

Category: FINANCE

Subject: Electrical Dividend Policy

Purpose

The City of Penticton Electrical Dividend Policy will govern the City's calculation and utilization of the Electrical Dividend to improve clarity and transparency for both electric rate payers and property owners.

Scope

The City of Penticton Electrical Dividend Policy provides direction to staff on the calculation and distribution of the annual dividend from Electrical Fund to the General Capital Fund.

Policy Statement

The City of Penticton Electrical Dividend Policy applies to the treatment of the annual dividend calculation from the Electric to General Capital fund.

1. Definitions:

"Electrical Dividend" means the funds that are collected through electrical user fees that recognize the return on the City's investment for operating an electrical utility and are transferred from the Electrical Fund to the General Capital Fund.

"Electrical Fund" means the financial and accounting funds maintained by the City for the operations and maintenance of capital infrastructure of the Electric Department.

"Fiscal Year" means the 12-month accounting period that an organization uses for financial and reporting purposes.

"General Fund" means the financial and accounting funds maintained by the City for the operations and maintenance of the general operation of the City.

"Year End" means the end of the fiscal year.

2. Policy Administration

The Chief Financial Officer is assigned the responsibility of financial administration for the City which includes ensuring the keeping of and the oversight of all transfers between funds.

The Manager of Financial Planning shall be responsible for:

- Conducting an annual review of the dividend calculation including that amount during the annual presentation of the Financial Plan;
- On an "as required basis" recommending revisions or amendments to this policy, due to changes in Council direction, applicable statutes, accounting standards, or economy.

3. Use of Electrical Dividend Funds

The Electrical Dividend will contribute solely to the City's General Capital Program.

4. Calculation of Dividend

- A. Calculation of the annual dividend amount will be based on a percentage of utility revenue for that fiscal year. This will be calculated at 8.5% of the annual budgeted user fee revenues for any respective year.

Example:

Electric User Fees	\$48,000,000
Dividend 8.5%	\$4,080,000

- B. The annual dividend amount will be re-calculated on an annual basis as part of the compilation of the City's' annual Financial Plan.

- C. The amount of the annual dividend will be clearly identified in the City's annual Financial Plan.

Approval History			
Approved by Council on:	December 12, 2023	Resolution No.:	484/2023

Certified Correct:



Angie Collison, Corporate Officer