

(SUBSTITUTE NO. 2)
RESOLUTION NO. A-_____

1 WHEREAS, it is the responsibility of the City Council of the City of Lincoln to set rates
2 and adopt service regulations for electric service to ratepayers in the Lincoln Electric System
3 (LES) service area; and

4 WHEREAS, LES is experiencing extreme volatility in fuel prices for its generating units
5 as well as volatility in the price of wholesale power purchases which tend to follow the price of
6 natural gas; and

7 WHEREAS, LES held a public hearing on a rate adjustment proposal on Thursday,
8 December 1, 2005, for the purpose of receiving public input from customers, following notice
9 given to all customers through a billing insert in customer billing statements; and

10 WHEREAS, on December 16, 2005, the LES Administrative Board unanimously
11 approved a 4.5 percent increase in base electric rates and implementation of a PCA to cover
12 increased power costs and to meet LES' obligations to its bond holders and to maintain LES'
13 financial integrity, and recommended approval of such by the Lincoln City Council; and

14 WHEREAS, on January 23, 2006, the Lincoln City Council rejected the recommendation
15 to implement a PCA and directed that an alternative approach be developed incorporating a
16 combination of LES budget reductions, implementation of new service fees or increases to
17 existing fees, and an increase in base rates; and

18 WHEREAS, the Lincoln City Council recognizes its obligation to set electric rates and
19 service fees that generate revenue sufficient to allow LES' to cover its costs, maintain adequate
20 debt service coverages, and maintain its financial integrity.

1 NOW, THEREFORE, BE IT RESOLVED, that the Lincoln City Council has adopted
2 and approves the following electric rate measures:

- 3 1) Implementing a 4.5 percent rate increase applied equally across all
4 customer rate classes plus a 5 percent increase in the monthly customer
5 and facilities charge for each residential and general service customer, and
6 a 5 percent increase in customer charge for each general service demand
7 and large light & power customer and large power contract customer
8 effective with bills rendered on and after February 13, 2006.
- 9 2) Implementing the following service fees in the amounts identified in the
10 fee schedule attached hereto and fully incorporated herein, effective with
11 bills and services rendered on and after March 1, 2006:
- 12 • New account service fees;
 - 13 • Late payment fees;
 - 14 • Increase in the fee for non-sufficient fund (NSF) checks;
 - 15 • Increase in the fee for payments in field to avoid disconnect;
 - 16 • Meter reread fee; and
 - 17 • Increase in fees for reconnection after termination for non-
18 payment.
- 19 3) Increasing the aid-to-construction charge to customers or developers for
20 installing underground service in new residential areas from \$180.00 per
21 lot to \$400.00 per lot, subject to review annually.
- 22 4) Reducing LES' new service installation contribution from five (5) times to
23 2.5 times the estimated additional annual revenue resulting from providing
24 the new service.

1 BE IT FURTHER RESOLVED, that the Lincoln City Council understands the LES staff
2 will make cuts in its 2006 budgeted costs in the amount of \$530,000, as well as eliminating
3 \$230,000 of 2005 deferred costs.

4 BE IT FURTHER RESOLVED, that the Lincoln City Council approves the 2006 LES
5 Rate Schedules that embody these rate measures and are herein incorporated by reference.

Introduced by:

Approved as to Form & Legality:

City Attorney

Approved this ___ day of _____, 2006:

Mayor