RESOLUTION NO. 2008R-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM
AMENDING THE RATES, RULES AND REGULATIONS
FOR THE SALE AND DISTRIBUTION OF ELECTRICITY
AS ADOPTED BY RESOLUTION NO. 71-478 AND MOST RECENTLY
AMENDED BY RESOLUTION NO. 2007R-183

WHEREAS, the City of Anaheim (Anaheim) maintains an electric generation and
distribution system for the furnishing of electricity to residents and businesses of the City of
Anaheim and has adopted Electric Rates, Rules and Regulations for the sale and distribution of
electricity; and

WHEREAS, the Anaheim Municipal Code authorizes the City Council to approve
reasonable Rates, Rules and Regulations governing electric services and fees and charges for
providing electric services; and

WHEREAS, on August 8, 2006, the Developmental Schedule TES, Thermal Energy
Storage rate (Developmental TES rate) took effect following a public hearing before the Anaheim
Public Utilities Board (PUB) and adoption of Resolution 2006-188 by the City Council; and

WHEREAS, the purpose of this Developmental TES rate was to promote new thermal
energy storage technologies that shift air conditioning load off-peak and reduce the amount of
purchased energy and associated emissions; and

WHEREAS, developmental rates which are temporary and experimental in nature
must be monitored closely and may require that changes to non-cost components be made somewhat
frequently based on participant information and to maintain a rate schedule’s relevance as
technology, market, or regulatory conditions change; and

WHEREAS, due to the volatility of developmental rates, Resolution 2006-188
granted the Public Utilities General Manager limited authority to make non-cost component changes
to the Developmental TES rate to incorporate the advantages of new meter technology and conform
to industry standards, as well as implement, modify, extend, restrict, or close this Developmental
TES rate to new customers upon approval by the City Council without the requirement of a public
hearing; and

WHEREAS, on October 23, 2007, the Developmental TES rate was modified
following a public hearing before the Anaheim Public Utilities Board (PUB) and adoption of
Resolution 2007R-183 by the City Council primarily for the purpose of eliminating the rate’s sunset
date because it did not allow interested customers to fully recover their investment in the necessary
technology and to offer a voltage discount to applicable customers; and

WHEREAS, on May 8, 2008, the Public Utilities Board considered the Public
Utilities Department’s recommendation that an amendment to the Electric Rates, Rules and
Regulations be considered to modify the Developmental TES rate Applicability and Special
Conditions provisions, which are non-cost components, by:
1. Limiting eligibility for electric service under this Developmental TES rate to facilities that install and utilize thermal energy storage equipment for air conditioning that have a maximum monthly demand of 500 kW per meter; and

2. Requiring facilities with a maximum monthly demand between 200 kW and 500 kW per meter to shift twenty percent (20%) of the maximum monthly on-peak demand to off-peak demand; and

WHEREAS, the Public Utilities Board considered the proposal and recommendation of the Public Utilities Department; and

WHEREAS, the Public Utilities Board determined as follows with respect to the need for the proposed amendment to the Electric Rates, Rules and Regulations to modify the Developmental TES rate:

1. Section 1221 of the City Charter provides that the City Council shall periodically review rates to insure that financial goals are being accomplished.

2. It is reasonable and appropriate to modify the Developmental TES rate to clarify that the purpose and intent of this developmental rate is to encourage small and medium commercial / industrial customers to shift air conditioning load to less expensive, off-peak power, thereby benefiting both the Department and those customers; and

WHEREAS, the proposed modifications to the Developmental TES rate set forth in the text of Attachment A and Attachment B are necessary and appropriate to meet the requirements of the City Charter, as the modifications will ensure adequate revenues necessary to meet electric costs, operations and maintenance expenses, capital expenditures, debt service requirements, and reserve amounts; and

WHEREAS, the Public Utilities Board considered the requirements of the California Environmental Quality Act and found that matters covered above come within Section 21080 (b)(8) of the Public Resources Code of the State of California. Thus, the modification of this developmental rate is statutorily exempt from the California Environmental Quality Act; and

WHEREAS, based on the findings hereinafore made, the Public Utilities Board of the City of Anaheim recommends to the City Council that the City Council adopt the findings of the Public Utilities Board with respect to the matters contained herein and adopt the amendment to the Electric Rates, Rules and Regulations by modification of the Developmental TES rate as more fully set forth in Attachment A and Attachment B; and

WHEREAS, based on the findings hereinafore made, the Public Utilities Board of the City of Anaheim recommends to the City Council that the City Council, by Motion, certify that the modification to the Electric Rates, Rules and Regulations is statutorily exempt under the California Environmental Quality Act, Public Resources Code, Section 21080 (b)(8), in accordance with Title 14 of the California Administrative Code, Section 15273(a); and
WHEREAS, the City Council has considered and concurs with the findings of the Public Utilities Board as set forth hereinabove.

