



# UTILITY RATE RESPONSE PLAN

## PROGRESS REPORT: MAY 1, 2016



CLINTON  
*South Carolina*

In response to the clear and present need to evaluate and restructure the utility rates charged for services provided by the City of Clinton, the city developed the Utility Rate Response Plan in August 2015. This report provides a brief summary of actions taken during the time period of August 17<sup>th</sup>, 2015 through December 7<sup>th</sup>, 2015.

# UTILITY RATE RESPONSE PLAN

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## PURPOSE OF THE REPORT

Abnormally high power costs coupled with high electric use due to above average high temperatures in our region resulted in the need to accelerate the city's response to address the cost of electricity to the consumer. Clinton developed its own power utility in the early 1900s based on the belief that the people of this city could do a better job taking care of each other and providing reliable electricity than a private entity could, however, the cost of providing that electricity has exceeded customer expectations. In response, the city is aggressively examining ways to address the cost of electricity and consequently its financial structure as a whole.

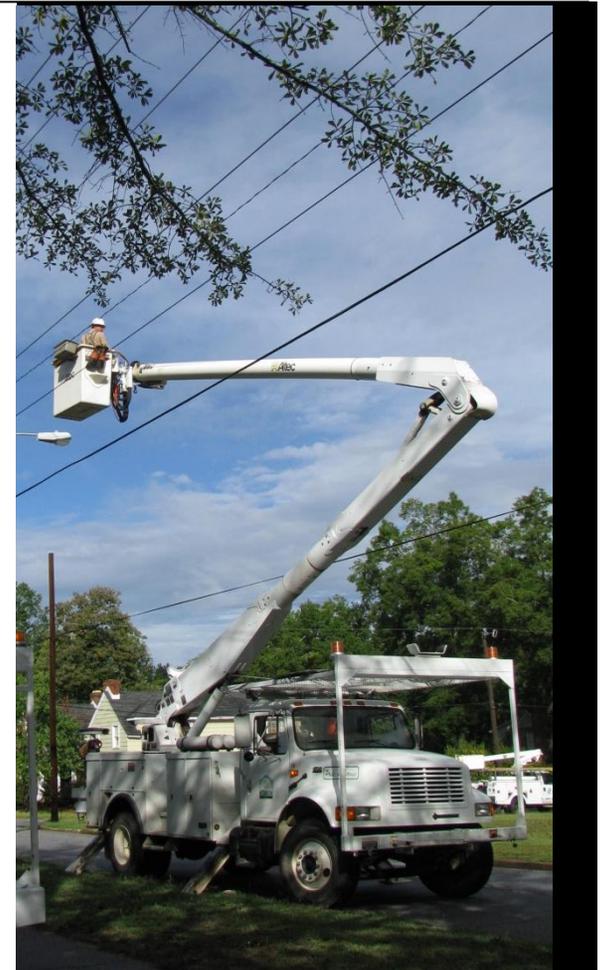
This report is designed to provide an update on the status of various short and long term strategies being employed by the city to address the cost of electricity.

## REPORT ORGANIZATION

The report outlines key objectives and strategies included in the rate response plan divided into three sections:

- Short range actions which can be implemented within six months.
- Mid-range actions which can be implemented within eighteen months.
- Long term actions which should be explored but may not be able to be implemented or will require extended lead time to implement.

Each strategy includes a progress report which is color coded to quickly allow the reader to see if the strategy is complete, in progress, or if it has yet to be started. The farther out a strategy is, the less likely it is to have been started by this point in the city's response.



