



UTILITY RATE RESPONSE PLAN

PROGRESS REPORT: OCTOBER 5, 2015



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 17th, 2015 through October 5th, 2015.

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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.

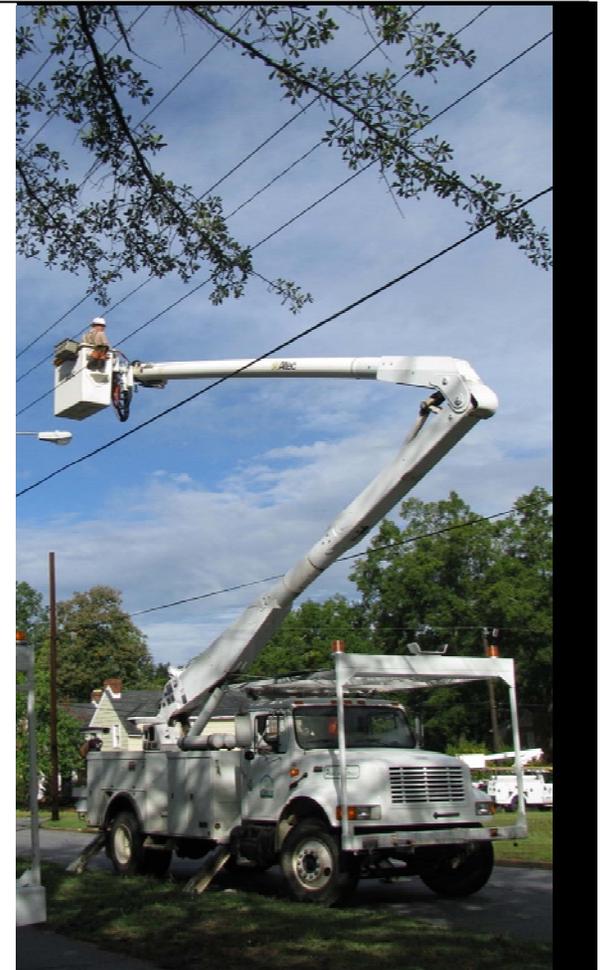
This report is designed to provide an update on the status of various short and long term strategies being employed by the city to address the cost of electricity.

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	Objective	Strategy	Status	Notes
Short Term (0-6 Months)	Improve communication between the utility and utility customers	Continue to publish <i>Clinton Focus</i> with tips for reducing energy consumption	In Progress	Latest Issue (October) includes information about the Utility Rate Response Plan.
		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.	In Progress	The new website, poweringclinton.com is online and full of very useful electric utility information. However, we are adding additional data to the site daily and this part of our project is not 100% complete at this time.
		Publicly post utility rates in the lobby of the MSBMC	Not Started	
		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.	In Progress	Brochures are being designed and prepared by OCM staff.
		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.
	Improve collaboration between the utility and assistance agencies and improve access to assistance agencies for customers	Meet with assistance agencies so we can understand their decision making process and refer customers in the right direction.	In Progress	DAS personnel have met with two assistance agencies, GLEAMS and United Ministries. Additional meetings are needed to develop the proper programs for pointing customers in the right direction.
		Develop assistance agency information that we can provide to customers.	In Progress	Brochure is being developed by OCM staff.
		Seek out new opportunities for utility	In Progress	Opportunities are being explored by OCM

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		bill payment assistance that we do not currently take advantage of (USDA).		staff.
		Task a CSR with being our staff point person for assistance agency cooperation.	Not Started	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.
		Encourage assistance agencies to set up office in our building or hold office hours in our building to assist customers.	In Progress	GLEAMS has started holding office hours in the MSBMC from 2 PM to 4 PM each Wednesday.
	Reduce penalties and fees charged to customers	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.	In Progress	This must be done by ordinance, and the first reading of the ordinance was approved on September 8, 2015. The second reading is scheduled for October 5, 2015.
		Determine what the true cost of the reconnect fee should be and set it at that level.	Not Started	
	Reduce operational costs by temporarily freezing some positions	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.	In Progress	The vacant Director of Community and Economic Development position has been frozen. The City Manager is now serving as the Zoning Administrator, Planning Director, and Liaison to the DRB, Liaison

