



## CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

### AGENDA ITEM

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Report: Glendale Care Program Electric Bill Discount Adjustment.

1. Resolution adjusting Glendale Water & Power's Glendale Care Program benefit from the current rate of \$17.50 to \$20.50 effective January 1, 2024, to \$23.50 effective July 1, 2024, and to \$26.50 effective July 1, 2025, in alignment with the proposed electric rate increases outlined in the Electric Rates Cost of Service Analysis (COSA).

### COUNCIL ACTION

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**Item Type:** Action Item

**Approved for** November 28, 2023 **calendar**

### EXECUTIVE SUMMARY

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The proposed electric rate increases resulting from GWP's 2023 COSA have created the need to also adjust the Glendale Care Program benefit to align the average adjusted bill benefit of program participants in proportion to the proposed electric rate increases.

### RECOMMENDATION

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Adopt a Resolution adjusting Glendale Water & Power's Glendale Care Program benefit from the current rate of \$17.50 to \$20.50 effective January 1, 2024, to \$23.50 effective July 1, 2024, and to \$26.50 effective July 1, 2025, in alignment with the proposed electric rate increases outlined in the Electric Rates Cost of Service Analysis (COSA).

### ANALYSIS

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GWP presently provides discounts to qualifying low-income customers through the Glendale Care program. The Glendale Care program was created by City Council on November 12, 2008, and is funded through the Public Benefit Charge. It was generally modeled after the California Alternative Rates for Energy Program that provides a 20% discount for low-income customers of electric and gas investor-owned utilities.

To encourage conservation, GWP opted to set the discount at a flat rate of \$10 per month for participants, which at the time equaled approximately 20% of the average low-income customer's bill. As GWP electric bills declined due to reductions in the fuel adjustment charge, the \$10 per month Glendale Care discount increased on a percentage bases of a typical bill from 20% to 25%.

Thus in 2013, to offset the pending annual rate increases of 8%, 7%, 5%, 2% and 2%, City Council approved nominal increases of the monthly discount each year for the following five years from \$10 to \$13.

	Current	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
Proposed Monthly Discount	\$ 10.00	\$ 11.00	\$ 12.00	\$ 12.50	\$ 12.50	\$ 13.00

On June 12, 2018, City Council approved the Public Benefit Programs Plan for FY 2018-2019 and 2019-2020, increasing the Glendale Care monthly discount from \$13 to \$15.

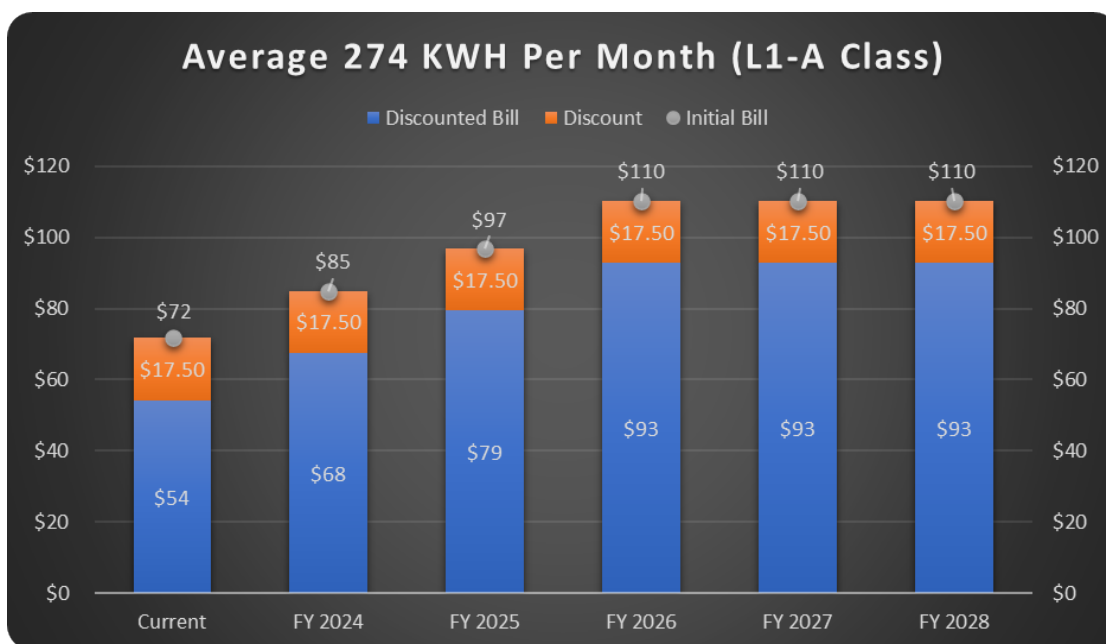
On June 16, 2022, City Council approved an increase to the Glendale Care monthly discount from \$15 to \$17.50 based on staff recommendation.

