

CITY OF WILLIAMS CITY COUNCIL

**REGULAR MEETING
JANUARY 26, 2023
7:00 P.M.**

**CITY COUNCIL CHAMBERS
113 S. FIRST STREET
WILLIAMS, ARIZONA**

AGENDA

PURSUANT TO A.R.S. #38-431.02, NOTICE IS HEREBY GIVEN TO THE MEMBERS OF THE CITY COUNCIL AND THE GENERAL PUBLIC THAT THE CITY COUNCIL WILL HOLD A MEETING OPEN TO THE PUBLIC **THURSDAY, JANUARY 26, 2023, AT 7:00 P.M.** IN THE CITY COUNCIL CHAMBERS, 113 S. FIRST STREET, WILLIAMS, ARIZONA. THE COUNCIL MAY, BY MOTION, RECESS INTO EXECUTIVE SESSION FOR (A) LEGAL ADVICE IN ACCORDANCE WITH A.R.S. §38-431.03(A)(3) OR (B) DISCUSSION OR CONSIDERATION OF RECORDS EXEMPT BY LAW FROM PUBLIC INSPECTION IN ACCORDANCE WITH A.R.S. §38-431.03(A)(2), TO DISCUSS AND CONSIDER ANY ITEM CONTAINED IN THIS AGENDA. THE COUNCIL WILL DISCUSS AND MAY TAKE ACTION ON THE FOLLOWING MATTERS:

I. PROCEDURES

- A. Call to Order
- B. Pledge of Allegiance and Invocation
- C. Roll Call
 - _____ Mayor Dent
 - _____ Vice Mayor McNelly _____ Councilmember Campbell
 - _____ Councilmember Cowen _____ Councilmember Edes
 - _____ Councilmember Fritsinger _____ Councilmember Payne
- D. Approval of Minutes for January 12, 2023
- E. Adopt Agenda

II. PRESENTATIONS –

- *City to present years of appreciation awards to past Mayor Moore and Councilmember Hiemenz*
- *Heather Herman wants to present to the new council.*

III. PUBLIC PARTICIPATION

The Council cannot act upon items presented during the public participation portion of the agenda. Individual Council members may ask the public questions or respond to any criticisms. Still, the open meeting law prohibits the members from discussing or considering the items among themselves until the matter is officially placed on the agenda. However, the open meeting law allows the City Council to ask staff to review a case or place it on a future Council agenda. A person has a five-minute time period to speak. If a person has a written presentation that requires more than five minutes to present verbally, they should indicate the estimated time required on the sign-up sheet. The presiding officer may grant additional time if the agenda for the meeting is not too full. A registered spokesperson for a recognized

Certification of Posting

The undersigned hereby certifies that a copy of this notice was duly posted at Williams City Hall interior board and exterior board in accordance with the statement filed by the City Council with the City Clerk.

Date: _____ Time posted before 5 p m By: _____

City Clerk Pamela Galvan

CITY OF WILLIAMS CITY COUNCIL

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AGENDA

community organization shall be afforded ten minutes provided other members of the same organization agree beforehand to withhold their comments on the same subject.

IV. CONSENT AGENDA ITEMS – None

V. NON-CONSENT AGENDA ITEMS

- A. Consideration and action regarding the first reading of Ord No. 997 for the rezoning APN# 202-11-003V from commercial to single-family residential.
- B. Consideration and action regarding Resolution No. 1430 directing National Bank to update the list of authorized signatories for the city's bank accounts.
- C. Consideration and action regarding electric power cost adjuster increase. *J. Worner*
- D. Consideration and action regarding adjustment to golf course rates for 2023.

VI. REPORTS, CURRENT EVENTS, AND INFORMATION ITEMS

Mayor and Council

Staff

VII. ADJOURN

CITY OF WILLIAMS CITY COUNCIL

ANNOTATED MINUTES
AGENDA ITEM

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JANUARY 12, 2023
COUNCIL ACTION

I. PROCEDURES

A. Call to Order 7:00 PM

Mayor Dent called the meeting to order, and George Glen provided the invocation.

B. Roll Call

Present: Mayor Dent, Councilmember Campbell, Councilmember Mike Cowen, Councilmember Ken Edes, Councilmember Fritsinger, Councilmember McNelly, and Councilmember Lee Payne.

Present City Staff, City Manager Tim Pettit, Finance Director Barbara Bell, Police Chief Tad Wygal, Public Works Director Aaron Anderson, and City Clerk/HR Director Pamela Galvan.

Mayor Dent announced Frank McNelly's appointment as his Vice Mayor.

C. Approval of Minutes for December 8, 2022.

Motion: *To approve the Minutes for December 8, 2022.*

Action: *Approved*

Moved by *Councilmember Fritsinger*, **Seconded by** *Councilmember McNelly*

The motion passed unanimously.

D. Adopt Agenda

Motion: *To approve the agenda as presented.*

Action: *Adopted*

Moved by *Councilmember Edes*, **Seconded by** *Councilmember Cowen*

The motion passed unanimously.

II. PRESENTATIONS – Cheyenne Grabiec, Community Outreach

Coordinator for Coconino Community College, is here to present the next steps for Proposition 438, voted on in May, to reset the Primary Property Tax levy for the college.

Cheyenne Grabiec introduced himself and thanked Council for allowing him time to follow up on Prop 438, which reset the College's primary property tax levy to \$14,715,587. He explained how they would receive the money in three phases.

CITY OF WILLIAMS CITY COUNCIL

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JANUARY 12, 2023
COUNCIL ACTION

He went over how some of the money would be used and the expansion of career and technical programs. He mentioned not raising tuition, keeping college affordable in Coconino, and assisting with student funding.

Mayor introduced George Glen to announce the local hospital. The Williams Hospital district board of directors has renewed a 10-year medical management agreement with North County Healthcare, effective January 1, 2023.

