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March 10, 2020

Subject: Change in Electric Rates

Dear Customer:

At the March 9, 2020 meeting of the Board of City Commissioners, Resolution 2020-05 was approved, modifying the electric rates in the City of Sallisaw. These changes were made after a thorough Electric Cost of Service Study, recently completed by the City. The results of the study, along with needs and growth of the City, dictate that electric rates be modified.

As approved on March 9th, the City of Sallisaw will embark on a five-year plan of rate adjustments, with each adjustment being implemented during the month of March for years 2020 through 2024. The first adjustment will be reflected on your April billing statement.

For many years now, the City of Sallisaw has adjusted electric rates based only on the adjustments passed to us from the Grand River Dam Authority. The last base rate adjustment that allowed for city operations and capital improvements was in 2006. The funding from these rate adjustments will allow the City to complete necessary current and future capital projects needed for aging infrastructure and the anticipated growth related to the new Veterans Care Facility. These projects include continued maintenance and reliability improvements on the electric system, and other important and necessary capital projects. This funding will also free up other funds in our operating budget for increased maintenance on other utility infrastructure, such as water and wastewater lines, wastewater treatment plant, drainage work, as well as continued street maintenance, city facility updates, and other community improvements.

The current average cost for residential kilowatt hour (kWh) usage under our current rate structure is \$.1014 per kWh. With the rate adjustment reflected in your April 2020 billing statements, the average cost per kWh will be \$.1075. Adjustments to commercial customers will also result in minor increases, or savings, depending on each customer's usage and rate classification.

Realizing that no one likes rate adjustments, over many years now, the City of Sallisaw has been meticulous in keeping all utility rates as affordable as possible. Great care was taken to carefully balance the needs of the City and any needed rate adjustments. Like any other government agency or business, we must keep rates sufficient to maintain quality and reliable services for our community, and to address growth. Sallisaw is a great community, and through the efforts of many, we are poised to make Sallisaw even greater. If you have any questions, please do not hesitate to contact us.

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Items Approved by Resolution 2020-05:

- Electric rate adjustments annually in years 2020 through 2024 for Residential and Commercial customers.
- New 15,000 kWh rule for Commercial Customers. In our current rate structure, commercial customers may be placed in the CP1 rate class (no demand charge) or the CP2 rate class (with demand charge). The current 15,000 kWh rule provides no mechanism for a CP2 customer to move back to CP1 based on reduced energy usage. The new rule will establish a November review period which will determine the appropriate rate schedule for the customer over the next twelve (12) months. If a customer has been on the CP2 rate schedule, and their usage does not meet the 15,000 kWh requirement, the customer may be moved back to the CP1 rate schedule. Any changes will take place during the month of January.
- Establishment of an electric rate for the new Veterans Center based on the economic incentive proposal submitted by the City of Sallisaw.
- Establishment of procedures for customer owned Distributed Generation.
- Establishment of rate classification for Electric Vehicle Charging Stations.

Electric Rate Table

	Current	Effective March 2020	Effective March 2021	Effective March 2022	Effective March 2023	Effective March 2024
RP-1 Residential						
Customer Charge	\$ 12.91	\$ 13.68	\$ 14.51	\$ 15.38	\$ 15.61	\$ 15.84
Charge Per kWh	\$ 0.0885	\$ 0.0938	\$ 0.0994	\$ 0.1054	\$ 0.1070	\$ 0.1086
CP-1 Commercial						
Customer Charge	\$ 12.91	\$ 13.68	\$ 14.51	\$ 15.38	\$ 15.61	\$ 15.84
Charge Per kWh	\$ 0.0885	\$ 0.0938	\$ 0.0994	\$ 0.1054	\$ 0.1070	\$ 0.1086
CP-2 Commercial Demand						
Customer Charge	\$ 9.45	\$ 10.40	\$ 11.95	\$ 13.75	\$ 13.95	\$ 14.16
Charge Per kWh	\$ 0.0503	\$ 0.0528	\$ 0.0555	\$ 0.0582	\$ 0.0591	\$ 0.0600
Demand Charge Per KW	\$ 14.96	\$ 15.46	\$ 15.46	\$ 15.46	\$ 15.46	\$ 15.46