

CITY OF HAMILTON 2017 NATURAL GAS RATES

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NATURAL GAS RATES

Hamilton's gas rates are consistently the lowest rates, or among the lowest rates, in Ohio and the region as a whole.

Customer Classes

Customers of the City of Hamilton Gas System fall into two primary categories, Residential (R) and General Service (GS), which includes commercial, industrial, and institutional customers. General Service customers are further classified by their meter size into one of the following three categories:

1. GGR1 – small gas customers with meters < 400 Cfh
2. GGR2 – medium gas customers with meters 400 – 1,499 Cfh
3. GGR3 – large gas customers with meters > 1,499 Cfh

* Meters are sized by the flow of gas – 100 cubic feet per hour (Cfh)

City of Hamilton Gas System
2017 Gas Service Rates by Customer Class

Customer Class	R	GGR1	GGR2	GGR3
Customer Service Charge (per Month)	\$ 7.00	\$ 10.00	\$ 25.00	\$ 75.00
Volumetric Charge (per Ccf)				
- First 600 Ccf	\$ 0.561	\$ 0.561	\$ 0.561	\$ 0.561
- Next 1,400 Ccf	\$ 0.561	\$ 0.551	\$ 0.551	\$ 0.551
- All additional Ccf	\$ 0.561	\$ 0.532	\$ 0.532	\$ 0.532
Gas Cost Recovery (GCR) Charge (per Ccf)	\$ 0.040	\$ 0.040	\$ 0.040	\$ 0.040
Riders				
- Rider A: Unfunded Governmental and Regulatory (Including Environmental) Mandates Adjustment (per Ccf)	\$ -	\$ -	\$ -	\$ -
- Rider B: Economic Development Cost Adjustment (per month)	\$ -	\$ -	\$ -	\$ -
- Rider C: Residential Service Line Maintenance Gas Utility Rider (per month)	\$ 1.95	\$ -	\$ -	\$ -
- Gas Rate Stabilization Funds Adjustment (RSFA) Rider (per Ccf)	\$ -	\$ -	\$ -	\$ -
- Suburban Surcharge (% of monthly charges)	10.0%	10.0%	10.0%	10.0%

NOTES:

- (i) Volumetric Charge includes Transportation & Distribution Charge plus Base Gas Cost (\$0.350 per Ccf).
- (ii) Monthly and Volumetric Charges (including Base Gas Cost) in effect since May 1, 2012.
- (iii) Gas Cost Recovery (GCR) rate effecting December 1, 2016.

Gas Cost Recovery (GCR) Rate

The GCR Rate is the rate that the City charges to its customers for the actual gas they receive. The GCR is a straight pass-through cost for the price the City pays to purchase natural gas.

The City analyzes market trends to determine when to buy natural gas for their customers, and will often times buy natural gas well into the future in order to lock in prices that the City deems attractive to their customers and competitive with the market for that period. This practice, known as hedging, is most often used to secure at least a minimum amount of natural gas during the winter heating months. The City also practices spot purchasing of natural gas as needed.

The City employs a conservative purchasing strategy, avoiding price speculation as much as possible, in order to ensure the City's gas customers receive a reliable, plentiful, and cost-effective supply of natural gas.

For more information, please view Appendix A, GCR Rate Ordinance.

Gas Riders

Gas Riders are monthly, volumetric or usage charges and fees, used to collect various earmarked expenses by the City of Hamilton's natural gas utility.

Rider A – Unfunded Governmental and Regulatory, including Environmental, Mandates Gas Utility Adjustment (UGRMA)

The UGRMA is designed to collect the costs associated with the Gas System's compliance with governmental and regulatory mandates that are not included or recovered in the base gas rate charges.

The expenditures associated with the UGRMA could be for operations, capital improvements, investments and related debt service principal and interest payment. No City salaries or benefits are recoverable through this Rider.

For more information, please view Appendix B, Gas Rider A Ordinance.

Rider B – Economic Development Cost Gas Utility Adjustment (EDCA)

The EDCA is designed to collect costs associated with projects in the City of Hamilton that are determined to satisfy the economic development goals and objectives of the City and provide a benefit to the City's utility systems. Depending upon the project, the EDCA may be collected from individual utilities or equally across all four primary utilities (Electric, Gas, Water, Sanitary).

The collection is made on a weighted per customer basis, as opposed to a volumetric or other basis. The economic development expenditures recovered by the EDCA shall be determined to be for a “public purpose” and benefit the utility. The Ohio Revised Code has defined economic development as a “public purpose”, thereby authorizing municipalities to fund projects based upon this definition.

For more information, please view Appendix C, Gas Rider B Ordinance.

