

RESOLUTION NO. CC-2021-28; SUA-2021-10

“A RESOLUTION ADOPTING A RATE ADJUSTMENT FOR ELECTRIC SALES; PROVIDING FOR THE CREATION OF A TEMPORARY PRODUCTION COST ADJUSTMENT FOR WINTER STORM RECOVERY; AND PROVIDING AN EFFECTIVE DATE.”

WHEREAS, the City of Stillwater and the Stillwater Utilities Authority are the owners and operators of a municipal electric utility which provides retail electric services to residents and businesses located within and outside the corporate limits of the City of Stillwater; and

WHEREAS, the Mayor and City Councilors of the City of Stillwater and the Chair and Trustees of the Stillwater Utilities Authority are charged with the duty and responsibility to establish and set electric rates; and

WHEREAS, it is the responsibility of the Stillwater City Council and the Stillwater Utilities Authority to ensure that the electric rates are adequate to meet the financial requirements of the utility and the City; and

WHEREAS, the excess revenues generated by the sale of electricity are transferred to the City of Stillwater General Fund; and

WHEREAS, in February 2021, the City of Stillwater experienced an extreme cold weather event known as “Winter Storm Uri” that caused a drastic increase in the price of natural gas that resulted in an extraordinary energy costs bill to the City of Stillwater; and

WHEREAS, the City of Stillwater and the Stillwater Utilities Authority have entered into a agreement with GRDA to pay the energy costs bill in the amount of \$7,138,352 in monthly installment payments over twelve (12) months, or a lump sum at the end of 12 months, with no carrying costs;

WHEREAS, the Stillwater City Council and the Stillwater Utilities Authority have determined that in order to maintain a high quality of service and limit the financial impact of the winter storm event to the electric utility while limiting the rate impact on its customer’s monthly bills, a temporary rate adjustment shall be implemented to recover fifty percent (50%) of the energy costs bill from electric utility customers for a term of 36 months.

NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF STILLWATER, OKLAHOMA AND THE CHAIR AND TRUSTEES OF THE STILLWATER UTILITIES AUTHORITY:

Section 1. The temporary production cost adjustment for winter storm recovery is hereby established and approved as set forth in the attached Rate Chart.

Section 2. The temporary production cost adjustment for winter storm recovery is effective on November 1, 2021 and shall remain in effect until the expiration of 36 months or until the electric utility has recovered 50% of the energy costs bill.

PASSED AND ADOPTED this 13th day of September, 2021.

CITY OF STILLWATER, OKLAHOMA
A Municipal Corporation

STILLWATER UTILITIES AUTHORITY
A Public Trust

WILLIAM H. JOYCE, MAYOR/CHAIR

(SEAL)
ATTEST:

TERESA KADAVY, CITY CLERK/SECRETARY

APPROVED AS TO FORM AND LEGALITY this 13th day of September, 2021.

KIMBERLY CARNLEY
INTERIM CITY ATTORNEY/GENERAL COUNSEL

PRODUCTION COST ADJUSTMENT – WINTER STORM RECOVERY

I. BACKGROUND:

- February 2021 extreme winter weather event caused a drastic increase in the price of natural gas that resulted in an extraordinary energy costs bill to the City of Stillwater and Stillwater Utilities Authority.
- The City of Stillwater and Stillwater Utilities Authority have entered into an agreement to pay the total energy costs bill in the amount of \$7,138,352 over 12 months or a lump sum at the end of 12 months with no carrying costs.
- The City of Stillwater and Stillwater Utilities Authority shall create a Production Cost Adjustment (“PCA”) – Winter Storm Recovery to be added to utility customer’s monthly bills to recover 50% of the energy costs bill over an approximately 36 month term. 50% of the energy costs bill is \$3,569,176.

II. PCA – WINTER STORM RECOVERY:

- The PCA – Winter Storm Recovery adder shall be effective on November 1, 2021 and shall remain in effect for approximately 36 months or until the total amount of 50% (\$3,569,176) has been recovered.
- The PCA – Winter Storm Recovery adder is applicable to all electric utility customers regardless of rate classification.
- The PCA – Winter Storm Recovery adder shall be \$0.0020 - \$0.0030 per kWh per month per customer.
- Due to variables in energy usage by customers, the range is necessary in order to recover the total amount of 50% in approximately the 36 month term.
- Staff has estimated that an amount of at least \$99,143.78 shall need to be recovered on a monthly basis in order to recover the total amount of 50% in approximately 36 months. Staff shall monitor the PCA-Winter Storm Recovery to determine adjusting the adder appropriately within the approved range in order to achieve recovery of 50% in approximately 36 months.

- ### **III. CUSTOMER BILLS:**
- The PCA – Winter Storm Recovery shall appear as a separate line item on customer’s utility bill. The exact monthly charge may vary based on the terms herein. The exact amount added for the PCA – Winter Storm Recovery will be specifically stated on each monthly utility bill.