



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: April 28, 2009

Time: 7:00 a.m.

For information regarding this Agenda please contact:

Randi Johl

City Clerk

Telephone: (209) 333-6702

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Informal Informational Meeting

- A. Roll Call by City Clerk**
- B. Topic(s)**
 - B-1 Energy Cost Adjustment Report (EUD)
- C. Comments by Public on Non-Agenda Items**
- D. Adjournment**

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Randi Johl
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

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AGENDA TITLE: Energy Cost Adjustment Report (EUD)

MEETING DATE: April 28, 2009

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Accept report from Electric Utility Director regarding possible Energy Cost Adjustment (ECA) “smoothing” scenarios.

BACKGROUND INFORMATION: At a recent presentation to the City Council on the ECA, the Electric Utility Department pledged to return to the City Council with a report on possible options to smooth the ECA levels.

Presently, Lodi’s Energy Cost Adjustment charge is calculated each month based on actual Power Supply bills and projected sales for that month. The ECA formula includes a true-up for actual sales on a two month lag basis.

The ECA began in August 2007. Since that time, ECA levels have varied from a low of -\$1.25 cents/KWH to a high of 5.43 cents/KWH.

Much of the ECA deviation results from EUD’s Power Exchange Contract with Seattle City Light in which Lodi receives 25 megawatts of electricity from Seattle in summer periods (no direct cost) and returns that electricity in the next winter period. This arrangement has the effect of reducing power costs (and hence reducing the ECA) during summer months and increasing costs (and the ECA) during winter months.

A question has arisen as to whether an approach can be developed for establishing the ECA which accomplishes three objectives:

1. “Smooths” monthly ECA levels
2. Provides acceptable levels of over- and under-collection of actual costs
3. Is viewed by rating agencies as positive from a credit standpoint.

At the ShirtSleeve presentation, staff will present a number of possible ECA scenarios for consideration by the City Council.

FISCAL IMPACT: None at this time.

FUNDING: Not applicable.

George F. Morrow
Electric Utility Director

APPROVED: _____
Blair King, City Manager