NOW, THEREFORE BE IT RESOLVED that:

The findings of the Public Utilities Board as set forth herein are hereby adopted by the City Council of the City of Anaheim.

The Electric Rates, Rules and Regulations are hereby amended to incorporate the modifications to the Developmental TES rate as reflected in the text of Attachment A and Attachment B effective June 10, 2008, with Attachment B to be implemented November 1, 2008.

The Public Utilities General Manager is hereby authorized and directed to prepare, promulgate, publish, and implement changes to the Electric Rates, Rules and Regulations as set forth herein.

THE FOREGOING RESOLUTION is approved and adopted by the City Council of the City of Anaheim this day of , 2008, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CITY OF ANAHEIM

MAYOR OF THE CITY OF ANAHEIM

ATTEST:

CITY CLERK OF THE CITY OF ANAHEIM
DEVELOPMENTAL SCHEDULE TES

THERMAL ENERGY STORAGE

APPLICABILITY

Applicable to electric service for load in a facility with a monthly maximum demand of 500kW per meter for which the customer installs and utilizes thermal energy storage equipment for air conditioning. Customers must execute an application with APU for service under this rate schedule. For a customer whose monthly maximum demand is between 200 kW and 500kW for a given meter, the customer must shift a minimum of 20 percent (20%) of the monthly maximum on-peak demand for a given meter to off-peak demand as a result of the installation and utilization of thermal energy storage equipment for air conditioning. If the customer fails to shift 20 percent (20%) of the monthly maximum on-peak demand for a given meter and/or exceeds 500 kW for a given meter for any three (3) months during the preceding 12 months, the customer will be ineligible for service under this rate schedule and the customer’s account for that meter shall transfer immediately to the otherwise applicable tariff based on commercial energy usage.

This developmental rate will be closed once a permanent Thermal Energy Storage rate is developed.

RATE

<table>
<thead>
<tr>
<th>Description</th>
<th>Summer</th>
<th>Winter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Charge</td>
<td>Per meter</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Summer $ 5.25</td>
<td>Winter $ 5.25</td>
</tr>
</tbody>
</table>

**Demand Charge (to be added to Customer Charge)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Summer</th>
<th>Winter</th>
</tr>
</thead>
<tbody>
<tr>
<td>All on-peak billing demand</td>
<td>Per kW</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Summer $ 12.60</td>
<td>not applicable</td>
</tr>
<tr>
<td>Plus all mid-peak billing demand</td>
<td>Per kW</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Summer $ 4.46</td>
<td>Summer $ 4.73</td>
</tr>
<tr>
<td>Plus all off-peak demand</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>not applicable</td>
<td>not applicable</td>
</tr>
</tbody>
</table>

**Energy Charge (to be added to Demand Charge)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Summer</th>
<th>Winter</th>
</tr>
</thead>
<tbody>
<tr>
<td>All on-peak energy</td>
<td>Per kWh</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Summer 11.50¢</td>
<td>not applicable</td>
</tr>
<tr>
<td>Plus all mid-peak energy</td>
<td>Per kWh</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Summer 6.25¢</td>
<td>Summer 6.25¢</td>
</tr>
<tr>
<td>Plus all off-peak energy</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Summer 4.15¢</td>
<td>Summer 4.15¢</td>
</tr>
</tbody>
</table>

SPECIAL CONDITIONS

A. Adjustments, Fees and Taxes

The rates above are subject to adjustments as provided for in Schedule PCRSA. The applicable power cost adjustment billing factor set forth therein will be applied to all kilowatt-hours billed under this rate schedule. The rates above are subject to the underground surcharge on the total electric charge. The rates above are subject to the collection of the state energy surcharge applied to all kilowatt-hours billed.

B. Voltage

Service voltage per rules and regulations.

(Continued)
SPECIAL CONDITIONS (Continued)

C. Time periods are defined as follows:

   Summer: May 1 at 12:01 am to October 31 at 12:00 midnight
   On-peak: 1:00 pm to 7:00 pm weekdays
   Mid-peak: 9:00 am to 1:00 pm weekdays
   Off-peak: 7:00 pm to 9:00 am weekdays and all weekends

   Winter: November 1 at 12:01 am to April 30 at 12:00 midnight
   On-peak: Not applicable.
   Mid-peak: 10:00 am to 5:00 pm weekdays.
   Off-peak: 5:00 pm to 10:00 am winter weekdays and all weekends


When any holiday listed above falls on Sunday, the following Monday will be recognized as an off-peak period. No change in off-peak hours will be made for holidays falling on Saturday.