Rider C – Residential Service Line Maintenance and Riser Replacement Rider (RSLM)

The RSLM is a monthly charge for residential customers only. The purpose of the Rider is twofold:

1. To comply with the Public Utilities Commission of Ohio (PUCO) order to begin replacing Design A Risers (field –assembled risers)
2. To allow the City to assume responsibility for maintenance of gas services to residential customers, and socializing the funding of such maintenance responsibilities

The riser replacement portion of the RSLM is scheduled to be a five year program began in 2012. The residential gas service line normal maintenance and replacement portion of RSLM, also begun in 2012, currently has no expiration date.

For more information, please view Appendix D, Gas Rider C Ordinance.

Rate Stabilization Fund Adjustment (RSFA) Rider

In 2003, Hamilton City Council adopted an ordinance creating the Gas System Rate Stabilization Fund. This Fund was established should future Gas System bond indentures require such a Fund. At this time, the RSFA remains idle and no funds are collected through the RSFA.

For more information, please view Appendix E, RSFA Rider Ordinance.

Suburban Surcharge (SS)

While technically not a rider charge, the City does collect a suburban surcharge for gas customers located outside the corporate limits of the City of Hamilton. The surcharge equals 10% of the sum of the gas monthly customer service and volumetric charges, as authorized in sections 947.03 and 947.04 of the City of Hamilton Codified Ordinances. The volumetric charge includes the volumetric transportation and distribution charge as well as the fixed portion (base gas cost) of the Gas Cost Recovery rate.

Appendix A

947.12 GAS COST RECOVERY RATE.

(a) Gas Cost Recovery Rate.

(1) Scope. The City shall recover through the gas cost recovery rate the gas cost component plus the reconciliation adjustment.

(2) Calculation. The formula for calculating the gas cost recovery rate (GCR) shall be as follows:

$$\text{GCR} = \text{GC} + \text{RA}$$

Where:

GC = Gas cost component as determined below, expressed in dollars per Ccf.

RA = Reconciliation adjustment as determined below expressed in dollars per Ccf.

(3) Application. The above gas cost recovery rate calculation shall be applicable to all Residential Service - Schedule "R" and General Service - Schedule "G" bills.

(4) The City shall review and may, at its option, adjust the gas cost recovery rate quarterly or whenever changes in gas acquisition and delivery costs or system operating characteristics cause, or may be reasonably anticipated to cause, an increase or decrease in the gas cost component.

(b) Gas Cost Component.

(1) Scope. The City shall recover through the gas cost component the annual projected gas costs to be incurred in excess of the amount of gas costs included in the volumetric charge to provide the annual projected gas sales.

(2) Calculation. The formula for calculating the gas cost component (GC) shall be as follows:

$$\text{GC} = \frac{\text{PGC}}{\text{PGS}} - \text{BGC}$$

Where:

PGC = Projected gas costs which shall be equal to the sum of the City's projected gas supply and transportation costs, less amounts projected to be received for such costs from Distribution Delivery Service - Schedule "D", pre-existing self-help contract customers and electric service purchases from gas system for the projected annual period, expressed in dollars.

PGS = Projected gas sales which shall be equal to the projected Residential Service - Schedule "R" and General Service - Schedule "G" customers' billing Ccf for the projected annual period.

BGC = Amount of gas costs included in volumetric charges of \$0.0000 per Ccf prior to September 1, 2003, and \$0.3500 per Ccf effective September 1, 2003 and thereafter.

(c) Reconciliation Adjustment.

(1) Scope. The City shall, through the reconciliation adjustment, either which is set to \$0.000 per Ccf effective September 1, 2003, either:

A. Recover the actual gas costs incurred during the preceding annual period which were in excess of the gas cost revenues collected, including the amount of gas costs included in the volumetric charge, during that same period; or

B. Refund the gas cost revenues collected during the preceding annual period, including the amount of gas costs included in the volumetric charge, which were in excess of the actual gas costs incurred during that same period.

(2) Calculation. The formula for calculating the reconciliation adjustment (RA) shall be as follows:

$$RA = \frac{AGC - GCC}{PGS} - BGC$$

Where:

AGC = Actual gas cost which shall be equal to the City's actual gas supply and transportation costs; less actual amounts received by the City for such costs from Distribution Delivery Service - Schedule "D", pre-existing self-help contract customers and electric system purchases from gas system for the preceding annual period, expressed in dollars.

GCC = Gas cost charge which shall be equal to the gas cost recovery charges collected during the preceding annual period under the gas cost component, expressed in dollars.

(Ord. 2003-3-23. Passed 3-26-03.)

Appendix B

947.20 UNFUNDED GOVERNMENTAL AND REGULATORY MANDATES GAS UTILITY ADJUSTMENT RIDER "A" (RIDER A).

(a) Unfunded Governmental and Regulatory Mandates Adjustment (UGRMA).

