

CITY OF CLINTON RATE RESPONSE PLAN

August 17,
2015



CLINTON
South Carolina

RATE ISSUE RESPONSE PLAN

Short Term (0-6 Months)	Mid term (6- 18 Months)	Long Term (18 Months +)
<ul style="list-style-type: none"> • Improve Communication • Assistance Agencies • Reduce Penalties and Fees • Hiring Freeze • Capital Expenditure Freeze • Improve Customer Access to Management • 3 month PPCA Reduction • Energy Reviews • Internal Assistance Options • Budget Billing • Rate Stabilization Fund 	<ul style="list-style-type: none"> • Independent Cost of Service Study • Adjust Rate Structure • DSM Program • Implement Financial Assistance Program • Create Study Panel (Rate Reduction Task Force) • Energy Audits • Energy Efficiency Loan Program • Pole Attachment Fees • Transfer Policy • Distributed generation 	<ul style="list-style-type: none"> • Request Outside Aid for Debt Relief • Request PMPA Rate Structure Adjustments • Determine if Catawba Share / City Debt can be sold and the city focus solely on distribution. • Debt refinancing / restructuring • Strategic Rate Plan based on cost of service study. • PILOT agreements • Load growth • Revenue Growth • Limit Budget Growth / Reduce Expenditures

SHORT TERM (0-6 MONTHS)

■ Improve Communication

- Electric Specific Website to answer questions, keep customers informed of our progress, and provide information regarding public power, our utility, and energy efficiency.
- Publicly post rates clearly on website and in the lobby of our facility.
- Mail out once a year a rate information sheet in the *Clinton Focus* newsletter.
- Develop collateral regarding rates and policies for customers.



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SHORT TERM (0-6 MONTHS)

■ Assistance Agencies

- Meet with assistance agencies so we can understand their decision making process and refer customers in the right direction.
- Develop assistance agency information that we can provide to customers.
- Seek out new opportunities for utility bill payment assistance that we do not currently take advantage of (USDA).
- Task a CSR with being our staff point person for assistance agency cooperation.
- Encourage assistance agencies to set up office in our building or hold office hours in our building to assist customers.



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SHORT TERM (0-6 MONTHS)

■ Reduce Penalties and Fees

- Eliminate all late penalties and disconnect fees charged to July bill.
- Reduce the late penalty charge for August to 5% from 10% and charge it only to customers that did not contact the city to discuss payment options prior to 5 PM on their due date.
- Eliminate the \$25 administrative fee associated with service disconnection.
- Determine what the true cost of the reconnect fee should be and set it at that level.

■ Hiring Freeze

- Temporarily freeze all positions that are not associated with front line service delivery in mission critical areas such as police, fire, sanitation, ROW, water, sewer, and electric. Reevaluate frozen positions every three months.

■ Capital Expenditure Freeze

- Temporarily freeze all capital expenditures unless those expenditures are budgeted from an existing restricted account. (Freeze pay as you go Utility Fund and General Fund capital equipment purchases but proceed with capital equipment purchases from I&I, grants, CERF, and Economic Development restricted accounts.)



SHORT TERM (0-6 MONTHS)

- **Improve Customer Access to Management**
 - City leadership will rotate working directly on the CSR line with customers each week.
- **3 month PPCA Reduction**
 - July (June) kwh rate: $\$0.148 + \text{PPCA } \$0.029 = \$0.177$
 - August (July) kwh rate: $\$0.148 + \text{PPCA } \$0.014 = \$0.162$
 - September (August) kwh rate: $\$0.148 + \text{PPCA } \$0.00 = \$0.148$
- **Energy Reviews**
 - Working with Abbeville Public Utilities, the city will implement their successful Common Sense Energy Review program for residential customers to assist in identifying ways in which residential customers can use energy more efficiently.



SHORT TERM (0-6 MONTHS)

- **Internal Assistance Options**
 - Allow extensions with no penalty of up to 6 per year.
 - Allow multiple payment agreements per year as long as the customer is not currently in a payment agreement. Allow agreements at 3, 6, and 9 month intervals.
- **Budget Billing**
 - Work with software provider to open up budget billing program to allow signups anytime beginning October 1.



