

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE POWER COST ADJUSTMENT FOR ELECTRIC RATES FOR NORTH LITTLE ROCK ELECTRIC DEPARTMENT CUSTOMERS; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES.

WHEREAS, the City of North Little Rock, Arkansas (“City”) is a municipal corporation authorized by state law, including A.C.A. § 14-54-701(a), to provide electric light and power to consumers for just compensation as determined by the City Council, such determination being exempt from regulation by the Arkansas Public Service Commission by state law, including A.C.A. § 14-200-212 and the rule in *Kitchens v. Paragould*, and the City having so operated for over one hundred ten (110) years; and

WHEREAS, on or about May 14, 2018, the City Council adopted Ordinance No. 9000 establishing the rates and current rate structure of the North Little Rock Electric Department (“NLRED”); and

WHEREAS, the new rate structures replaced the two-component Energy Cost Recovery (ECR/ECR-A) variable rider with a single component Power Cost Adjustment (“PCA”) rider that was easier to calculate and had less variability; and

WHEREAS, NLRED staff believes that the PCA would be further improved by:

- smoothing power costs over twelve months, rather than six months
- providing for a three-month lag for cost calculation, rather than two-month
- better defining distributed generation costs
- clarifying the authority of the Risk Management Committee regarding significant power expenses that were unplanned and not included in factor **B**; and

WHEREAS, the City Council hereby finds and determines that the PCA rate schedule set forth on the attachment made hereto and incorporated herein is just and reasonable and should be applied accordingly.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: That the Power Cost Adjustment Rider to North Little Rock Ordinance No. 9000 is hereby amended as shown on Exhibit A that is attached hereto and incorporated herein.

SECTION 2: The NLRED General Manager will implement the changes described in this ordinance as soon as possible. Any delay in implementation of more than twenty (20) days will be reported to City Council.

SECTION 3: That the provisions of this Ordinance are hereby declared to be severable and if any section, phrase or provision shall be declared or held to be invalid, such invalidity shall not affect the remainder of the sections, phrases or provisions.


SECTION 4: It is hereby found and determined that amending the Power Cost Adjustment Rider will result in less volatile bills and easier administration of electric and, as such, is immediately necessary in order to insure the proper and orderly growth of the City of North Little Rock, Arkansas, and being necessary for the immediate preservation of the public health, safety and welfare, THEREFORE, an emergency is hereby declared to exist and this ordinance shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

Mayor Joe A. Smith

SPONSOR:



Mayor Joe A. Smith

ATTEST:

Diane Whitbey, City Clerk

APPROVED AS TO FORM:

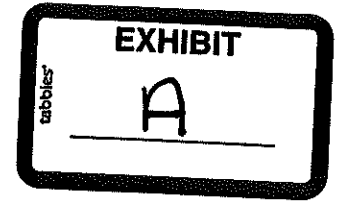


Amy Beckman Fields, City Attorney

PREPARED BY C. JASON CARTER, ATTORNEY AT LAW
REVIEWED BY THE OFFICE OF THE CITY ATTORNEY

FILED 11:05 A.M. _____ P.M.
BY City Attorney Fields
DATE 10/2/18
Diane Whitbey, City Clerk and Collector
North Little Rock, Arkansas
RECEIVED by B Taylor

**NORTH LITTLE ROCK ELECTRIC DEPARTMENT
CITY OF NORTH LITTLE ROCK
ELECTRIC SERVICE SCHEDULE
POWER COST ADJUSTMENT RIDER (PCA)**



POWER COST ADJUSTMENT RIDER (PCA)

The PCA will be calculated using the most recent ~~six~~ twelve month's actual power cost and applied to each customer's following monthly billed energy (kWh) ~~or on a two~~ three-month lag from when the cost occurred to when billed.

The PCA Adjustment shall be calculated according to the following formula:

$$PCA = (P+A)/S - B$$

P = City-owned generation costs + Wholesale power supplier costs + Plum Point costs + MISO costs + Distributed Generation costs + Power bill validation costs.

City-owned generation costs = hydro ~~operation & maintenance~~ costs + other assets costs.

Wholesale power supplier costs = contracted power supply costs.

Plum Point costs = energy costs (net of applicable MISO credits) + capacity costs.

MISO costs = capacity costs + settlement statement costs + transmission costs.

Distributed Generation costs = amount paid or credited to owners of generation interconnected with the NLRE Distribution System

Power bill validation costs = Contracted monitoring, contract compliance, consulting and analysis.

~~NLRE cost of power during previous six month's period calculated using the most recent six month's actual power cost. If an unusual occurrence happens resulting in abnormally high cost, the Risk Management Committee will determine whether that cost should be recovered over a longer period of time. *The Risk Management Committee may recover any significant unplanned power expense over a period of time that shall not exceed two years.~~

A = Accumulated positive or negative balance of recovered cost of power resulting from the application of the PCA factor to customer bills.

S = Number of kilowatt-hours sold during the same time period as factor "P".

B = \$0.05276. This amount reflects the average cost of power per kilowatt-hour sold and recovered through base retail rates.

A report will be filed immediately thereafter with the City Clerk identifying the amount of the PCA and any other relevant information.