Swearing in of officers Blake Hanslik and Cody Neitch.

Mayor Dent swore in both officers.

III. PUBLIC PARTICIPATION –

IV. CONSENT AGENDA ITEMS –

A. Approval of Purchase Orders.

B. Approval of check register for the month ending December 31, 2022.

Motion: To approve the consent agenda items as presented.

Moved by Councilmember McNelly, ***Seconded by*** Councilmember Payne.

Motion passed unanimously

V. NON-CONSENT AGENDA ITEMS

C. Consideration and action with a request to rezone APN# 202-11-003V to a single-family residential, R1-7 zoning.

Tim Pettit explained that this is 2.6 acres now zoned commercial, and the request is to rezone to the single-family residential, R1-7.

Motion: To approve the request to rezone APN# 202-11-0003V to a single-family residential, R1-7 zoning.

Moved by Councilmember McNelly, ***Seconded by*** Councilmember Edes.

Motion passed unanimously

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JANUARY 12, 2023
COUNCIL ACTION

D. Consideration and action regarding Resolution No. 1429, approval and authorization for the execution and delivery of the Natural Gas Hedge Implementation Agreement.

The mayor explained the utility costs and spoke of the Texas storm a few years back and how that affected costs.

The co-op has an opportunity for us to join; essentially, it's buying insurance against future natural gas spikes. This is an agreement within the co-op and how it will be implemented. We will have other opportunities to participate in future hedging based on the cost of the hedge at that time.

The Clerk read Resolution No. 1429 by number and title only.

Motion: To approve Resolution No. 1429 approving and authorizing the execution and delivery of the Natural Gas Hedge Implementation Agreement.

Moved by Councilmember McNelly, ***Seconded by*** Councilmember Edes.

Motion passed unanimously

E. Consideration and action to approve budget reallocation within the Grants Fund and the "pre" approval of Tourism Marketing grants expenses requiring purchase orders, allowing the City Manager to approve at the time of submission of invoices.

Barbara Bell asked to get pre-approval for the plan as a whole. This is so the city can get reimbursements sooner than having to come to the council with each invoice as they come in. I want Tim to have authority for this grant and be able to pay as billed.

This is for the Two-train grant from the Arizona Office of Tourism; it was going to be initially funded, and we will fund it as we submit.

This will allow us to close the grant before this physical year.

Motion: To approve the city and manager, allowing the city manager to process the invoices at the time of submittal and not have to come to the council.

Moved by Councilmember Cowen, ***Seconded by*** Councilmember McNelly.

Barbara Bell asked that a motion also is for an amendment to approve the budget adjustment for this.

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JANUARY 12, 2023
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Councilmember Cowen amended his motion to include an amendment to approve the budget reallocation as well and approval for the City Manager to

Approve invoices as they are submitted. Councilmember McNelly seconded the amendment.

Motion passed unanimously

RECESS TO EXECUTIVE SESSION – 7:25 PM

Pursuant to A.R.S. §38-431.03 (A)(1), Council will discuss a fire chief's potential appointment.

RECONVENE TO REGULAR SESSION – 7:34 PM

- F. Council will consider and take action with the discussion in Executive Session.**

Tim Pettit recommended making Chase Pearson an offer for the Fire Chief.

Motion: To approve Tim Pettit, our city manager recommended hiring Chase Pearson as the city's Fire Chief.

Moved by Councilmember McNelly, ***Seconded by*** Councilmember Payne.
Motion passed unanimously

VI. REPORTS, CURRENT EVENTS, AND INFORMATION ITEMS

Mayor and Council –

- Mayor spoke about rosters of committees and commissions placed in each council member's mailbox. We are looking to fill vacancies. He also appointed council members to each committee and commission to act as a liaison for the city. Council member McNelly to work with Water/Wastewater department. Council member Payne to join Mayor with the electric system. Council members Payne, Cowen, and Edes, replacing Vice Mayor Dent, with the Fire department. Council members Cowen and Fritsinger with the Airport. Council member Edes to work with Aaron Anderson and Tim Pettit with the Street Department, Council member Campbell with Parks and Recreation, Council member Payne with the Golf Course, and Council member Cowen with Historic. And the mayor will continue to work with the Housing Authority Board and will stay with it for now.
- Tim and Mayor were on a phone call with Coral Evans from Senator Kelly's office last week. They spoke with the USDA Rural Utilities Service

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**JANUARY 12, 2023
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about our subsequent electric phases and possible outside financing with a low-interest loan.

- Volunteer Fire Chief Pearson and Joanna have been working on obtaining grants and will continue to work on them.
- Looking to have discussions addressing our city parking.
- Council member Payne congratulated our Fire Department on hiring a Fire Chief for the city.

Staff – coming

- Chief Wygal is proud of his new officers.
- Aaron Anderson noted the Dogtown waterline would be online in two weeks, then winter shutdown until spring.

VII. ADJOURN 7:37 PM

Mayor Don Dent

ATTEST:

City Clerk Pamela Galvan

CITY OF WILLIAMS CITY COUNCIL

**ANNOTATED MINUTES
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**JANUARY 12, 2023
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CERTIFICATION

State of Arizona)
) ss.
Coconino County)

I, PAMELA GALVAN, do hereby certify that I am the City Clerk of the City of Williams, County of Coconino, State of Arizona and that the above Minutes are a true and correct summary of the Meeting of the Council of the City of Williams held on January 12, 2023. I further certify that the Meeting was duly called and held and that a quorum was present.

Dated this 17th day of January 2023.