When in the sole opinion of APU, it is impractical to provide single phase service under this rate schedule, three phase service will be provided.

D. Determination of Monthly Usage

   The customer must provide APU information from which APU can determine the level of kWh usage to be consumed and/or the level of service to be provided, such as a TES unit nameplate rating and the number of units to be installed. APU will place the customer in the appropriate usage tier and charge the customer the maximum value of that tier. APU retains the right to perform on-site inspections to verify the energy consumption of the TES unit(s).

E. Billing

   A customer's bill is calculated according to the rates and conditions listed in this rate schedule. The customer is responsible, subject to APU audit, to report all additions or removals of TES units from the customer's facilities.

(Continued)
DEVELOPMENTAL SCHEDULE TES

THERMAL ENERGY STORAGE

SPECIAL CONDITIONS (Continued)

F. Billing Demand

The billing demand in any month shall be based on electric consumption indicated and recorded by instruments supplied, owned and maintained by APU upon the customer’s premises. Separate billing demand shall be determined for the on-peak and mid-peak time periods. The billing demands for the on-peak and mid-peak time periods shall be the maximum rate of consumption of electric energy measured in any 15-minute interval during the monthly billing period. Billing demand shall be determined to the nearest kW.

G. Power Factor Adjustment

The charges will be adjusted each month for the power factor as follows. The charges will continue to be adjusted by 26 cents per kilovar of reactive demand. The kilovars of reactive demand shall be calculated by multiplying the kilowatts of measured maximum demand by the ratio of the kilovar-hours to kilowatt-hours. Demand in kilowatts and kilovars shall be determined to the nearest unit. A ratchet device shall be installed on the kilovar-hour meter to prevent its reversal operation on leading power factor.

H. Temporary Discontinuation of Service

Where the use of energy is seasonal or intermittent, no adjustment will be made for a temporary reduction of load. Any customer who resumes service within 12 months must pay all charges that would have been billed had the service been continuous.

I. Public Utilities General Manager

As with all developmental rates, the Public Utilities General Manager, at his or her sole discretion, may modify, restrict, or close this developmental rate schedule upon notification and approval of City Council.

J. Voltage Discount:

The charges excluding the customer charge and Power Factor and Power Cost Adjustment/Rate Stabilization Account will be reduced by 3 percent (3%) for service delivered and metered at voltages from 2 or 10 kV; by 6 percent (6%) for service delivered and metered at voltages from 11KV to 50KV; customer equipment and metering per Department standards. Service at voltage levels above 50 KV will be by contract.

ISSUED BY: Marcie L. Edwards
General Manager

Effective: 06-10-08 by Resolution No.: 2007R-183

Dated: 10-23-07

Superseding Resolution No.: 2007R-183
DEVELOPMENTAL SCHEDULE TES

THERMAL ENERGY STORAGE

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<tr>
<td></td>
<td>Summer</td>
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</tr>
<tr>
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<td>$ 5.50</td>
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<tr>
<td>Demand Charge</td>
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<td></td>
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<tr>
<td>(to be added to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Charge)</td>
<td>Per kW</td>
<td>Per kW</td>
</tr>
<tr>
<td>All on-peak billing</td>
<td>$ 13.20</td>
<td>not applicable</td>
</tr>
<tr>
<td>demand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus all mid-peak</td>
<td>$ 4.68</td>
<td>$ 4.95</td>
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<tr>
<td>billing demand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus all off-peak</td>
<td>not applicable</td>
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<td>Energy Charge (to</td>
<td></td>
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<tr>
<td>be added to Demand</td>
<td>Per kWh</td>
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<td>energy</td>
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(Continued)
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The charges will be adjusted each month for the power factor as follows. The charges will continue to be adjusted by 28 cents per kilovar of reactive demand. The kilovars of reactive demand shall be calculated by multiplying the kilowatts of measured maximum demand by the ratio of the kilovar-hours to kilowatt-hours. Demand in kilowatts and kilovars shall be determined to the nearest unit. A ratchet device shall be installed on the kilovar-hour meter to prevent its reversal operation on leading power factor.

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General Manager  by Resolution No.:  Dated: