

PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED:

All customers taking service under Schedules G-1, G-2, P, and T (which includes general fund departments and the water division) will be eligible. These are the department's commercial, industrial and institutional customer classes.

FISCAL IMPACT:

The timing of the receipt of the SIS will be changed according to the terms of the contract. An estimated seven (7) percent interest rate per annum will be charged to compensate for the changes in payment timing. The actual interest rate charged will be equal to the rate of return on the reserve for stranded investment plus one (1) percent for administrative fees. The rate will be reviewed on a quarterly basis. The minimum interest rate per annum will be six (6) percent. The contract payment will be calculated so as to make the Light and Power Fund indifferent to such timing. Payment security will be required. Due to these factors, no fiscal impacts are expected.

There is a positive fiscal impact resulting from retaining customers who would otherwise choose an alternate energy supplier when eligible for direct access; however, such fiscal impact cannot be accurately estimated at this time.

POLICY CHANGES:

No policy changes result from the proposed ordinance since it will serve to enhance the Light and Power Fund ability to retire stranded investment in a timely manner. This action will extend the list of areas in which the general manager is authorized to sign contracts.

Respectfully submitted,

PHILIP A. HAWKEY
City Manager

Prepared by:

Ethel M. Howell
for M-Kabir M.O. Faal
Assistant General Manager
Water and Power Department

Reviewed by:

Jay M. Goldstone
Jay M. Goldstone
Director of Finance

Approved:

Rufus Hightower
Rufus Hightower
General Manager
Water and Power Department