City Clerk Pamela Galvan

2022/2023 Marketing Schedule

September	October	November	December	January	February	March	April	May	June
AOT Co-Op									
AZ State Visitor Guide and Map									
GOTS	GOTS	GOTS	GOTS	GOTS	GOTS	GOTS	GOTS	GOTS	GOTS
		SD Mag	True West	True West	True West	Laughlin Bil.			
		Texas Mon.	Texas Mon.	Laughlin Bil.	Laughlin Bil.	AAA AZ			
		Phx. Mag.	Vegas Bill.	Vegas Bill.	Vegas Bill.	Texas Mo.			
		Vegas Bill.	ROVA	AAA AZ	AAA AZ	AAA AZ/NCA			
		AAA SoCal		AAA AZ	AAA AZ				
		AAA AZ/NCA		Texas Mo.	Texas Mo.				
					AAA SoCal				
					AZ Repub.				
					AAA AZ/NCA				

AZ State Visitor Guide and Map

GOTS: Go Travel Sites, lead generation, targeted advertising based on AZ interest, sign up to learn more, leads generated weekly
Vegas Bil.: Vegas billboards in 3 locations
Travel G.: The Travel Guide Group, additional lead generation for those searching and interested in AZ, AZ travel, outdoors, recreation and historic AZ
Laughlin Bil.: Laughlin billboards, one location
SD Mag. (San Diego Magazine) lightbox display, pop up on site to a targeted audience of over 1 million per day.
Texas Monthly: digital, print, newsletter and lead generation
AAA AZ: Via monthly newsletter to 750,000 opted in subscribers, January-March, promoting the best time to visit.
AAA SoCal: Full page, and newsletter space for new year travel plans.
AAA AZ/NCA: AZ and Northern California, full page for 4.8 million subscribers.

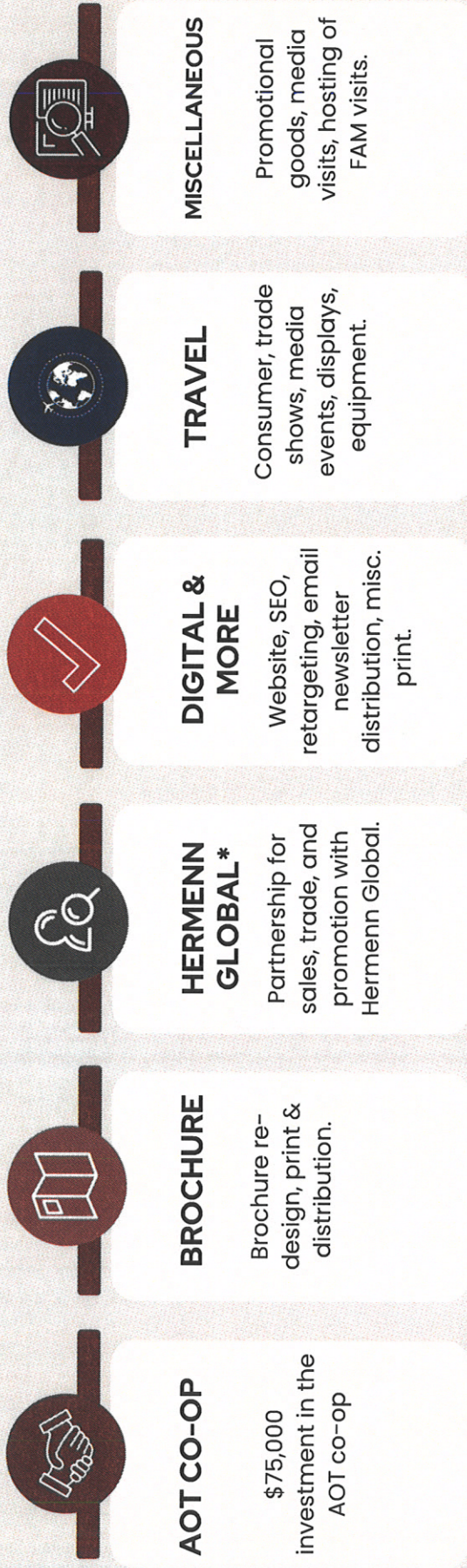
PR Themes

September	October	November	December	January	February	March	April	May	June
Outdoor Fun	Fall colors, perfect time to opt outside, fall brews & views	Fall colors/Christmas, Polar Express	Christmas, Polar Express	New year, new travel ideas	New year, new travel ideas	Spring break, family travel ideas	Spring break, family travel ideas	Summer break, cool off in Williams	Summer break, cool off in Williams

2022/2023 Additional Marketing & Travel Trade Promotion

Additional Marketing									
September	October	November	December	January	February	March	April	May	June
Sedona	Sedona	Sedona	Sedona	Sedona	Sedona	Sedona	Sedona	Sedona	Sedona
Now/Travel	Now/Travel TV	Now/Travel	Now/Travel	Now/Travel	Now/Travel	Now/Travel	Now/Travel	Now/Travel	Now/Travel
		Sojern	Sojern	Sojern	Sojern	Sojern			
Social M.	Social M.	Social M.	Social M.	Social M.	Social M.	Social M.	Social M.	Social M.	Social M.
Google A.	Google A.	Google A.	Google A.	Google A.	Google A.	Google A.	Google A.	Google A.	Google A.
Media	Media	Media	Media	Media	Media	Media	Media	Media	Media
	Vancouver M.				Tr&Adv.	China V.	Europe		
					Go West				
Sedona Now/Travel TV: In room for Sedona lodging, 900+ rooms, 2.5-3 minute segment in market: San Diego, Valley, Tucson, Vegas									
Sojern: digital retargeting based on search history, interest									
Social M.: social media advertising and promotion for events, themes: family friendly, outdoors, events, and more									
Google A.: Google ads, retargeting, and SEO for the website and boost digital displays to drive more awareness about Williams and all there is to offer.									
Media: media assistance, hosting, and encouraging media to visit, ongoing pitching, promotion and outreach.									
Vancouver M. (Vancouver Media Marketplace Event)- in person promotion to media and travel trade for Williams.									
Tr&Adv.: Travel & Adventure show Chicago									
Go West: Go West Summit, Anchorage Alaska, promotion of destination to operators and wholesalers.									
Europe: media and travel trade mission with AOT, agent, tour operators, and journalists in key cities, 3 countries, 5 days.									
China V.: virtual China media and trade to keep Williams in the travel circle									
ADDITIONAL ITEMS OF WORK									
Dean Runyan & Associates: economic impact research study									
Translation services for specific content and promotional materials: German & French									
Custom content creation by a published journalist: Teresa Bitler, content written for new brochure creation									
New destination brochure creation without advertising, no listing, content and image driven, QR code inclusion									
Booth display creation for marketing and promotion of Williams at travel and trade shows.									