Project Phase	Strategies	Status August 17, 2015	Status October 5, 2015	Status December 7, 2015	Status May 1, 2016	Target Completion Date
Short Term (0-6 Months)	Objectives: 11 Strategies: 24	<b>Completed – 0%</b> Objectives: 0 Strategies: 0	<b>Completed – 38%</b> Objectives: 4 Strategies: 9	<b>Completed – 46%</b> Objectives: 4 Strategies: 11	<b>Completed – 80%</b> Objectives: 8 Strategies: 20	February 17, 2016
		<b>In Progress – 0%</b> Objectives: 0 Strategies: 0	<b>In Progress – 50%</b> Objectives: 7 Strategies: 12	<b>In Progress – 46%</b> Objectives: 7 Strategies: 11	<b>In Progress – 17%</b> Objectives: 3 Strategies: 3	
		<b>Not Started - 100%</b> Objectives: 11 Strategies: 24	<b>Not Started – 12%</b> Objectives: 0 Strategies: 3	<b>Not Started – 8%</b> Objectives: 0 Strategies: 2	<b>Not Started – 3%</b> Objectives: 0 Strategies: 1	
Mid Term (6-18 Months)	Objectives: 10 Strategies: 12	<b>Completed – 0%</b> Objectives: 0 Strategies: 0	<b>Completed – 0%</b> Objectives: 0 Strategies: 0	<b>Completed – 8%</b> Objectives: 1 Strategies: 1	<b>Completed – 27%</b> Objectives: 3 Strategies: 3	February 17, 2017
		<b>In Progress – 0%</b> Objectives: 0 Strategies: 0	<b>In Progress – 50%</b> Objectives: 5 Strategies: 6	<b>In Progress – 50%</b> Objectives: 5 Strategies: 6	<b>In Progress – 41%</b> Objectives: 4 Strategies: 5	
		<b>Not Started - 100%</b> Objectives: 10 Strategies: 12	<b>Not Started – 50%</b> Objectives: 5 Strategies: 6	<b>Not Started – 42%</b> Objectives: 4 Strategies: 5	<b>Not Started – 32%</b> Objectives: 3 Strategies: 4	
Long Term (18+ Months)	Objectives: 10 Strategies: 13	<b>Completed – 0%</b> Objectives: 0 Strategies: 0	<b>Completed – 0%</b> Objectives: 0 Strategies: 0	<b>Completed – 0%</b> Objectives: 0 Strategies: 0	<b>Completed – 0%</b> Objectives: 0 Strategies: 0	Beyond February 17, 2017
		<b>In Progress – 0%</b> Objectives: 0 Strategies: 0	<b>In Progress – 23%</b> Objectives: 3 Strategies: 3	<b>In Progress – 23%</b> Objectives: 3 Strategies: 3	<b>In Progress – 23%</b> Objectives: 3 Strategies: 3	
		<b>Not Started - 100%</b> Objectives: 10 Strategies: 13	<b>Not Started – 77%</b> Objectives: 7 Strategies: 10	<b>Not Started – 77%</b> Objectives: 7 Strategies: 10	<b>Not Started – 77%</b> Objectives: 7 Strategies: 10	

Project Phase	Objective	Strategy	Status	Notes
<b>Short Term</b> <b>(0-6 Months)</b>	<b>Improve communication between the utility and utility customers</b>	Continue to publish <i>Clinton Focus</i> with tips for reducing energy consumption	Complete	All issues since October 2015 have featured information regarding utility costs or energy savings. Rates were sent out as a separate “stuffer” in the bill. A brochure regarding DSM and CCC was mailed out in the bill.
		Develop an electric utility specific website to answer questions, keep customers informed of our progress, and provide information regarding public power, our utility, and energy efficiency.	Complete	The new website, poweringclinton.com is online and full of very useful electric utility information.
		Publicly post utility rates in the lobby of the MSBMC	Complete	Rates are shown on the television screen in the main lobby .
		Publicly post utility rates on our websites	Complete	Rates are posted online at both cityofclintonsc.com and poweringclinton.com
		Develop collateral regarding rates and policies for customers.	Complete	Brochure has been completed.
		Provide a rate sheet to the customers once per year distributed in the utility bills.	Complete	All utility bills mailed in October included an additional two page rate disclosure document. This will be an annual mailer.
	<b>Improve collaboration between the utility and assistance agencies and improve access to assistance agencies for customers</b>	Meet with assistance agencies so we can understand their decision making process and refer customers in the right direction.	Completed	DAS personnel have met with two assistance agencies, GLEAMS and United Ministries.
		Develop assistance agency information that we can provide to customers.	Completed	Brochure developed by OCM staff.

