13.08.298 – Power cost adjustment

A. Applicability – all rates.
B. Definition. A Power Cost Adjustment (PCA) will be applied to energy consumption to account for fluctuations in the cost of power. PCA values can be positive or negative and will be applied on a quarterly basis using the following formula:
    1. Quarterly estimated power cost will be subtracted from estimated revenue from sales to create a target quarterly income number.
    2. Quarterly actual power cost will be subtracted from actual revenue from sales to create an actual income number.
    3. The actual income will be subtracted from the target to create a quarterly income delta number.
    4. The quarterly income delta will be divided by the estimated KWH consumption for the next quarter to create a $/KWH number that will be the PCA for the following quarter.
    5. The goal of the PCA is to create additional revenues, or issue billing credits, that are equal to the previous quarterly income delta. Differences between the previous quarter income delta and the actual revenue or billing credit that the PCA creates, will be added into the future quarterly PCA.
    6. Formula:
    Estimated Revenue – Estimated Power Cost = Target Income
    Actual Revenue – Actual Power Cost = Actual Income
    (Target Income – Actual Income)/(Estimated Future Consumption) = PCA
    7. That the PCA shall be increased by an additional 5% if electrical service is provided to a service address outside the corporate limits of the City of St. Charles unless the customer has an electric service agreement with the City that was in existence prior to May 6, 2013 that provides for a different additional charge.

(2013-M-34 : § 1)