

Staff Report

PRESENTATION OF THE COST OF SERVICE STUDY FOR AMES ELECTRIC SERVICES

June 18, 2024

BACKGROUND:

Electric utilities periodically conduct cost-of-service and rate design studies to help make long-term financial plans, promote efficient use of resources, and provide fair and equitable rates for customers. Ames Electric Services previously completed a cost of service study in 2012.

On June 23, 2023, City Council awarded a contract with Utility Financial Solutions to complete a complete a cost of service and rate design study. Based on the findings of the study, Staff is recommending adjustments to customer rates that will send correct pricing signals to customers and provide fair and equitable rates. **The proposed adjustments will result in no overall revenue increase.** As a result of the rate adjustments, some customers will see higher electric bills, while the changes will result in lower bills for other customers.

Ames Electric Services' most recent rate increase was a 4% across the board increase in 2017. A revenue neutral rate adjustment was made in 2012. Prior to that, there was a 5% rate increase in 2009.

At this time, the presentation is informational only. The staff next intends to refer this topic to EUORAB for their review and recommendation. Following their June 20th meeting, staff will prepare a Council Action Form (CAF) on June 25th. At this meeting the Council will be asked to: 1) adopt the proposed rate changes to each of the Customer Classes, 2) Change the Interruptible Rate, 3) Add the Time-Of-Use rates, and 4) Adjust the Renewable Energy Buyback rate. The staff's recommendation to adjust electric rates is estimated to result in no net increase in revenue.

ATTACHMENT(S):

[Ames_Electric_Cost_of_Service_Study_UFS_Council_Presentation_6.18.24.pdf](#)