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		Seek out new opportunities for utility bill payment assistance that we do not currently take advantage of (USDA).	In Progress	Opportunities are being explored by OCM staff.
		Task a CSR with being our staff point person for assistance agency cooperation.	In Progress	Vacant CSR position will be tasked with this duty. CSRs are currently also assigned to provide court services due to staffing shortfalls in that division. A Supv. CSR has been hired so that this project can move forward.
		Encourage assistance agencies to set up office in our building or hold office hours in our building to assist customers.	Completed	GLEAMS started holding office hours in the MSBMC from 2 PM to 4 PM each Wednesday but discontinued due to lack of citizen interest.
	<b>Reduce penalties and fees charged to customers</b>	Eliminate all late penalties and disconnect fees charged to July bill.	Completed	Authorized by City Council Resolution on September 8, 2015.
		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.	Completed	Authorized by City Council Resolution on September 8, 2015.
		Eliminate the \$25 administrative fee associated with service disconnection.	Complete	Authorized by City Council on October 5 <sup>th</sup> , 2015.
		Determine what the true cost of the reconnect fee should be and set it at that level.	Not Started	Will require the completion of the cost of service and rate study.
	<b>Reduce operational costs by temporarily freezing some positions</b>	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	Completed	The Department of Community & Economic Development has been restructured, with Economic Development being transitioned to a part

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		positions every three months.		time position which was filled in January, 2016. A community development director position was filled in early 2016. No additional impacted positions are frozen.
	<b>Reduce operational costs by temporarily freezing capital expenditures paid from non-restricted accounts.</b>	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.)	Completed	Capital expenditure freeze was lifted once the rate stabilization fund grew to a point that it could support offsetting any unusual spikes in utility costs.
	<b>Improve customer access to utility management</b>	City leadership will rotate working directly on the CSR line with customers each week.	Completed	The City Manager, CFO, Director – DPW, and Director – DAS have all worked shifts during high volume times in the BMC lobby.
	<b>Reduce impact of PPCA over 90 days</b>	The city will reduce the impact of the PPCA over 90 days to provide relief in the form of cost stabilization for customers	Completed	<p>The PPCA costs have decreased over the 90 day measured time period as indicated below. PPCA will now be managed as outlined in the rate stabilization fund plan.</p> <ul style="list-style-type: none"> <li>• <i>July (June) kwh rate: \$0.148 + PPCA \$0.029 = \$0.177</i></li> <li>• <i>August (July) kwh rate: \$0.148 + PPCA \$0.014 = \$0.162</i></li> <li>• <i>September (August) kwh rate: \$0.148 + PPCA \$0.00 = \$0.148</i></li> </ul>
	<b>Energy Reviews</b>	Working with Abbeville Public Utilities,	In Progress	Program data has been obtained and DAS

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		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.		personnel are working on an equipment list and identifying personnel for training.
	<b>Increase availability of internal assistance options to help customers spread costs out over a defined period of time.</b>	Allow extensions with no penalty of up to 6 per year.	Completed	Authorized by City Council Resolution on September 8, 2015.
		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.	Completed	Authorized by City Council Resolution on September 8, 2015.
	<b>Improve access and ease of use for the budget billing program.</b>	Work with software provider to open up budget billing program to allow signups anytime beginning October 1.	Completed	Customers can now sign up for Budget Billing at any time.
	<b>Provide stabilization to the electric rate</b>	Create and fund a rate stabilization fund.	Completed	Authorized by City Council Resolution on September 8, 2015.

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<b>Mid Term (6-18 Months)</b>	<b>Conduct a full independent cost of service study and explore adjustments to the rate structure</b>	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.	In Progress	PMPA's Board of Directors authorized a no interest loan to the city to be used to fund the rate study costs using PMPA's rate consultants. The loan is repayable over five years. PMPA has also engaged its federal level consultants to assist in developing a potential federal solution to the problems faced by the City of Clinton.

