



Ordinance Fact Sheet

TO: CITY COUNCIL

DATE: September 14, 1998

FROM: ACTING CITY MANAGER

SUBJECT: ORDINANCE AUTHORIZING GENERAL MANAGER OF WATER AND POWER TO EXECUTE LONG TERM CONTRACTS WITH COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL CUSTOMERS

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 authorize the General Manager of the Water and Power Department to execute certain long term contracts for energy and energy related products and services with certain commercial, industrial and institutional customers.

PURPOSES OF THE ORDINANCE

At the time of the phase-in of direct access in the year 2000, the City's customers will be able to contract with competitors for energy and energy service. The ordinance authorizes the General Manager to offer long term contracts to certain commercial, industrial and institutional customers, retaining them as customers for a minimum term in exchange for an equity adjustment which lowers the rate of service for each qualifying customer meter. Since the Department has identified and designated funds totaling the amount of anticipated revenue needed to fund the equity adjustment for each long term contract, the electric rate revenue and obligations thereof will be indifferent to the effects of this Ordinance.

REASON WHY LEGISLATION IS NEEDED

Charges for electrical energy must be prescribed by ordinance pursuant to Section 1403 of the City Charter.

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MEETING OF 9/14/98

AGENDA ITEM NO. 9.A.2.

PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED

Certain customer meters, as defined in the Ordinance, served under Schedules P class, P class with a voltage discount (PV) and G-2 class served at a 100 kw level or higher will be eligible for an equity adjustment in exchange for long term service contracts with the Department.

FISCAL IMPACT

The Department has identified and designated funds needed to fund the equity adjustment up to ten percent (10%) for this initial period for all eligible customers. In the future, the Department may identify and designate additional funds to offer the program in accordance with the provisions of the Ordinance, provided that no funds shall be diverted from the financial plan or from other funds designated for stranded investments or debt service. Rates shall not be increased for residential and small business customers to fund the equity adjustment contracts. The Department may retain customers that would have contracted for energy services with competitors and may secure long term revenues. No fiscal impacts are expected.

POLICY CHANGES

No policy changes result from the execution of long term contracts, since these contracts will serve to retain existing customers past direct access. The equity adjustment will be funded through funds that the Department has designated. The Department still proposes a comprehensive rate restructuring plan.

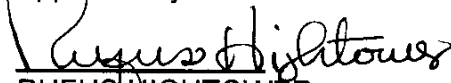
Respectfully submitted,


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