



Town Council Agenda Report

Date: March 26, 2019 Item No. 11

To: Honorable Mayor and Town Council

Subject: A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY AMENDING APPLE VALLEY CHOICE ENERGY CUSTOMER POWER GENERATION RATE SCHEDULE

From: Douglas Robertson, Town Manager

Submitted by: Sydnie Harris
Finance Department

Budgeted Item: Yes No N/A

RECOMMENDED ACTION:

Adopt **Resolution No. 2019-05**, amending Resolution No. 2018-01 setting customer power generation rates for Apple Valley Choice Energy.

SUMMARY:

For ease in customer understanding, and cost comparisons, Apple Valley Choice Energy's ("AVCE") rates are developed to mirror those of Southern California Edison ("SCE") while providing a savings for the energy generation portion of a customer's electric bill. SCE implemented a rate change effective March 1, 2019 and the approval of the proposed resolution brings AVCE's rates in line with SCE's and ensures customers maintain their 3% discount.

BACKGROUND:

Apple Valley Choice Energy ("AVCE") has been serving customers since 2017. An essential part of AVCE's operation is rate setting. A fundamental requirement in setting rates is to ensure sufficient revenue to cover AVCE's operating expenses and provide for reserves. In addition to meeting these requirements, AVCE's proposed rate schedule provides savings to AVCE customers as compared to current SCE rates. By offering a discount to its customers, AVCE has saved Apple Valley residents and businesses an estimated \$1,570,000.

Since the establishment of AVCE's 2018 rate schedule, the California Public Utility Commission ("CPUC") has directed the Investor Owned Utilities, including SCE, to implement changes to their rates and implement default time of use ("TOU") rates. These new TOU rates change the peak, or most expensive, time from the current mid-day (12pm – 6pm), to the evening (4pm – 9pm). This change in TOU periods is to align the rates charged for energy usage to the cost of energy. The abundance of solar energy being produced during the day has resulted in the cost of power being cheaper during the day. In addition, the CPUC aims to encourage change in customer usage habits, through rates, to increase usage during the day when supply is at its peak.

The default TOU changes are being implemented in phases, with non-residential implementation going into effect March 1, 2019 and residential in 2020. The proposed rates are based on this most current information and ensures consistency between a customer's delivery and generation time of use periods.

Over the past several months, customers have received mailers from SCE informing them about the changes in the rates and TOU periods. The proposed rate schedule ensures the AVCE generation portion of the bill is based on the same TOU period as the SCE delivery side of the customer bill. Staff recommends approval of the rate schedule retroactive to March 1, 2019 to ensure customers do not experience any variance in their rate savings.

FISCAL IMPACT:

The rates as proposed will generate sufficient revenue to fund operations of Apple Valley Choice Energy and maintain the rate stability reserve.

ATTACHMENT:

Resolution No. 2019-05, Amending Resolution No. 2018-01 setting Customer Power Generation Rates for Apple Valley Choice Energy.

Proposed Apple Valley Choice Energy Rate Schedule Effective March 1, 2019.

RESOLUTION No. 2019-05

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF
APPLE VALLEY AMENDING THE CUSTOMER POWER
GENERATION RATES FOR THE APPLE VALLEY CHOICE
ENERGY COMMUNITY CHOICE AGGREGATION PROGRAM**

WHEREAS, Town Council adopted Ordinance declaring its intent to establish a Community Choice Aggregation (“CCA”) program; and

WHEREAS, Town Council adopted Resolution No. 2018-01 setting power generation rates for customers of AVCE on January 23, 2018; and

WHEREAS, the Town Council now desires to adjust its power generation rate schedule; and

WHEREAS, the rates as proposed are sufficient to cover the operating costs of AVCE including maintaining a rate stability reserve.

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals

The recitals set forth above are true and correct and incorporated herein by reference.

Section 2. Findings

The Town Council of the Town of Apple Valley (the “Town Council”), based on the information made available in the staff report and other such written and oral evidence presented to the Town Council, the following:

Section 3. Rates for power generation are established per the attached rate schedule effective for to meter read dates beginning March 1, 2019.

Section 4. Effective Date

This Resolution shall take effect upon its adoption.

Section 5. Certification

The Town Clerk shall certify to the passage and adoption of this Resolution; shall enter the same in the book of original Resolutions of the Town; and shall make a minute of passage and adoption thereof in the records of the proceedings of the Town Council, in the minutes of the meeting at which this Resolution is passed and adopted.

