

ORDINANCE NO. 06-09

ORDINANCE AMENDING NATURAL GAS SERVICE RATES AND CHARGES

SUMMARY: ORDINANCE AMENDING ORDINANCE NO. 26-2000 BY ESTABLISHING NEW NATURAL GAS SERVICE RATES AND CHARGES

WHEREAS, Section 23-97 of the Code of Ordinances provides that all rates and charges for municipal utilities shall be determined from time to time by the Board of Commissioners and kept on file in the Office of the City Clerk; and

WHEREAS, Ordinance No. 26-2000 established rates and charges for natural gas service, which shall be amended herewith; and

WHEREAS, the City Manager recommends amendment of the rates and charges for natural gas service as proposed herein.

NOW, THEREFORE, BE IT ORDAINED by the City of Henderson, Kentucky that Ordinance No. 26-2000, Establishing Natural Gas Service Rates and Charges, is hereby amended as follows:

**CITY OF HENDERSON, KENTUCKY
NATURAL GAS RATES AND CHARGES**

Section I. Residential Sales Service

Applicable for service to any Residential customer located within the city limits of or adjacent to certain areas directly served by the City of Henderson:

- 1. Monthly Customer Charge: A Monthly Customer Charge of ~~\$4.50~~ \$12.00 shall be assessed each month.
- 2. Rate: per 1,000 cubic feet, plus the delivered cost of gas: ~~\$1.85~~ \$2.25

Section II. Commercial Sales Service

Applicable for service to any Commercial customer located within the city limits of or adjacent to areas served directly by the City of Henderson:

- 1. Monthly Customer Charge: A Monthly Customer Charge shall be assessed each month as follows:
 - A. Up to 500,000 cubic feet per year and a connected load less than 500,000 Btu per hour: ~~\$7.00~~ \$15.00 per month
 - B. Above 500,000 cubic feet per year or a connected load greater than 500,000 Btu per hour ~~\$25.00~~ \$35.00 per month.
- 2. Rate: per 1,000 cubic feet, plus the delivered cost of gas:
 - Up to 500,000 cubic feet per month: ~~\$1.85~~ \$2.25
 - Next 4,500,000 cubic feet per month: ~~\$0.45~~ \$0.50
 - Above 5,000,000 cubic feet per month: ~~\$0.22~~ \$0.25

Section III. Industrial Sales Service

Applicable for service to any Industrial customer located within the city limits of or adjacent to areas directly served by the City of Henderson. For purposes of this Section, an Industrial customer shall be defined as a customer having a "Manufacturing" category designation in the ~~Standard Industrial Classification ("SIC code")~~ North American Industry Classification System (NAICS) manual as published by the US Government, Office of Management and Budget.

1. Monthly Customer Charge: A Monthly Customer Charge shall be assessed each month as follows:

A. Up to 50,000,000 cubic feet per year:	\$ 50.00 <u>\$75.00</u> per month
B. Above 50,000,000 cubic feet per year:	\$100.00 <u>\$200.00</u> per month

2. Rate: per 1,000 cubic feet, plus the delivered cost of gas:

A. Service for Customer with executed Service Agreement	
Up to 500,000 cubic feet per month:	\$1.85 <u>\$2.25</u>
Next 4,500,000 cubic feet per month:	\$0.45 <u>\$0.50</u>
Next 10,000,000 cubic feet per month:	\$0.22 <u>\$0.25</u>
Next 20,000,000 cubic feet per month:	\$0.11 <u>\$0.12</u>
Above 35,000,000 cubic feet per month:	\$0.05 <u>\$0.07</u>
B. Service for Customer without executed Service Agreement	
Up to 500,000 cubic feet per month:	\$1.85 <u>\$2.25</u>
Above 500,000 cubic feet per month:	\$0.45 <u>\$0.50</u>

3. Service Agreement: A Natural Gas Sales Agreement acceptable to the City Manager shall be executed by any Industrial Sales Service customer requiring volumes in excess of 50,000,000 cubic feet per year.

Section IV. Alternative Fuel Responsive Flex Provision

Notwithstanding any other provision of this ordinance, the City may periodically flex the otherwise applicable rates in Subsection III.2.A. on a customer specific basis if a customer presents sufficient, reliable and persuasive information to satisfactorily prove to the City that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be provided by the City. The customer must submit the appropriate information by affidavit to the City for this optional monthly rate provision to be applicable. Additional information may be required by the City Manager or Gas System Director to evaluate the merit of the flex request.

