



[Click here to go back to search results.](#)

Sun, The (San Bernardino, CA)

July 29, 2010

Section: News

Colton seeks ways to lower costs of city-run electricity

Michael J. Sorba, Staff Writer

COLTON - Customers of the **Colton** Electric Utility may soon be delivered cheaper power as the City Council looks to reform electric rates. An ordinance allowing profits the utility generates to be passed through to help pay for general city services may also become more clearly defined.

"The of the main reasons our (electric) rates are so high is the maintenance and operation costs at Agua Mansa (power plant) are outrageous," Councilman Richard DeLaRosa said. "The citizens aren't paying for reliability or future improvements, they're paying for the Agua Mansa plant."

On Wednesday the council was presented with an audit of the utility, which reported most customers pay more for electricity than customers of Southern California Edison and 10 surveyed Southern California jurisdictions that own utilities.

It costs about 44 percent more to generate power at the Agua Mansa power plant than to buy power on the market from other providers, the audit says.

It suggests the council consider rebidding the plant's operating contract, have city employees run it instead of contract employees or sell it to lower the utility's costs.

The council unanimously directed city staff to look at the viability of introducing more customer tiers, increasing the lowest tier from 200 kilowatt hours of usage for a month to 500 kilowatt hours per month in an attempt to lower the customers' costs.

The audit suggests the Flow of Funds ordinance, which requires the utility to transfer 10 percent of its gross revenues in a given year to the General Fund, could be revised so the council will have the discretion to lower the percentage that's passed through based on the best financial interests of the utility and city.

Councilwoman Deirdre Bennett said the council directed staff to look into this option. The council also directed staff to look into the possibility of reducing the fee the utility charges to read electric meters.

"It was a good audit," Bennett said. "There were a lot of good suggestions. We wanted to make sure we implemented them."

In January the council unanimously approved a \$117,670 contract with San Francisco-based firm Harvey M. Rose Associates to audit the utility.

michael.sorba@inlandnewspapers.com, 909-386-3872

COLTON ELECTRIC AUDIT

An audit of the **Colton** Electric Utility suggests several changes to reduce operating costs, including:

- Amending the Flow of Funds ordinance to a maximum amount that can be transferred, but can be adjusted down if the City Council decides.
- Create a policy establishing whether or not unpaid transfer amounts from a given year can be carried as debt to the General Fund for payment in future years.
- Create a multi-year financial plan addressing the utilities operating and capital needs, including how increased revenues from 2009 rate increases can most effectively be used for public benefit purposes such as rate rollbacks.

Source: Operational Performance Audit of the **Colton** Electric Utility

(c) 2010 The Sun. All rights reserved. Reproduced with the permission of Media NewsGroup, Inc. by NewsBank, Inc.