.~~
  - ~~b. At least a 55% minimum load factor, three percent (3%) additional equity adjustment.~~
  - ~~c. At least a 60% minimum load factor, four percent (4%) additional equity adjustment.~~
- ~~4. Every customer signing a contract pursuant to this section shall also be eligible to receive an additional equity adjustment as follows:~~
  - ~~a. Purchase of additional energy and any energy related products and services provided by the department in an amount equal to or greater than ten percent (10%) of the customer's twelve (12) month energy bill during a period preceding the agreement shall qualify for an equity adjustment in the amount of one half percent (1/2%) for each ten percent (10%) increment.~~

- b. ~~Load factor improvement over the base year at the following rate: two percent (2%) equity adjustment for each five percent (5%) load factor improvement.~~
- c. ~~Aggregation of Meters. The department may aggregate any meters, provided that each meter is served at a minimum 100 kW demand level. Customer bill savings may result from demand diversity from aggregation and may vary among customers. However, the savings shall be limited to a maximum of two percent (2%), as determined by the department. This benefit shall be considered to be an equity adjustment of two percent (2%).~~

D. ~~Maximum Equity Adjustment.~~

- 1. ~~The total equity adjustment available for any customer meter, pursuant to this section, shall be limited to the amount of the customer meter's inequity. In no instance shall the total equity adjustment exceed the amount of inequity as determined by an individual analysis performed by the department.~~
- 2. ~~The total equity adjustment available for any customer meter shall not exceed ten percent (10%) until such time that additional revenue may be identified and designated for disbursement on an equitable basis. Provided, however, that customers qualifying at the time of contract execution for an adjustment in excess of ten percent (10%), may receive the equity adjustment in excess of ten percent (10%), or part thereof, when additional funds designated for the equity adjustment become available, in accordance with this section.~~
- 3. ~~The equity adjustment shall apply to those portions of the rate as described in this section and shall be available for the applicable customer meter.~~
- 4. ~~The department may identify, through a written policy signed by the general manager, additional energy-related products and services similar to those identified above which shall be offered to all eligible customers in exchange for an additional equity adjustment not to exceed two percent (2%) for each energy-related product or service offered, in accordance with the provisions of this section.~~

E. ~~The city council shall approve all long term contracts, pursuant to this section, in excess of \$75,000. The following contracts are deemed approved by the city council without respect to amount: contracts for energy and energy related products and services which conform substantially to standard terms and conditions set forth in a resolution of the city council which is adopted and which may be reconfirmed from time to time, and which also conform substantially to the rates for contract sales of department~~

products; commodities and services as set forth in Resolution No. 7531-1 of the city council.

- F. ~~All long-term contracts shall specify that at the time that the city enacts a comprehensive rate restructuring which affects the customer (the "restructured rate"), the equity adjustment, as defined, shall continue to apply, if the department determines that the equity adjustment would result in a rate lower than the restructured rate as calculated for a given period. Where the department determines that the restructured rate results in a lower rate for the customer, the restructured rate will take effect immediately and the prior equity adjustment shall no longer apply. At regular intervals, the department will review the effect of the restructured rate on the bill for services of each customer which continues to receive an equity adjustment to determine whether the restructured rate will result in a lower service bill to the customer. As soon as the department determines that the restructured rate will result in a lower service bill to the customer, the restructured rate shall apply immediately and the equity adjustment under this section shall cease. All other terms of the long-term contract shall remain in full legal force and effect.~~
- G. ~~Effective July 1, 2002, concurrent with the enactment of the comprehensive rate restructuring referred to in Section F, references in this section to former rate schedules G-2, P and PV which are no longer in effect shall be deemed to refer to Schedule M-1, Schedule M-2, Schedule L-1 or Schedule L-2 as appropriate.~~

**SECTION 3.** Pasadena Municipal Code, Title 13, Chapter 13.04 (the Light and Power Rate Ordinance), Sections 13.04.095 – Direct access service, 13.04.096 – Direct access transition charge, and 13.04.097 – Direct access service charge are repealed in their entirety.

