

CITY COUNCIL ECONOMIC DEVELOPMENT COMMITTEE



**MODIFICATION OF ELECTRIC ECONOMIC
DEVELOPMENT & RETENTION RATE
SCHEDULE (E3.6)**

ENERGY RESOURCES DEPARTMENT

DECEMBER 1, 2014

BACKGROUND

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- E3.6, Mesa's Electric Retention/Economic Development Rate adopted in 2009 in close coordination with Economic Development & Budget Depts.
 - A very large electric customer explored moving to non-Mesa location.
 - Significant electric utility revenue loss.
 - Significant loss of other forms of revenue & economic activity.
- E3.6 developed to provide incentive to retain operations in Mesa.
 - Reduction in rate for energy usage for commercial customers.
 - Eligibility Requirements
 - Minimum of 250,000 kWh per month (Average).
 - E3.6 eliminates/delays relocation or discontinuation of Mesa operations.
- Customers enter into an agreement with City to:
 - Retain its business operation in the City for 5 years.
 - Use reasonable efforts to increase number of jobs in Mesa.

PROPOSED MODIFICATIONS

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- Current E3.6 language reflects purpose at time - retention.
- Modifications allow for more effective accommodation of new or expanding economic development opportunities.
 - Reduction in minimum consumption - 200,000 kWh per month.
 - New/expanding customers eligible if minimum consumption projected to be met within 3 years.
 - Consolidation of up to 4 meters to meet eligibility requirements.
 - Initial term of 5 years and 1 year extensions.
 - Financial instrument only required during first 5 years.
- No proposed changes to the \$/kWh rates

FISCAL IMPACT

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- Enhances Economic Development tools to attract new businesses & expand existing business customers.
- Closely Coordinated with Economic Development:
 - Mitigate loss of utility revenues
 - Potential for additional utility revenue
 - Capital Investment
 - Jobs
 - Taxes

QUESTIONS?