Adopted by the Town Council and signed by the Mayor and attested by the Town Clerk this day of

Larry Cusack, Mayor

ATTEST:

La Vonda M-Pearson, Town Clerk

APPLE VALLEY CHOICE ENERGY
 PROPOSED RATES
 EFFECTIVE MARCH 1, 2019

SCE EQUIVALENT SCHEDULE		AVCE RATE SCHEDULE		UNIT/PERIOD	DESCRIPTION	CURRENT RATE	PROPOSED RATE
SCE OLD EQUIVALENT RATE	SCE NEW EQUIVALENT RATE	AVCE OLD EQUIVALENT RATE	AVCE NEW EQUIVALENT RATE				
RESIDENTIAL CUSTOMERS							
DOMESTIC (D)	DOMESTIC (D)	DOMESTIC (D)	DOMESTIC (D)	per kWh	All Usage	\$0.06302	\$0.06663
DOMESTIC CARE (D-CARE)	DOMESTIC CARE (D-CARE)	DOMESTIC CARE (D-CARE)	DOMESTIC CARE (D-CARE)	per kWh	All Usage	\$0.06302	\$0.06663
TOU-D-A (Time of Use)	TOU-D-A (Time of Use) Grandfathered	TOU-D-A (Time of Use) Grandfathered	TOU-D-A (Time of Use) Grandfathered				
		ENERGY CHARGE (\$/KWH)					
				SUMMER	June 1 through September 30		
				PEAK	2pm to 8pm Weekdays, except holidays	\$0.29735	\$ 0.18828
				OFF-PEAK	All hours other than Peak and Super Off-Peak	\$0.10245	\$ 0.05408
				SUPER OFF-PEAK	10pm to 8am all year, every day	\$0.01810	\$ 0.03824
				WINTER	October 1 through May 31		
				PEAK	2pm to 8pm Weekdays, except holidays	\$0.17957	\$ 0.10484
				OFF-PEAK	All hours other than Peak and Super Off-Peak	\$0.09693	\$ 0.04500
				SUPER OFF-PEAK	10pm to 8am all year, every day	\$0.02220	\$ 0.03911
		BASELINE CREDITS		per kWh		-\$0.07845	\$ -
TOU-D-B (Time of Use)	TOU-D-B (Time of Use) Grandfathered	TOU-D-B (Time of Use) Grandfathered	TOU-D-B (Time of Use) Grandfathered				
		ENERGY CHARGE (\$/KWH)					
				SUMMER	June 1 through September 30		
				PEAK	2pm to 8pm Weekdays, except holidays	\$0.23727	\$ 0.28252
				OFF-PEAK	All hours other than Peak and Super Off-Peak	\$0.04237	\$ 0.05408
				SUPER OFF-PEAK	10pm to 8am all year, every day	\$0.01810	\$ 0.01687
				WINTER	October 1 through May 31		
				PEAK	2pm to 8pm Weekdays, except holidays	\$0.11949	\$ 0.08141