**~~13.04.095 – Direct access service.~~**

- A. ~~Pasadena water and power shall begin accepting direct access service request (DASR) applications on January 1, 2000 and start direct access on March 31, 2000. The direct access service is available to all Pasadena water and power electric customers who elect to purchase electric power from an electric service provider (ESP) other than Pasadena water and power, subject to Regulation 22 and metering and billing infrastructure limitations. All customers shall have this option no later than July 1, 2002. Direct access customers can only have one ESP at any given time. The ESP shall comply with the requirements specified in Regulation 22.~~
- B. ~~Direct access customers shall require a telephone interfaced interval demand recording (IDR) meter before they may be eligible for direct access. PWP shall install and maintain all meters. In addition, direct access customers shall utilize Pasadena water and power, or its designee, as their~~

~~meter services provider, and shall receive separate billing services from Pasadena water and power and the ESP for their respective services.~~

- ~~C. Direct access customers shall pay currently established Pasadena electric rates set forth in Municipal Code Chapter 13.04, except for the energy charge set forth in Municipal Code Section 13.04.170(E).~~

~~**13.04.096 Direct access transition charge.**~~

- ~~A. In lieu of the energy charge, direct access customers shall be charged a direct access transition charge (DATC).~~
- ~~B. The DATC shall be the energy charge in effect for the month less the direct access energy credit (DAEC) for the month, and shall be calculated monthly and in arrears.~~
- ~~C. The DAEC shall be computed each month by the department and based upon the customer's actual hourly energy usage in kWh (adjusted by the appropriate distribution loss factor) multiplied by the local hourly market clearing price of electricity, as established by a regional pool approved by the Federal Energy Regulatory Commission, including ancillary service charges. The monthly DAEC for any customer shall not exceed the corresponding monthly energy charge.~~

~~**13.04.097 Direct access service charge.**~~

~~Direct access customers shall pay a direct access service charge (DASC) to cover all incremental costs relating to direct access. This includes, but is not limited to, the initial cost and installation of the meter (i.e., direct access meter charge) and all related ongoing charges as defined in Regulation 22. The direct access meter charge shall be due and payable upon submission of the direct service request and prior to initiation of direct access service. The DASC will be established by city council on an annual basis as part of the taxes, fees and charges resolution."~~

**SECTION 3.** Pasadena Municipal Code, Title 13, Chapter 13.04 (the Light and Power Rate Ordinance), Section 13.04.170 – Transmission services charge, shall be amended to read as follows:

"Section 13.04.170 – Transmission services charge.

- A. The transmission services charge is designed to capture the transmission revenue requirement and net cost savings from joining participating transmission owner with California Independent System Operator as defined in subsection (C)(4) of this section and shall be based on actual data obtained from the city's accounting system, forecast data obtained from the annual operational plan approved by the city council, and updated forecast data prepared monthly by PWP.

B. PWP shall calculate the TSC on a quarterly basis, and the revised value for this charge shall remain in effect for three months.

C. For purposes of this section, the following definitions apply:

"Full service customers" means customers who choose PWP as their energy supplier.

"Net cost savings from being a participating transmission owner with California Independent System Operator (NCS PTO CAISO)" means all PTO revenues received from CAISO, including, but not limited to, PTO TRR, net firm transmission right (FTR) revenues, and high voltage wheeling revenues less all expenses paid to CAISO including, but not limited to, transmission access charges (TAC) and grid-management charges. NCS PTO CAISO shall be subject to an adjustment by CAISO transmission revenue balancing adjustment account.

~~"System energy sales" means the estimated total energy sales delivered to all customers, including direct access customers. "Direct access customers" means customers who choose an energy supplier other than PWP, taking service under Section 13.04.095 of this chapter.~~

"Transmission revenue requirement" means the sum of all costs related to the high-voltage transmission of energy, including, but not limited to, all transmission contracts, wheeling fees, pertinent labor and operating costs, associated general fund transfer, operating margin, debt service, and ISO access fees, less the sum of all wholesale revenues received in connection with the sale of any transmission entitlements.

D. The transmission services charge shall be calculated quarterly as follows:

1. Commencing July 1, 2002, a separate transmission services charge fund (TSCF) account shall be maintained for balancing costs and revenues associated with high-voltage transmission and related services. Any transmission access charge fund (TACF) over collection or under collection existing on July 1, 2002 shall be deposited in the TSCF balance.
2. The TSCF account balance shall be calculated as the sum of actual revenues from the TSC less the actual TRR plus NCS PTO CAISO.
3. The transmission services charge shall be calculated based on the forecasts for the following twelve months for TRR, NCS PTO CAISO, system energy sales, and the TSCF balance as follows:

[TRR Forecast - NCS PTO CAISO Forecast - TSCF Balance]

[System Energy Sales Forecast]

4. The result of the formula shall be rounded to the nearest mill per kilowatt-hour. This shall be the transmission service charge to be implemented.



5. The transmission services charge for customers served under Schedules M-2 and L-2 or for service metered and delivered at 17kV or higher shall be reduced by \$ 0.00019 per kWh."