WILLIAMS MARKETING SNAPSHOT



Over \$300,000 investment of funds in direct marketing, promotion, and related goods for the destination by the City of Williams.

*Hermenn Global is not affiliated nor a part of Front Burner Media, owned and operated by Heather Hermen.

post to
web

ORDINANCE NO. 997

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF WILLIAMS, ARIZONA, AMENDING THE ZONING MAP OF THE CITY OF WILLIAMS FOR ASSESSORS PARCEL NUMBER 202-11-003V FROM COMMERCIAL RESIDENTIAL (CR) ZONING TO SINGLE-FAMILY RESIDENTIAL, 7,000 SQ. FT. MINIMUM LOT SIZE (R1-7).

WHEREAS, the property listed as parcel number 202-11-003V, is zoned Commercial Residential (CR), and the owner of the property desires to rezone the property to Single Family Residential, 7000 sq. ft. minimum lot size (R1-7) to correspond with surrounding zoning and for future subdivision submittals; and

WHEREAS, an amendment to the City zoning map is necessary to allow the rezoning of property legally described as APN 202-11-003V; and

WHEREAS, such zoning change is consistent with the General Plan and is compatible with surrounding zoning and land use.

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and City Council of the City of Williams as follows:

Section 1. The City of Williams zoning map is hereby amended by the zoning change of parcel 202-11-003V from Commercial Residential (CR) to Single Family Residential R1-7 subject to the following condition:

1. Development of the property will be within a Single Family Residential 7000 sq. ft. minimum lot size subdivision, following the City of Williams Code for subdivision development.

PASSED, ADOPTED, AND APPROVED by the Mayor and Council of the City of Williams this ____ day of February 2023, by a vote of ____ in favor and ____ opposed.

Don Dent, Mayor

ATTEST:

Pamela Galvan, City Clerk

APPROVED AS TO FORM:

City Attorney – Mangum, Wall, Stoops &
Warden, PLLC

RESOLUTION #1430

**A RESOLUTION BY THE MAYOR AND COUNCIL OF THE CITY OF WILLIAMS,
ARIZONA, DIRECTING NATIONAL BANK OF ARIZONA TO UPDATE THE LIST OF
AUTHORIZED SIGNATORIES FOR THE CITY'S BANK ACCOUNTS.**

WHEREAS, the City of Williams has an established bank account with Zions Bancorporation, N.A. dba National Bank of Arizona; and

WHEREAS, the current list of persons authorized to sign documents, initiate transactions, and manage accounts on behalf of the City with National Bank of Arizona is no longer up-to-date; and

WHEREAS, the City desires to update the list of authorized signatories.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Williams as follows:

National Bank of Arizona is hereby directed to revise the list of authorized signatories on the City's accounts to include the following persons:

- Donald W. Dent
- Michelle Campbell
- Michael P. Cowen
- Ken Edes
- Craig Fritsinger
- Frank McNelly
- Lee A. Payne

PASSED, APPROVED, & ADOPTED THIS 26th DAY OF JANUARY IN THE YEAR 2023

BY THE MAYOR & CITY COUNCIL OF THE CITY OF WILLIAMS, ARIZONA

BY A VOTE OF _____ IN FAVOR, _____ OPPOSED, AND _____ ABSTAINING.

Don Dent,
Mayor

ATTEST:

Pamela Galvan,
City Clerk



City of Williams

Purchased Power Cost Adjustor (PCA)

Update January 26, 2023

Prepared by K. R. Saline & Associates, PLC.



