

RESIDENTIAL ELECTRIC REBATE OPTIONS

Council asked staff to return to the Finance Committee with some proposed residential electric rebate options.

- Option 1: 20% rebate of \$720,433 to all residential electric customers based on their electric consumption in January 2023;
- Option 2: Flat rebate of \$27.05 to every residential electric customer in January 2023 totaling \$720,369, based on an average January residential electric bill of \$135.26.

ANALYSIS

In late 2022 electricity market prices increased at unprecedented levels, leading to the need to increase the hydroelectric rate adjuster on January 1, 2023 of an additional 20% to match the cost of replacing hydroelectric power with market power. Since April 2022, electric rates have increased by approximately 35%.

Staff analyzed January 2023 residential electric bills when the electric hydro rate adjuster (E-HRA) was increased an additional 20%. There were a total of 26,631 residential electric customers in January 2023. The total January 2023 residential electric charge was \$3.6M compared to \$2.9M in December 2022 when E-HRA was not increased. Electric residential bills for the service period of January 2023 were as follows:

| Bill Range | % of Total | # of Customers |
|----------------------|------------|----------------|
| Greater than \$1,000 | 0.2% | 63 |
| \$500 to \$1,000 | 1.6% | 435 |
| \$150 to \$500 | 29.9% | 7,962 |
| Less than \$150 | 68.2% | 18,171 |

Under the 20% rebate scenario based on January customer consumption, the average rebates will range from \$2.08 for customers with less than a \$20 electric bill to \$774.37 for customers with bills greater than \$2,000 totaling \$720,433.

The average residential electric consumption for January was 609.20 therms with an average bill of \$135.26. A flat 20% rebate across all residential electric users would be equivalent to \$27.05 per customer totaling \$720,369.

| <u>Electric Billing Range</u> | <u>Number of Residential Accounts</u> | <u>% of Total Accounts</u> | <u>Jan Electric Bill Charge</u> | <u>Average Jan Electric Bill</u> | <u>20% Rebate Amount</u> | <u>Avg. 20% Rebate per Customer</u> | <u>Flat Rebate of \$27.05 Based on Average Bill of \$135.26</u> |
|-------------------------------|---------------------------------------|----------------------------|---------------------------------|----------------------------------|--------------------------|-------------------------------------|---|
| < \$20 | 2,243 | 8.4% | \$ 23,384 | \$ 10.43 | \$ 4,677 | \$ 2.08 | \$ 60,673 |
| \$20 - \$49.99 | 4,522 | 17.0% | \$ 160,527 | \$ 35.50 | \$ 32,105 | \$ 7.10 | \$ 122,320 |
| \$50 - \$99.99 | 6,655 | 25.0% | \$ 489,647 | \$ 73.58 | \$ 97,930 | \$ 14.72 | \$ 180,018 |
| \$100 - \$149.99 | 4,751 | 17.8% | \$ 584,921 | \$ 123.12 | \$ 116,984 | \$ 24.62 | \$ 128,515 |
| \$150 - \$199.99 | 3,071 | 11.5% | \$ 531,536 | \$ 173.08 | \$ 106,307 | \$ 34.62 | \$ 83,071 |
| \$200 - \$299.99 | 3,180 | 11.9% | \$ 769,615 | \$ 242.02 | \$ 153,923 | \$ 48.40 | \$ 86,019 |
| \$300 - \$399.99 | 1,190 | 4.5% | \$ 407,777 | \$ 342.67 | \$ 81,555 | \$ 68.53 | \$ 32,190 |
| \$400 - \$499.99 | 521 | 2.0% | \$ 231,091 | \$ 443.55 | \$ 46,218 | \$ 88.71 | \$ 14,093 |
| \$500 - \$599.99 | 206 | 0.8% | \$ 111,495 | \$ 541.24 | \$ 22,299 | \$ 108.25 | \$ 5,572 |
| \$600 - \$699.99 | 102 | 0.4% | \$ 66,361 | \$ 650.60 | \$ 13,272 | \$ 130.12 | \$ 2,759 |
| \$700 - \$799.99 | 68 | 0.3% | \$ 50,836 | \$ 747.59 | \$ 10,167 | \$ 149.52 | \$ 1,839 |
| \$800 - \$899.99 | 40 | 0.2% | \$ 33,678 | \$ 841.95 | \$ 6,736 | \$ 168.39 | \$ 1,082 |
| \$900 - \$999.99 | 19 | 0.1% | \$ 17,714 | \$ 932.29 | \$ 3,543 | \$ 186.46 | \$ 514 |
| \$1,000 - \$1,499.99 | 38 | 0.1% | \$ 45,879 | \$ 1,207.34 | \$ 9,176 | \$ 241.47 | \$ 1,028 |
| \$1,500 - \$1,999.99 | 9 | 0.0% | \$ 15,750 | \$ 1,750.02 | \$ 3,150 | \$ 350.00 | \$ 243 |
| > \$2,000 | 16 | 0.1% | \$ 61,950 | \$ 3,871.86 | \$ 12,390 | \$ 774.37 | \$ 433 |
| Grand Total | 26,631 | | \$ 3,602,161 | | \$ 720,433 | | \$ 720,369 |

RESOURCE IMPACT

The City's General Fund would provide full funding of the electric residential rebate program through a transfer to the Electric Fund. The General Fund receives a five percent utility users tax (UUT) on monthly electric, gas, and water bills. For January 2023 electric billing, the City received \$174,825 in electric UUT for residential bills compared to \$161,438 in electric UUT for December 2022. The unplanned increase in UUT revenue will be recorded in the General Fund Budget Stabilization Reserve, which would be used to fund the transfer to the Electric Fund for the rebate program.