



OBERLIN MUNICIPAL LIGHT AND POWER SYSTEM ♦ 289 SOUTH PROFESSOR STREET ♦ OBERLIN, OHIO 44074

Phone (440)775-7260

Fax (440)775-1546

MEMORANDUM

To: David Sonner, City Council President
City Councilmembers

Re: OMLPS Contribution to General Fund
Other Community Services

From: Steve Dupee, Electric Director

Date: January 31, 2008

A handwritten signature in black ink, appearing to read "Steve Dupee", is written over the "From:" line of the memorandum.

At the request of Councilman Rimbart, I have prepared some information related to the electric department's contribution to the City's general fund as well as a description of various services that the department provides to the City and the estimated value of those services.

Contributions to City's General Fund

- General Fund Transfer

By ordinance, the electric department is required to remit 5% of its annual gross revenues from kilowatt-hour sales to the general fund. This transfer, along with similar transfers from the other enterprise operations, helps to cover overhead costs associated with these operations that are not directly charged to the enterprise budgets. For OMLPS, this amount was approximately \$513,000 in 2007 based on 2006 kilowatt-hour sales.

- Kilowatt-hour Tax

In May of 2001, the City began collecting a kilowatt-hour tax on every kilowatt-hour distributed. This tax was a requirement of the State of Ohio's deregulation legislation. This tax replaced Ohio's gross receipts tax on wholesale purchase power costs. During the debate on the State deregulation bill, the Ohio Municipal Electric Association, our legislative liaison on State and Federal issues, argued vigorously that the addition of this tax would create higher costs for electric customers of municipal electric systems. OMEA's position was that municipal electric systems should receive credit for services they provide to their communities at no charge (considered payments in lieu of taxes).

OMEA was successful in that argument and the State deregulation law allows the kilowatt-hour tax collected from customers inside the municipal corporation limits to be remitted to the City's general fund. Kilowatt-hour tax collected from customers outside the municipal corporation limits is remitted to the State of Ohio. Some municipalities keep the kilowatt-hour tax in the general fund, some municipalities transfer the kilowatt-hour tax from the general fund to their municipal electric department and some municipalities provide a credit on customer electric bills thereby eliminating the tax burden for customers. In our community, the tax is kept in the general fund. In 2007, the kilowatt-hour tax remitted to the general fund was approximately \$358,000.

Other Services

OMLPS provides a variety of other services to the community shown below.

- Unbilled Electric Consumption

OMLPS provides unbilled electricity to city facilities, street lighting, holiday lighting, sports lighting, community events (e.g. Family Fun Fair, Juneteenth). The unbilled electric consumption is approximately 5,800,000 kilowatt-hours per year. The value of unbilled electricity at our average wholesale power cost is \$319,000 annually.

- Interdepartmental Services

From time to time, OMLPS provides services to other City departments (including installation of computer network connections) and likewise other City departments provide services to OMLPS. We do not track the costs of providing these services.

- Urban Tree Renewal

Since 2002, OMLPS has invested approximately \$100,000 in urban forest renewal for the City's curblawns and parks by purchasing and planting over 200 trees. In 2007, OMLPS began setting aside \$25,000 annually for urban forest renewal efforts.

- Banners

OMLPS staff hang banners for community events at the two banner locations on Main Street and College Street. OMLPS hangs and removes street light banners four times per year for the Oberlin Main Street organization. I would estimate that this cost to provide these services is approximately \$5,000 per year.

- Energy Conservation/Efficiency Services

OMLPS provides a variety of energy conservation/efficiency services such as heat loss inspections, compact fluorescent bulb give-a-ways, power quality monitoring, infrared camera inspections, appliance monitoring, etc. at no additional charge to electric customers. I do not have a value for all services but I can estimate that the annual value of our heat loss inspection program is approximately \$5,000 based on the average number of inspections we perform during the heating season. Regarding the compact fluorescent bulb give-a-way, approximately 1,100 customers took advantage of the program in 2007 valued at \$2,200.

- Holiday Lighting

OMLPS staff hang holiday lights on downtown trees for the holiday season as well as decorations on the traffic signal poles. The value of this service is approximately \$2,800.

- Community Improvement Projects

From time to time, OMLPS will construct certain community improvement projects. I consider these projects over and above the normal customary construction projects that a investor-owned utility would provide such distribution line construction. Therefore, for municipalities such as Elyria or Lorain, who are served by investor-

owned utilities, would have to seek other funding sources for projects like these. Below is a description of three recent community improvement projects funded by OMLPS through our competitive electric rates:

- (1). Purchase and installation of decorative traffic signal system at Main and College Street at a cost of \$130,000.
- (2). Conversion of overhead distribution facilities in the West Alley to underground distribution facilities as well as purchasing and installing new parking lot lighting for Off-Street Parking in the alley at a total cost of \$770,000.
- (3). Purchase and installation of a sports lighting system at the City's recreation park. OMLPS has purchased and installed sports lighting systems for two ballfields and will complete the last two ballfields in 2008. Total cost for the sports lighting system for all four ball fields is approximately \$300,000.

This is by no means a complete list of services, but it does provide a fairly good representation of the of services that OMLPS provides to the community while maintaining lower electric rates than the nearest investor-owned utility competitor.

If you need any additional information, please let me know.

/sd

c: Council Appointees