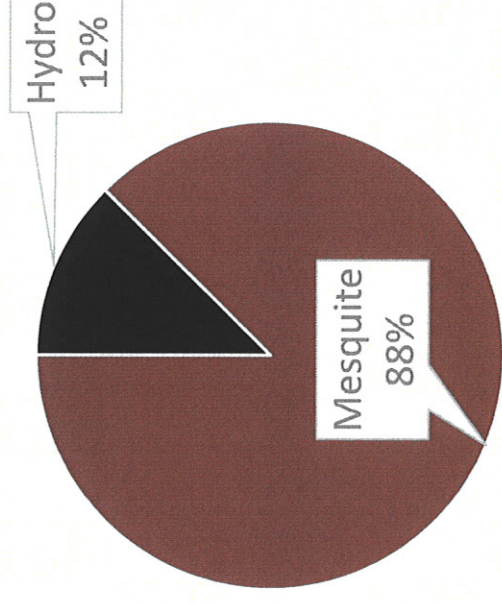
Williams 2022 Energy Supply

- Represents ~70-80% of the Total Electric Budget \$\$

- Purchased Resources

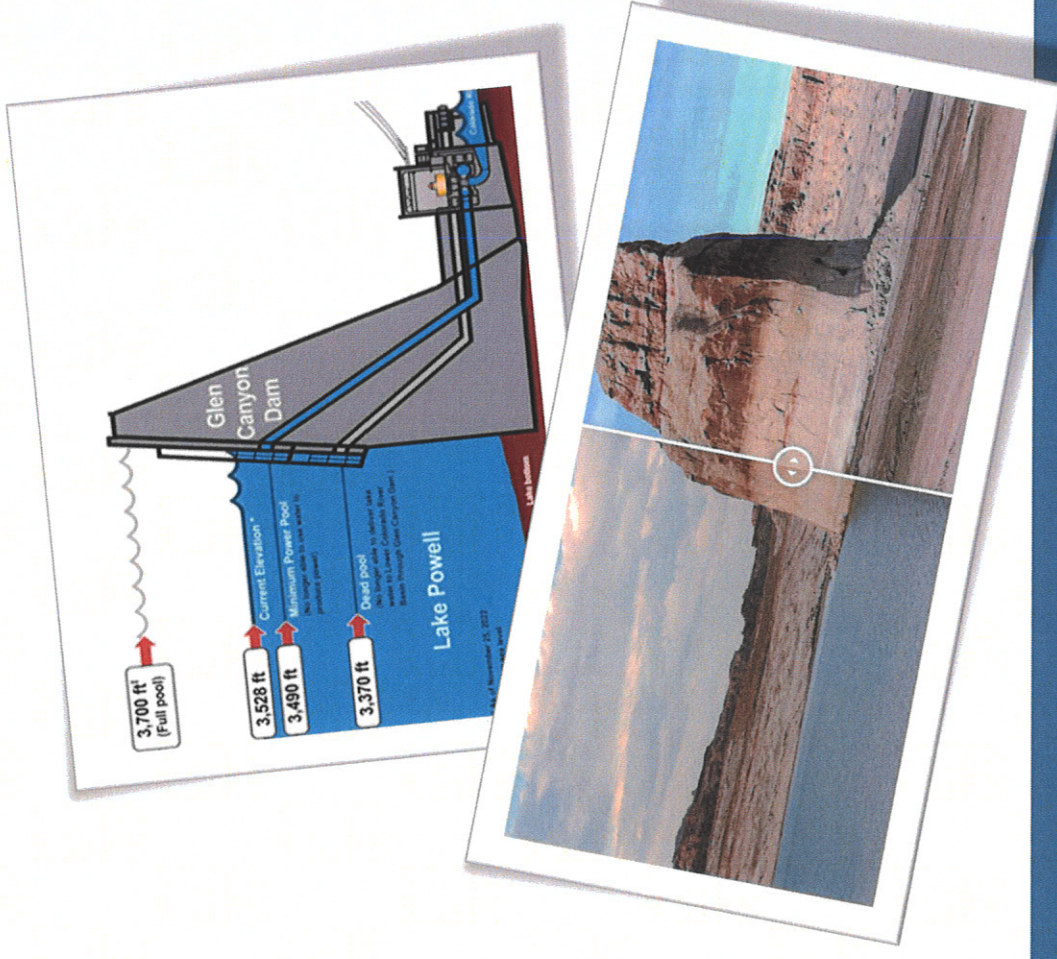
- Hydro
 - Boulder Canyon Project
 - Parker Davis Project
- Thermal - Gas
 - SPPA – Mesquite

Energy Resource Mix



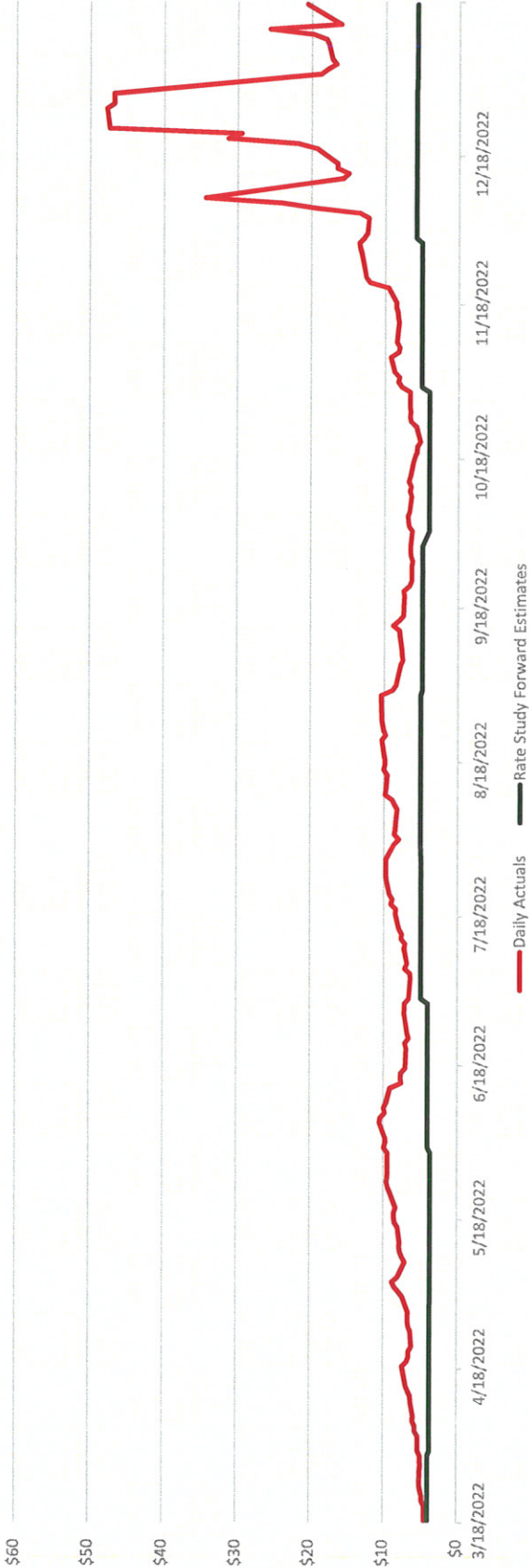
Drought Impacts to Hydro

- Production Losses
 - Lake Mead Elevation
 - Tier 2a Shortage Declaration for WY2023, less water to be released/ less power
 - 35% less Power Capacity due to lake elevation
- More to Come?
 - Additional 2-4 MAF Cut Needed (USBR Commissioner June 2022)
 - BOR will take "Necessary Steps" in WY2023 to maintain Mead/Powell
 - Supplemental EIS for Interim Guidelines for shortages and coordinated operations (Draft Spring 2023, ROD July 2023)
 - Upper Basin Drought Response?
 - Can Lower Basin states work together?
 - Federal Assistance with costs?
- **Result**
 - **Greater Exposure to Forward Market Prices, Natural Gas**



Natural Gas Prices (\$/MMBtu) in the Southwest (SoCal Border)

SoCal Border Historical Daily
vs Rate Study Estimates



Cost of Mesquite is based on SoCal Gas Prices

Why the recent Significant Increases?

- Coal Plant closures
- Slow rebound in gas supply vs rapid increase in gas demand following Covid-19 Pandemic
- Tighter energy resource accounting requirements due to past extreme weather events (CA Heat Storm, Texas Freeze). Utilities must show greater proof that resources are real and can be delivered.
- Increased Exports of LNG to meet world demand due to geopolitical risk factors
 - 3 new LNG facilities under construction adding 5.7 bcf/d of export capacity by 2025)
- Uncertainty in new supply development
 - Investor pressure to maintain capital discipline (profits) over new production investments. Dallas Federal Reserve survey March 2022.
 - Cost inflation and/or supply-chain bottlenecks, maturing assets, and availability of capital biggest drag on natural gas production. Dallas Federal Reserve survey December 2022.
 - Uncertainty in energy policies and concern over future demands creates reluctance to deploy capital for new CAPEX projects.
- **Sustained cold temperatures across the West = significant draw on gas storage. (Current)**
- **Permian Basin/Western U.S. pipeline capacity constraints (Current)**

December Gas Spike

DAILY GPI

NATURAL GAS PRICES | MARKETS | INGL ALL NEWS ACCESS | INGL THE WEEKLY GAS MARKET REPORT

Perfect Storm Fuels Massive Natural Gas Price Spikes on West Coast; Northern California Hits \$55/MMBtu

BY LETICIA GONZALES
December 9, 2022

Share on: [Twitter](#) [Facebook](#) [LinkedIn](#)

Against a backdrop of mostly mild weather across the Lower 48, winter unleashed its fury on the West Coast a bit early this season. The frigid temperatures and unusually heavy

precipitation, drought, and trouble

9 Dec

In the Permian, Near-Zero Hope for Gas Prices

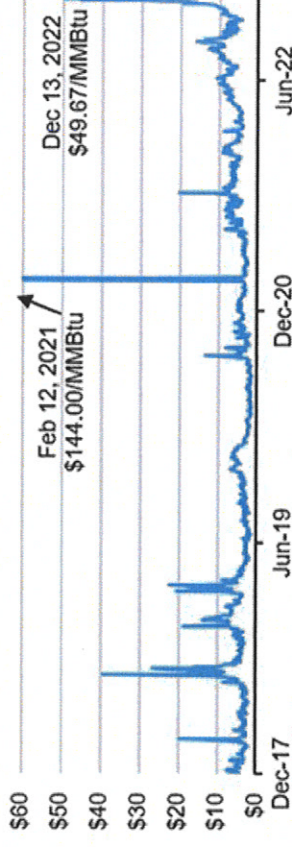
Posted by: East Daley Analytics

Natural Gas Weekly: December 9, 2022

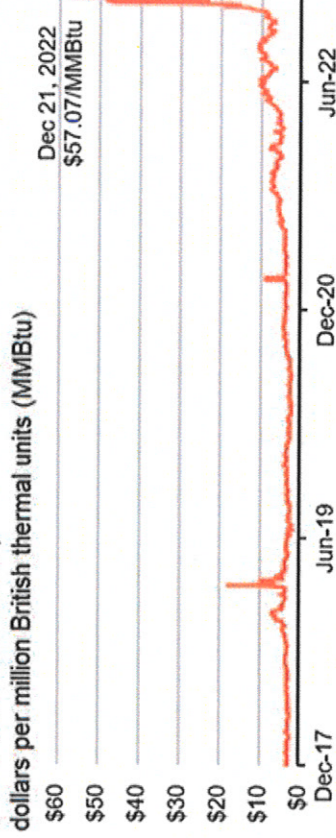
This post was updated on December 13, 2022 at 4:25 PM MT.

Infrastructure Constraints - Waha gas prices continue to trade near zero as the Permian Highway Pipeline (PHP) undergoes maintenance, falling to \$0.05/MMBtu on Tuesday morning (Dec. 13), according to Bloomberg data. Waha day-ahead gas traded as low as \$0.04 last Thursday (Dec. 8) amid maintenance on PHP, which removed -1 Bcf/d of takeaway from Dec. 6-9. While the PHP system returned to full service over the weekend, a separate maintenance event is taking -0.45 Bcf/d offline from Dec. 13-16, contributing to the latest plunge. Waha prices briefly went negative in early November during similar maintenance events on outbound Permian pipes.