The 2023 Electric Rates Cost of Service Analysis (COSA) conducted by GWP's consultant, NewGen Strategies and Solutions, LLC has led to the conclusion that GWP must implement an electric rate increase to meet its revenue requirements.

The recommended rate increases include a series of average increases over a three-year period of effective January 1, 2024, July 1, 2024, and July 1, 2025.

GWP recognizes the need to adjust the current Glendale Care Program benefit amount of \$17.50 in proportion to the proposed electric rate increases.

The chart below illustrates the average monthly electric consumption and electric bill for the customers currently enrolled in the Glendale Care Program.



The current Glendale Care Program benefit of \$17.50 represents 24.31% of the current average monthly bill for enrolled participants. If the \$17.50 benefit were to remain static throughout the proposed electric rate increases, the benefit percentage would reduce to 20.5%, 18% and 15.8% as each rate increase is implemented.

Adjusting the Glendale Care Program benefit in proportion to the proposed electric rate increases using the current 24.31% average benefit results in an adjusted benefit of \$20.50 for the remaining six months of fiscal year 2024, \$23.50 for fiscal year 2025, and \$26.50 for fiscal years 2026, 2027, and 2028.

## **STAKEHOLDERS/OUTREACH**

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Glendale Care Program participants will be notified of the Council's action to increase the program's benefit in response to the proposed electric rate increases.

## **FISCAL IMPACT**

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The anticipated cost for the remaining six months of this fiscal year 2023-24 for the Glendale Care Program benefit, inclusive of the anticipated increase, will cost an estimated \$1,353,000 with the current enrollment status. Due to lower than estimated enrollments this fiscal year, the department budget can absorb this additional cost and therefore no new appropriation is being requested at this time. The funding is outlined below:

<b>Existing Appropriation</b>		
<b>Amount</b>	<b>Account String</b>	<b>Funding Source</b>
\$1,353,000	GL: 45512-2910-GWP-4800-P0000-	Public Benefit Fund

The Glendale Care Program benefit increase will cost an additional \$372,000 for fiscal year 2025. The additional cost associated will be absorbed within the Public Benefits Charge (PBC) budget and will not adversely affect other PBC funded programs. The costs pertaining to fiscal years 2026, 2027, or 2028 will be requested for approval during the annual budget process.

## **ENVIRONMENTAL REVIEW (CEQA/NEPA)**

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CEQA does not apply to projects where the lead agency determines "with certainty that there is no possibility that the activity in question may have a significant effect on the environment." CEQA Guidelines (14 Cal. Code Regs.) § 15061(b)(3). Here, the action involves adjusting the Glendale Care Program benefit to align the average adjusted bill benefit of program participants in proportion to the proposed electric rate increases. There is no possibility that this action may have a significant effect on the environment.

## **CAMPAIGN DISCLOSURE**

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Not applicable.

## **ALTERNATIVES TO STAFF RECOMMENDATION**

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Alternative 1: Choose not to approve and authorize the requested action, which will keep the Glendale Care Program benefit at the current rate of \$17.50 per

month.

Alternative 2: Consider any other alternative not proposed by staff.

#### **ADMINISTRATIVE ACTION**

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**Submitted by:**

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**Prepared by:**

Scott Mellon, Assistant General Manager - Power Management

**Approved by:**

Roubik R. Golanian, P.E., City Manager

#### **EXHIBITS/ATTACHMENTS**

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None.