**SECTION 4.** Pasadena Municipal Code, Title 13, Chapter 13.04, Section

13.04.173 – Power cost adjustment is amended to read as follows:

"Section 13.04.173 – Power cost adjustment.

- A. Power Cost Adjustment (PCA) shall be added to the energy services charge set forth in the service schedules of this chapter. Each customer shall pay the applicable energy services charge plus a PCA for each kWh delivered to the customer.
- B. The PCA shall be based on actual data obtained from the city's accounting system, forecast data obtained from the annual operational plan approved by the City Council, and updated forecast data prepared monthly by PWP.
- C. PWP shall recalculate the PCA each month, and the resulting values for these charges shall be automatically implemented on the first day of the following month.
- D. For purposes of this section, the following definitions apply:
  - ~~1. "Direct Access Customers" shall mean customers who choose an energy supplier other than PWP, taking service under Section 3.04.095.~~
  12. "Energy Costs" means the sum of all costs related to the procurement and generation of energy for delivery to Full Service Customers, including, but not limited to, Power Production Costs and Purchased Power Costs, operating margin, debt service and the general fund transfer associated with these costs.
  23. "Energy Cost Forecast" means the forecast of projected Energy Costs for the twelve months immediately following the last actual billing period. This forecast shall be updated monthly by PWP.
  34. "Energy Services Charge Revenue Forecast" means the forecast of projected Energy Services Charge Revenue for the twelve months immediately following the last actual billing period. The energy services charge set forth in the schedules reflects the energy cost forecast as of July 1, 2002, based on the approved rate restructuring plan approved by the City Council adjusted to each customer group's load profile, and shall remain in effect until modified by Ordinance.
  45. "Energy revenue credit" is a percentage of the Wholesale Net Income used to reduce the Energy Charge. The Energy Revenue Credit shall be applied when the Wholesale Net Income is greater than zero and shall be determined at least quarterly based on the actual accounting data as follows: (i) 75% of the Wholesale Net Income shall be applied as a credit; (ii) additional amounts may be authorized by Council Resolution.

- 56. "Energy revenue forecast" means the forecast of projected Energy Revenue Credits for the twelve months immediately following the last actual billing period. This forecast shall be updated monthly by PWP.
  - 67. "Fuel costs" means the sum of the cost of fuel gas consumed, the cost of fuel oil consumed, and the cost of procuring, scheduling, testing and in-plant handling of that fuel gas and fuel oil. Fuel oil includes both residual fuel oil and distillate fuel oil.
  - 78. "Full service customers" shall mean customers who choose PWP as their energy supplier.
  - 89. "Full service energy sales forecast" means the forecast of projected energy sales (in kilowatt-hours) to Full Service Customers for the twelve months immediately following the last actual billing period. This forecast shall be updated monthly by PWP.
  - 940. "Power production costs" means the sum of all costs for the generation of electric energy at facilities owned and operated by PWP, including, but not limited to, Fuel Costs, labor, operating and maintenance expenses, materials, and emissions credits.
  - 104. "Purchased power costs" means the cost of energy and ancillary services, including, but not limited to, capacity and energy charges from third parties and all non-transmission charges charged by the California Independent System Operator (ISO).
  - 112. "System energy sales" means the estimated total energy sales delivered to all customers, ~~including Direct Access Customers.~~
  - 123. "Wholesale net income" means the sum of revenues realized from wholesale energy and ancillary service sales, less the associated production cost and purchased power cost attributable to the wholesale sales.
- H. The PCA shall be added to the energy service charge set forth in the service schedules, and shall be calculated monthly as follows:
- 1. Commencing July 1, 2002, a separate Energy Services Charge Fund (ESCF) account shall be maintained for balancing costs, revenues, and credits associated with energy delivered to Full Service Customers. Any Energy Charge Fund over collection or under collection existing on July 1, 2002 shall be deposited in the ESCF balance.
  - 2. The ESCF account balance shall be calculated as the sum of actual revenues from the Energy Services Charge, the Energy Revenue Credit, and any other credits authorized by the City Council, less the actual Energy Costs inched.
  - 3. The ESCF shall have a target reserve balance which equals the forecast annual ECF amount divided by twelve.



**SECTION 7.** This ordinance shall take effect upon publication.

Signed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Victor Gordo  
Mayor of the City of Pasadena

I HEREBY CERTIFY that the foregoing ordinance was adopted by the City Council of the City of Pasadena at its meeting held this \_\_\_\_\_ day of \_\_\_\_\_ 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Date Published:

\_\_\_\_\_  
Mark Jomsky  
City Clerk

Approved as to form:

  
\_\_\_\_\_  
Caroline K. Monroy  
Deputy City Attorney