SoCal Citygate daily natural gas spot prices
(Dec 2017-Dec 2022)
dollars per million British thermal units (MMBtu)

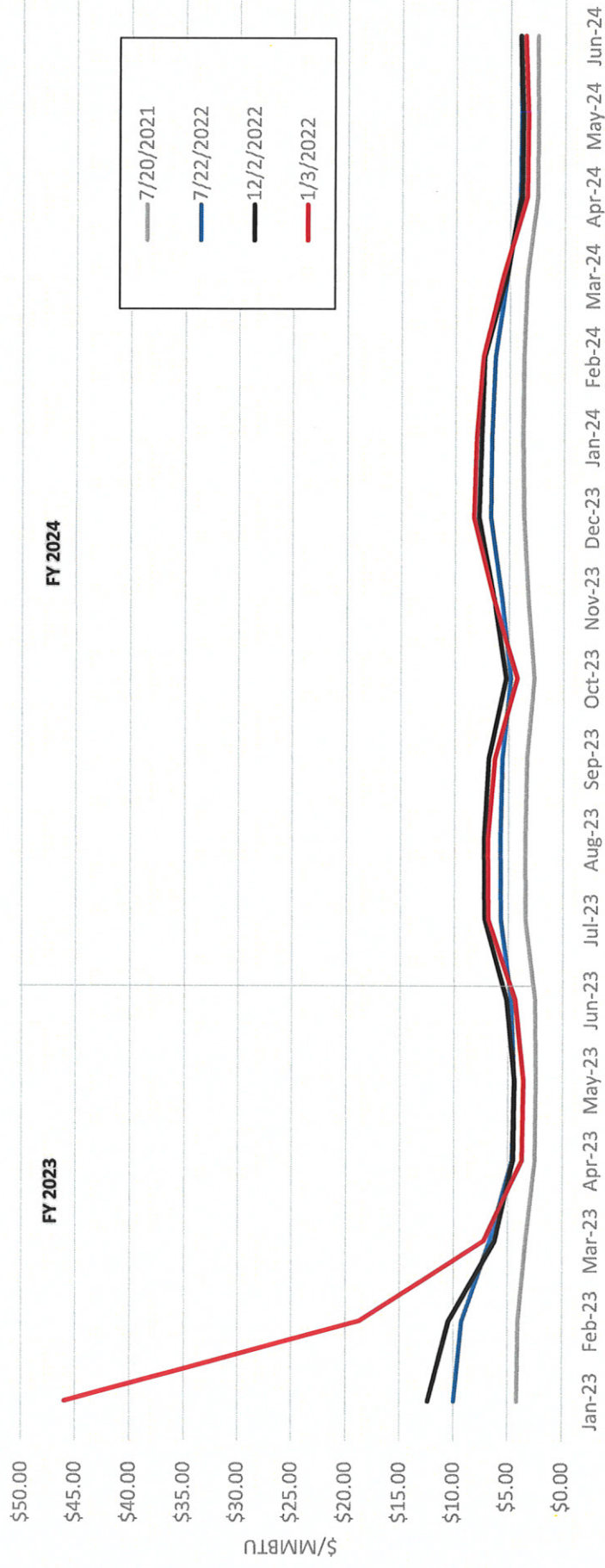


PG&E Citygate daily natural gas spot prices
(Dec 2017-Dec 2022)
dollars per million British thermal units (MMBtu)