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PROPOSED RATES
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SCE EQUIVALENT SCHEDULE	AVCE RATE SCHEDULE	UNIT/PERIOD	DESCRIPTION	CURRENT RATE	PROPOSED RATE
		OFF-PEAK	All hours other than Peak and Super Off-Peak	\$0.03686	\$ 0.04500
		SUPER OFF-PEAK	10pm to 8am all year, every day	\$0.02220	\$ 0.01740
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TOU-D-T (Time of Use Tiered)					
	ENERGY CHARGE (\$/KWH)				
		SUMMER	June 1 through September 30		
		TIER 1 PEAK - Up to 130% of Base	12pm - 6pm, except holidays	\$0.22604	\$ 0.09508
		TIER 1 OFF-PEAK - Up to 130% of Base	All other hours, all year, every day	\$0.04395	\$ 0.08501
		TIER 2 PEAK - More than 130% of Base	12pm - 6pm, except holidays	\$0.22604	\$ 0.09508
		TIER 2 OFF-PEAK - More than 130% of Base	All other hours, all year, every day	\$0.04395	\$ 0.08501
		WINTER	October 1 through May 31		
		TIER 1 PEAK - Up to 130% of Base	12pm - 6pm, except holidays	\$0.11073	\$ 0.05954
		TIER 1 OFF-PEAK - Up to 130% of Base	All other hours, all year, every day	\$0.03703	\$ 0.05271
		TIER 2 PEAK - More than 130% of Base	12pm - 6pm, except holidays	\$0.11073	\$ 0.05954
		TIER 2 OFF-PEAK - More than 130% of Base	All other hours, all year, every day	\$0.03703	\$ 0.05271
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TOU-D-PRIME	TOU-D-PRIME	TOU-D-PRIME	TOU-D-PRIME		
		ENERGY CHARGE (\$/KWH)			
		SUMMER	June 1 through September 30		
		PEAK	4pm - 9pm, except holidays	N/A	\$ 0.18796
		MID-PEAK	4pm-9pm Weekends & Holidays	N/A	\$ 0.08807
		OFF-PEAK	All other hours	N/A	\$ 0.03253
		WINTER	October 1 through May 31		
		MID-PEAK	4pm - 9pm winter weekdays and weekends	N/A	\$ 0.15661
		OFF-PEAK	All hours other than Mid-Peak and Super Off-Peak	N/A	\$ 0.02887
		SUPER OFF-PEAK	8:00 a.m. to 3:00 p.m. winter weekdays and weekends	N/A	\$ 0.02887
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TOU-D-4to9	TOU-D-4to9	TOU-D-4to9	TOU-D-4to9		
		ENERGY CHARGE (\$/KWH)			
		SUMMER	June 1 through September 30		
		PEAK	4pm - 9pm, weekdays except holidays	N/A	\$ 0.18631
		MID-PEAK	4pm-9pm Weekends & Holidays	N/A	\$ 0.04746
		OFF-PEAK	All other hours	N/A	\$ 0.04641
		WINTER	October 1 through May 31		
		MID-PEAK	4pm - 9pm winter weekdays and weekends	N/A	\$ 0.07118

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SCE EQUIVALENT SCHEDULE		AVCE RATE SCHEDULE		UNIT/PERIOD	DESCRIPTION	CURRENT RATE	PROPOSED RATE
				OFF-PEAK	All hours other than Mid-Peak and Super Off-Peak	N/A	\$ 0.09887
				SUPER OFF-PEAK	8:00 a.m. to 3:00 p.m. winter weekdays and weekends	N/A	\$ 0.00051
TOU-D-5to8	TOU-D-5to8	TOU-D-5to8	TOU-D-5to8				
			ENERGY CHARGE (\$/KWH)	SUMMER	June 1 through September 30		
				PEAK	5:00 p.m. to 8:00 p.m. summer weekdays except holidays	N/A	\$ 0.25217
				MID-PEAK	5:00 p.m. to 8:00 p.m. summer weekends and holidays	N/A	\$ 0.05941
				OFF-PEAK	All hours other than Peak and Mid-Peak	N/A	\$ 0.04845
				WINTER	October 1 through May 31		
				MID-PEAK	5:00 p.m. to 8:00 p.m. winter weekdays, weekends and holidays	N/A	\$ 0.07548
				OFF-PEAK	8:00 pm - 8:00am winter weekdays, weekends and holidays	N/A	\$ 0.10136
				SUPER OFF-PEAK	8:00 am - 5:00pm winter weekdays, weekends and holidays	N/A	\$ 0.00196
TOU-EV-1 (Time of Use Electric Vehicle Charging)	TOU-EV-1 (Time of Use Electric Vehicle Charging)		ENERGY CHARGE (\$/KWH)	SUMMER	June 1 through September 30		
				PEAK	12pm - 9pm every day	\$0.17750	\$ 0.18435
				OFF-PEAK	All other hours, all year, every day	\$0.02398	\$ 0.01527
				WINTER	October 1 through May 31		
				PEAK	12pm - 9pm every day	\$0.04833	\$ 0.06712
				OFF-PEAK	All other hours, all year, every day	\$0.02471	\$ 0.02167
MORE Choice - 50% RENEWABLE OPTION							
Customers electing the 50% renewable service option will pay the applicable rate for the basic 35% renewable plus the below 50% renewable premium charge:							
			ENERGY CHARGE (\$/MONTH)	Residential		\$2.0000	\$2.0000
YOUR Choice NEM - NET ENERGY METERING OPTION							

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With the YourChoice Program, you'll receive an energy credit for the power your system provides to the grid. At the close of each month, we'll tally the amount of grid energy you've consumed and contributed. If what you've contributed is more than what you've consumed, we'll issue a credit. If you've used more than you've contributed, you'll be debited. Each April, on the true up date, the kilowatt usage is evaluated, and if your energy production exceeds your energy consumption, a rebate is issued based on \$.06 per kWh. If we owe you more than \$100 we'll issue you a check. Otherwise, the credit balance will roll over to next year. Simple