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				<p>to the Planning Commission, Liaison to the BZA, and Liaison to the CEDC. The City Manager is directly supervising C&ED staff including inspections, code enforcement, and others.</p> <p>The vacant Deputy Director of Economic Development position has been frozen. Events are being handled by the Special Projects Administrator. New programs that were to be led by this position, including festivals and events, business recruitment, streetscape development, main street Clinton program, small business accelerator development, and small business training classes have been eliminated.</p> <p>Position savings is approximately \$100,000 total before benefits.</p>
	<p>Reduce operational costs by temporarily freezing capital expenditures paid from non-restricted accounts.</p>	<p>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.)</p>	<p>In Progress</p>	
	<p>Improve customer access to utility management</p>	<p>City leadership will rotate working directly on the CSR line with customers</p>	<p>In Progress</p>	<p>The City Manager, CFO, Director – DPW,</p>

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		each week.		and Director – DAS have all worked shifts in October during high volume times in the BMC lobby.
	Reduce impact of PPCA over 90 days	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"> July (June) kwh rate: \$0.148 + PPCA \$0.029 = \$0.177 August (July) kwh rate: \$0.148 + PPCA \$0.014 = \$0.162 September (August) kwh rate: \$0.148 + 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.	In Progress	Program data has been obtained and DAS personnel are working on an equipment list and identifying personnel for training.
	Increase availability of internal assistance options to help customers spread costs out over a defined period of time.	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.
Improve access and ease of	Work with software provider to open up	Completed	Customers can now sign up for Budget	

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	use for the budget billing program.	budget billing program to allow signups anytime beginning October 1.		Billing at any time.
	Provide stabilization to the electric rate	Create and fund a rate stabilization fund.	Completed	Authorized by City Council Resolution on September 8, 2015.

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Mid Term (0-6 Months)	Conduct a full independent cost of service study and explore adjustments to the rate structure	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.
		Engage in rate study and provide all requested data	In Progress	Contract for this service has been prepared and City Council will consider it during the October 5 th meeting.
	Modify and adjust rate structure to achieve utility self-sufficiency with an eye towards creating a fair and equitable rate system.	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.
	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	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.	In Progress	City Council approved the creation of this rate and it will be offered on January 1, 2015. OCM staff are developing marketing material.

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	the customer.			
	Develop and implement a 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.	Not Started	DAS personnel will be tasked with developing this program.
	Create Study Panel (Rate Reduction Task Force) to allow for public participation and input in the project.	Form a rate reduction task force 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.	In Progress	The task force has been redesigned to include 18 members including members of City Council, city staff, PMPA, local large utility users, and citizens. An advertisement for positions on this board will be released in October.
	Develop an expanded energy audit program	Set aside funding and find a qualified individual to perform full energy audit on high use residential and small commercial accounts.	Not Started	
	Create an energy efficiency loan program to help business and residents implement cost saving technology.	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.	Not Started	
	Examine and revise pole attachment program to increase pole attachment revenue to meet regional standards and use the additional review to offset operating costs.	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.

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	Develop a utility to general fund transfer policy and implement that policy to guide future financial decisions and budget development.	Design, develop, and implement a policy regarding the use of utility revenue to support general fund operations. This controls general fund spending.	Not Started	City Council will consider this policy on October 5, 2015.
	Develop a policy and procedure to allow customers and businesses to engage in distributed generation practices.	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	In Progress	

Project Phase	Objective	Action Steps	Status	Notes
Long Term (18+ Months)	Request Outside Aid for Debt Relief	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.
		Request PMPA Rate Structure Adjustments	Not Started	
		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	
	Determine if Catawba Share / City Debt can be sold and the city focuses solely on distribution.	Is it legal to sell our debt? Would anyone want it?	Not Started	
	Debt refinancing / restructuring	Can the city restructure any current utility debt to lower annual debt	Not Started	

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		payments providing a reduction in annual expenditures?		
		Can PMPA restructure any of the PMPA debt allocated to Clinton to provide rate relief?	Not Started	
	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.	Not Started	Cannot start until the rate study is complete.
	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?	Not Started	Data from rate study needed to start this project.
	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)	In Progress	The City has applied for and received a grant to fund the grading of a development ready pad on the interstate to encourage economic growth.
	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.	In Progress	The city is actively seeking new revenue opportunities as part of a series of annual goals outlined by City Council.
	Limit Budget Growth / Reduce Expenditures	Transition to performance or priority based budgeting and away from inflationary budgeting.	Not Started	
	Separate City and Utility	Separate the utility to create a stand-alone entity if it reduces cost.	Not Started	

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	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.	Not Started	