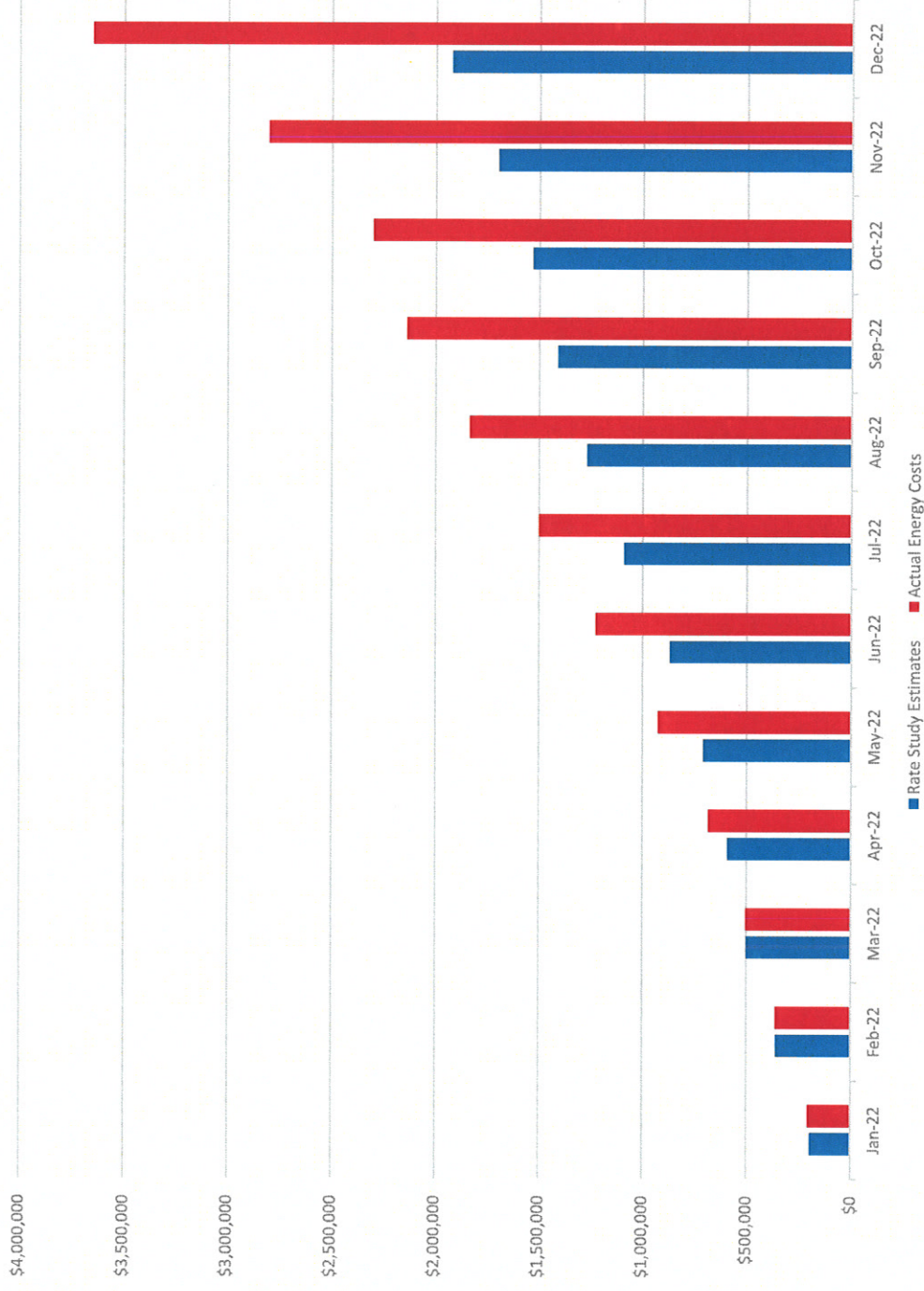


Natural Gas Forward Prices

So-Cal Border Forward Prices (Dollars per Million BTU)



Cumulative Energy Costs May2022 Rate Study Estimates Compared to Actuals



Power Cost Adjustor (PCA) – Council Approved

- This Power Cost Adjustor (PCA) rate reflects changes in power costs due to a variety of factors including fluctuating costs and availability of electricity from our long-term power contracts, market purchases and fuel costs.
- Under the PCA, the difference between what is collected through base rates and what Williams has paid or is projected to pay for purchased power will be tracked and reviewed for recovery or refund.
- ***It is the City's policy that costs are reviewed annually but, if necessary, may take place quarterly or seasonally and adjusted as necessary.***

Power Cost Adjustor Calculation

Williams Power Cost Adjustor Calculation for CY22
PCA Rate Adder (Additional COSTS Passed Through To Customers)

		Total Actual Energy Costs	Energy Sales (KWh)	Average Power Actual Cost (APC)	Base Power Cost (BPC)	Under Collection/(Over Collection) of Costs	Power Cost Adjustor (PCA)
January-22	Actual	\$206,915	4,335,398	\$0.0477	\$0.0323	\$66,765	\$0.0154
February-22	Actual	\$155,314	4,069,932	\$0.0382	\$0.0323	\$24,013	\$0.0059
March-22	Actual	\$139,481	4,030,801	\$0.0346	\$0.0323	\$9,271	\$0.0023
April-22	Actual	\$180,825	3,799,845	\$0.0476	\$0.0323	\$58,138	\$0.0153
May-22	Actual	\$244,427	3,847,159	\$0.0635	\$0.0323	\$120,031	\$0.0312
June-22	Actual	\$299,873	4,249,982	\$0.0706	\$0.0323	\$162,774	\$0.0383
July-22	Actual	\$272,940	4,452,522	\$0.0613	\$0.0323	\$129,123	\$0.0290
August-22	Actual	\$332,785	4,015,612	\$0.0829	\$0.0323	\$203,190	\$0.0506
September-22	Actual	\$304,841	3,846,875	\$0.0792	\$0.0323	\$180,418	\$0.0469
October-22	Actual	\$163,873	3,654,765	\$0.0448	\$0.0323	\$45,685	\$0.0125
November-22	Actual	\$497,385	4,220,867	\$0.1178	\$0.0323	\$360,884	\$0.0855
December-22	Estimated	\$847,808	4,335,398	\$0.1956	\$0.0323	\$707,970	\$0.1633
Total		\$3,646,469	48,859,156	\$0.0746	\$0.0323	\$2,068,263	\$0.0423
Distribution Losses							
7.0%							

Current PSA

\$0.0000

PCA Billed to Customers in 2023 **\$0.0423**

Things to consider

- Water cuts are likely to get worse, multiple wet years are needed to end the drought.
- The era of cheap natural gas appears to have passed
- Don't count on a policy shift
- More frequent and more substantial climate events are being factored into pricing.
- Power supply not keeping up with transitioning generation mix demands
- Short-term inflationary and supply chain impacts

Estimated Annual Bill Impacts

PCA Billing Example for CY2023 **Full Cost Passthrough**

	Annual kWh	Demand (kW)	Billing Before PCA	PCA (\$/kWh)	Billing After PCA	Increase	APS Annual Billing	% Savings
Residential	21,600	0	\$2,961	\$0.0423	\$3,874	30.84%	\$3,745	-3.3%
Small Comm	111,600	25	\$15,825	\$0.0423	\$20,542	29.81%	\$16,765	-18.4%
Large Comm	2,008,800	450	\$238,036	\$0.0423	\$322,946	35.67%	\$247,986	-23.2%

Passthrough of Full Costs & Mitigated Costs

Mitigate 50% (\$1 Million) of Increased Energy Costs From City Reserves

	Annual kWh	Demand (kW)	Billing Before PCA	PCA (\$/kWh)	Billing After PCA	Increase	APS Annual Billing	% Savings
Residential	21,600	0	\$2,961	\$0.0211	\$3,417	15.42%	\$3,745	9.6%
Small Comm	111,600	25	\$15,825	\$0.0211	\$18,183	14.90%	\$16,765	-7.8%
Large Comm	2,008,800	450	\$238,036	\$0.0211	\$280,491	17.84%	\$247,986	-11.6%

**** APS billing estimate based on 12/1/2022 Power Supply Adjustor (PSA) filing at ACC.
Not included, APS has also filed for a 14% base rate increase to be effective 12 2023.**

Staff Recommendation

- Increase PCA immediately to **\$0.0423/kWh** effective with January 2023 billing to customers
- Continue to monitor actual power costs and PCA collections for future necessary adjustments (*up or down*).