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		Engage in rate study and provide all requested data	In Progress	Contract for this service has been prepared and signed. City staff are actively gathering data and submitting it to the consultant for review.
	<b>Modify and adjust rate structure to achieve utility self-sufficiency with an eye towards creating a fair and equitable rate system.</b>	Based on outside consultant recommendations, adjust water and sanitation rates to achieve self-sufficiency.	Not Started	The rate study will need to be nearing completion before this project can be started.
		Review other potential rate recommendations and structures to improve customer experience and promote economic growth.	Not Started	The rate study will need to be nearing completion before this project can be started.
	<b>Create a Demand Side Management Program which encourages customers to assist the city in reducing purchase power costs associated with demand and shares demand savings with the customer.</b>	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.	Complete	City Council approved the creation of this rate and it will be offered on January 1, 2015. Marketing material and a process for signing up have been developed. Citizens are currently enrolling and over 200 customers are participating.
	<b>Develop and implement a financial assistance program.</b>	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.	Complete	Clinton Community Cares currently has 22 participants generating \$79 per month to support electric rate costs for those in need. When the city attempted a similar effort in the early 2000s only 2 customers joined. The city also received a large donation to support the efforts of this program.
	<b>Create Study Panel (Rate Reduction Task Force) to allow for public participation and input in the project.</b>	Form a rate reduction task force consisting of City Manager, DPW Director, DAS Director, CFO, 3 members of council, PMPA representative, and	In Progress	The task force has been redesigned to include 18 members including members of City Council, city staff, PMPA, local

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		local business owners and citizens to guide and advise.		large utility users, and citizens. An advertisement for positions on this board will be released in October.
	<b>Develop an expanded energy audit program</b>	Set aside funding and find a qualified individual to perform full energy audit on high use residential and small commercial accounts.	Not Started	
	<b>Create an energy efficiency loan program to help business and residents implement cost saving technology.</b>	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.	In Progress	Discussions underway with USDA to fund this program using federal loans.
	<b>Examine and revise pole attachment program to increase pole attachment revenue to meet regional standards and use the additional review to offset operating costs.</b>	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.	In Progress	A qualified attorney with experience in this area has been retained and a draft document has been developed.
	<b>Develop a utility to general fund transfer policy and implement that policy to guide future financial decisions and budget development.</b>	Design, develop, and implement a policy regarding the use of utility revenue to support general fund operations. This controls general fund spending.	Not Started	
	<b>Develop a policy and procedure to allow customers and businesses to engage in distributed generation</b>	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	Complete	City Council approved this policy on October 5, 2015.

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	practices.	wholesale buy back rate for customer solar		

Project Phase	Objective	Action Steps	Status	Notes
<b>Long Term</b>  <b>(18+ Months)</b>	<b>Request Outside Aid for Debt Relief</b>	Can we get some relief like other utilities have from state and federal sources?	In Progress	City staff and City elected officials have reached out to federal representatives regarding the issue and have been discussing the particulars of various federal loan programs which could support consumption reduction measures.
		Request PMPA Rate Structure Adjustments	Not Started	
	<b>Determine if Catawba Share / City Debt can be sold and the city focuses solely on distribution.</b>  <b>Debt refinancing / restructuring</b>	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?	Not Started	
		Is it legal to sell our debt? Would anyone want it?	Not Started	
		Can the city restructure any current utility debt to lower annual debt payments providing a reduction in annual expenditures?	Not Started	
		Can PMPA restructure any of the PMPA debt allocated to Clinton to provide rate relief?	Not Started	

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	<b>Strategic Rate Plan based on cost of service study.</b>	The city should develop a rate plan for each and every service and determine a timeline for implementation.	Not Started	Cannot start until the rate study is complete.
	<b>PILOT agreements</b>	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?	Not Started	Data from rate study needed to start this project.
	<b>Load Growth</b>	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)	In Progress	The City is constructing a 100,000 sf development pad, improving the appearance of W. Corporate Center Drive, I-26 at exit 54, and preparing to construct a road and supports the construction of a public-private partnership to build a speculative building.
	<b>Revenue Growth</b>	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.	In Progress	The city is actively seeking new revenue opportunities as part of a series of annual goals outlined by City Council.
	<b>Limit Budget Growth / Reduce Expenditures</b>	Transition to performance or priority based budgeting and away from inflationary budgeting.	Not Started	
	<b>Separate City and Utility</b>	Separate the utility to create a stand-alone entity if it reduces cost.	Not Started	
	<b>Separate Billing</b>	Separate electric bill from water, sewer, and sanitation bill and bill at different times of the month to provide two	Not Started	

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		smaller bills with different due dates rather than one large bill due all at once.		