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SHORT TERM (0-6 MONTHS)

■ Rate Stabilization Fund

- Purpose: set aside funds in separate account to be used to offset PPCA spikes to levelize billing for our customers until rate adjustments can be made.
- Funding Sources:
 - Transfer \$50,000 from utility contingency fund
 - Reallocate 50% of the FY 16 \$115,000 allocation to reserve funds (\$57,500)
 - Negative PPCA funds be accrued to place in this account.
- **FUNDS CAN BE USED ONLY FOR REDUCING ENERGY COSTS FOR OUR CITIZEN AND FOR NO OTHER PURPOSE.**
- Total Initial funding is expected to be \$207,000.



MID TERM (6-18 MONTHS)

- **Independent Cost of Service Study**
 - Request financial assistance from PMPA to have an independent qualified rate consultant and engineer review our system, assess true cost of services, and assist in developing plans to make services self sufficient.

- **Adjust Rate Structure**
 - Based on outside consultant recommendations, adjust water and sanitation rates to achieve self sufficiency.
 - Review other potential rate recommendations and structures to improve customer experience and promote economic growth.

- **DSM Program**
 - Implement DSM program and DSM incentive rate to reduce customer rates for DSM customers by 2.3% in year one effective January 1, with potential increased discounts as DSM participation grows.

- **Implement Financial Assistance Program**
 - Implement a program to provide funding from both customer donations and a match grant from the city to increase funds available at local assistance agencies to assist customers with utility bills.



MID TERM (6-18 MONTHS)

- **Create Study Panel (Rate Reduction Task Force)**
 - Form a rate reduction task fore consisting of City Manager, DPW Director, DAS Director, CFO, 3 members of council, PMPA representative, and local business owners and citizens to guide and advise.
- **Energy Audits**
 - Set aside funding and find a qualified individual to perform full energy audit on high use residential and small commercial accounts.
- **Energy Efficiency Loan Program**
 - Utilize city funds or outside agency funds to provide grants or low interest loans that allow residents and businesses to make energy efficiency improvements and use the savings from those improvements to reimburse the account creating a self perpetuating fund to support energy reduction strategies.



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MID TERM (6-18 MONTHS)

- **Pole Attachment Fees**
 - Complete the legal work and negotiation required to raise pole attachment fees in Clinton to a market rate from our current discount rate. Use the revenue to reduce electric rates for customers.

- **Transfer Policy**
 - Design, develop, and implement a policy regarding the use of utility revenue to support general fund operations. This controls general fund spending.

- **Distributed Generation**
 - Develop and implement a city net metering policy in conjunction with PMPA to allow for the customer installation and use of solar and for a wholesale buy back rate for customer solar.



LONG TERM (18 + MONTHS)

- **Request Outside Aid for Debt Relief**
 - Can we get some relief like other utilities have from state and federal sources?

- **Request PMPA Rate Structure Adjustments**
 - Is there a PMPA rate structure that would be fair to the other participants and be more favorable to Clinton? Would PMPA consider such a plan? Would they commit resources to seeking such a plan?

- **Determine if Catawba Share / City Debt can be sold and the city focus solely on distribution.**
 - Is it legal to sell our debt? Would anyone want it?

- **Debt refinancing / restructuring**
 - Can the city restructure any current utility debt to lower annual debt payments providing a reduction in annual expenditures?
 - Can PMPA restructure any of the PMPA debt allocated to Clinton to provide rate relief?



LONG TERM (18 + MONTHS)

- **Strategic Rate Plan based on cost of service study.**
 - The city should develop a rate plan for each and every service and determine a timeline for implementation.
- **PILOT agreements**
 - Can we work with non-taxpaying entities that require but do not directly fund general fund services to obtain PILOT payments from them which would reduce the transfer amount and provide rate relief?
- **Load Growth**
 - Continue to invest heavily in economic development efforts in the hopes of increasing population and businesses which would help absorb some of the fixed costs (more customers = lower rates)



LONG TERM (18 + MONTHS)

- **Revenue Growth**
 - Identify and implement, even if it is difficult, new revenue opportunities to increase fairness and reduce the need for general fund taxpayers and electric rate customers to support non-taxpaying entities.
- **Limit Budget Growth / Reduce Expenditures**
 - Transition to performance or priority based budgeting and away from inflationary budgeting.
- **Separate City and Utility**
 - Separate the utility to create a stand alone entity if it reduces cost.
- **Separate Billing**
 - Separate electric bill from water, sewer, and sanitation bill and bill at different times of the month to provide two smaller bills with different due dates rather than one large bill due all at once.

