

## **City of Vernon Advisory Committee on Electric Rates Reaches Agreement on Proposed Electricity User Rate Increase Plan**

At a meeting held on June 14, 2011, the City of Vernon Advisory Committee on Electric Rates agreed to a proposed electricity user rate increase plan that would, if approved by the Vernon City Council, adjust electric rates charged by Vernon Light and Power over the course of the next six fiscal years. The Advisory Committee will make its recommendation to the City Council at a Special Council meeting to be held on June 23, 2011. The committee's recommendation will be to increase Light and Power rates by 8% effective July 1, 2011 and impose a second rate increase of 8% effective January 1, 2012. Thereafter, Light and Power rates would be increased by 5% effective July 1 through the fiscal year 2017.

The Advisory Committee agreed to the rate increase plan after reviewing five options for proposed Light and Power rate increases presented by Carlos Fandino, director of Light and Power. The Committee modified Rate Increase Option No. 2 to provide for a two- step 8% rate increase rather than a one-year 16% rate increase effective July 1, 2011. The Director of Light and Power advised the Electric Rate Advisory Committee members, comprised of Vernon business and labor representatives, that all future rate increases will be subject to change depending on market conditions, future projects and any unanticipated acts of nature, such as a major earthquake, or a man-made disaster. Following the recommendation presentation to the City Council by the Electric Rate Advisory Committee, the Director of Light and Power will make a formal recommendation for adoption of the proposed electricity user rate adjustments to the City Council on Thursday, June 23, 2011 at 8:00 A M in the City Council Chambers. The Director's recommendation is expected to be similar to the recommendation by the Advisory Committee.

The Light and Power rate increase is necessary to offset rising operating costs, meet long-term debt covenant obligations, and fund capital improvements that are essential to provide reliable electric service to Vernon Light and Power's

commercial customers. The Advisory Committee on Electric Rates has agreed to convene quarterly to continue providing input and advice to management of the Vernon Light and Power Department and the City of Vernon.