Section V. Local Transportation Service

Applicable for service to any customer owning its own natural gas supplies which, for a minimum period of twelve (12) months commencing each November 1st, may have the City provide local transportation service across the City's gas distribution system provided a Natural Gas Transportation Agreement acceptable to the City Manager is executed by the customer. The local transportation rates shall be the same rates as contained in Section III, Subsections 1 and 2A of this ordinance, less the delivered cost of gas component, plus being subject to a balancing policy, shrinkage adjustment, and the general terms and conditions as may be contained in the Natural Gas Transportation Agreement. In addition, the City will require the customer to reimburse the City for the actual cost of telemetering equipment that will allow the City to monitor the customer's gas usage on a real-time basis. The City will assess an additional monthly fee of ~~\$500~~ \$600 for administering this service.

Section VI. Service On Behalf of the City of Corydon, Kentucky

1. Monthly Customer Charge. A Monthly Customer Charge shall be assessed each month as follows:

Residential:	\$ 5.30 <u>\$12.80</u> per month
Commercial:	
A. Up to 500,000 cubic feet per year and a connected load less than 500,000 Btu per hour:	\$ 7.80 <u>\$15.80</u> per month
B. Above 500,000 cubic feet per year or a connected load greater than 500,000 Btu per hour:	\$25.80 <u>\$35.80</u> per month

2. Rate: per 1,000 cubic feet, plus the delivered cost of gas to the City of Henderson:
- A. Residential: ~~\$1.85~~ \$2.25
 - B. Commercial:
 - Up to 500,000 cubic feet per month: ~~\$1.85~~ \$2.25
 - Next 4,500,000 cubic feet per month: ~~\$0.45~~ \$0.50
 - Above 5,000,000 cubic feet per month: ~~\$0.22~~ \$0.25
 - C. A ten-cent (\$0.10) surcharge shall be assessed for each 1,000 cubic feet of gas sold within the city limits of the City of Corydon, Kentucky under this section to be paid to the City of Corydon.

Section VII. Cost of Gas Adjustment

Any change in the costs or charges billed by the natural gas supplier(s) or provider(s) of interstate transportation service to the City shall automatically be reflected by a like change in the rates charged hereunder on a monthly basis, as adjusted for the City's average uses, metering and line losses, and previous months' actual costs or charges, without further action of the Board of Commissioners.

Section VIII. Public Energy Authority of Kentucky Trust Rebate

Fifty percent (50%) of all annual rebates received from the Public Energy Authority of Kentucky Trust (PEAK) shall be distributed over the next succeeding five-month winter period (November through March) as a per unit credit to be applied against monthly billings. ~~The final rebate from each PEAK bond series shall be distributed as a credit against future winter period billings in an amount equal to the lesser of (i) the per unit credit amount applied for the previous winter period, or (ii) the per unit amount actually received by the City in the final year of the rebate.~~ These rebates shall be universally credited to Sales Service customers only. The final rebate from each PEAK bond series shall be directed to the Gas Fund.

Section IX. Developmental Service

A prospective natural gas customer seeking to initiate service with the City and having a minimum anticipated natural gas requirement of 500,000 Mcf per year may enter into a mutual agreement with the City to establish, by written contract not to exceed eighteen (18) months, a developmental rate as an inducement for becoming a City Sales Service or Local Transportation Service customer provided a Developmental Service Agreement acceptable to the City Manager is executed by the customer.

Section X. Effective Date

The rates and charges for natural gas service established in this ordinance shall become effective for all billings printed on and after ~~September 1, 2000.~~ June 1, 2009.

All ordinances or parts of ordinances in conflict herewith are hereby repealed and superseded to the extent of such conflict.

This ordinance shall become effective upon its legal adoption.

On first reading of the foregoing ordinance, it was moved by Commissioner _____ seconded by Commissioner _____, that the ordinance be adopted on its first reading. On roll call the vote stood:

Commissioner Mills: _____	Commissioner Farmer: _____
Commissioner Pruitt: _____	Mayor Davis: _____
Commissioner White: _____	

WHEREUPON, Mayor Davis declared the ordinance adopted on first reading and ordered that it be presented for second reading at a meeting of the Board of Commissioners.

On second reading of the ordinance, it was moved by Commissioner _____ seconded by Commissioner _____, that the ordinance be adopted.

On roll call the vote stood:

Commissioner Mills: _____
Commissioner Pruitt: _____
Commissioner White: _____

Commissioner Farmer: _____
Mayor Davis: _____

WHEREUPON, Mayor Davis declared the ordinance adopted, affixed his signature and the date and ordered that it be recorded.

Thomas E. Davis, Mayor
Date: _____

ATTEST:

Carolyn Williams, City Clerk

**APPROVED AS TO FORM AND
LEGALITY THIS ____ DAY OF
APRIL, 2009.**

By: _____
Joseph E. Ternes, Jr.
City Attorney