(1) Scope. The Utility shall recover through application of the UGRMA all expenditures for operating, capital improvements, investments and related debt service principal and interest payments that are paid or payable to parties other than Utility employees which are associated with the Utility's compliance with governmental and regulatory mandates that are not included or recovered in base gas rate charges (Governmental and Regulatory Costs). Governmental and Regulatory Costs shall include Utility debt service payments (including principal and interest payments) associated with the deferral of Governmental and Regulatory Costs. Governmental and Regulatory Costs will be credited to reflect proceeds received from insurance carriers or other entities for amounts that represent reimbursement of costs associated with governmental and regulatory caused compliance projects. Governmental and Regulatory Costs shall not include the salaries of Utility employees, or any benefits related thereto.

The UGRMA will be applied monthly as a volumetric charge (\$ for each Ccf) to all gas distribution customers total monthly billings so as to recover anticipated Governmental and Regulatory Costs during the period such expenditures are projected to be incurred by the Utility (Recovery Period). The total amount of any over or under recovery of Governmental and Regulatory Costs for preceding collection periods will be included as Governmental and Regulatory Reconciliation Adjustment and thereby reflected in the UGRMA for the Recovery Period.

(2) Calculation. The formula for calculating the UGRMA, expressed as a volumetric charge (\$ for each Ccf), is:

$$\text{UGRMA} = (\text{EC} + \text{ERA})/\text{S}$$

Where:

EC = Governmental and Regulatory Costs (\$) to be recovered from all gas distribution customers during the Recovery Period.

ERA = Governmental and Regulatory Reconciliation Adjustment is a dollar adjustment that reflects the difference between actual Governmental and Regulatory Costs incurred during preceding collection periods and the actual revenues collected by the UGRMA during the same collection period.

S = Projected Sales (Ccf) billed to gas customers during the Recovery Period.

(b) Application.

(1) The Utility shall annually review the UGRMA calculation and make projections for the Recovery Period. The Utility shall, when it deems necessary, make adjustments to the UGRMA applied to customers for such period as it deems necessary to accomplish the purposes of this Rider in a timely manner. (Ord. 2009-5-41. Passed 5-27-09.)

Appendix C

947.21 ECONOMIC DEVELOPMENT COST GAS UTILITY ADJUSTMENT RIDER “B” (Rider B).

(a) Economic Development Cost Adjustment (EDCA).

(1) Scope. The Gas Utility (Utility) shall recover economic development expenditures through the application of the EDCA including the sum of the Economic Development Agreement (EDA) Annual Rebates and all expenditures including funds transferred from the Utility to the City of Hamilton Department of Administrative Division of Economic Development, operating, capital improvements, investments and related debt service principal and interest payments that are paid or payable to parties other than Utility employees which are associated with the Utility’s economic development activities that are not included or recovered in base gas rate charges, Gas Cost Recovery Charge and Unfunded Governmental and Regulatory Mandates Gas Utility. Economic Development expenditures will be credited to reflect proceeds received from other entities for amounts that represent reimbursement of costs associated with economic development projects. Economic Development expenditures shall not include the salaries of Utility employees, or any benefits related thereto. Economic Development expenditures recovered by the EDCA shall be determined to be for a public purpose and benefit to the Utility. “Public purpose” and “Utility benefit” shall be determined by the Law Director and the Finance Director and approved by the Hamilton City Council. The EDCA will be applied monthly and added to gas customers monthly billing to recover the Economic Development Cost Adjustment.

(2) Application. The Utility shall review the Economic Development Cost Adjustment calculation and shall make annual projections for the succeeding period January to December (Collection Period). The Utility shall, when it deems necessary, make adjustments to the EDCA applied to customers for such period as it deems necessary to accomplish the purposes of this Rider in a timely manner.

(3) Calculation. The formula for calculating the economic development cost adjustment (EDCA) is:

$$EDCA = (EDC * (MWF * RCM/PTWM))/RCM/12 + RA$$

Where:

$(EDC * (MWF * RCM/PTWM))/RCM/12$ = the Economic Development cost component, expressed in dollars per meter per month.

RA = Reconciliation Adjustment as determined below, expressed in dollars per meter per month.

$RA = (AEDC * MWF * AM/ATWM))/AM/12 - (PPEDC * (MWF * PCM/ATWM))/PCM/12$. At the time this rider was written, Economic Development expenditures in base rates were \$0.00 for EDA Annual Rebates and \$183,512 for funds transferred to the City Department of Administrative Division of Economic Development.

(4) Definitions.

EDC = PEDC - BEDC

PEDC = Projected Economic Development expenditures in the Collection Period.

BEDC = Economic Development expenditures in the base rates of \$183,512.

PPEDC = Economic Development cost to be collected in the preceding Collection Period.

PPTWC = Projected total weighted meters during the preceding Collection Period.

AEDC = Actual Economic Development cost for the preceding Collection Period.

MWF = Meter weighting factor for each meter size in Table 1 below.

RCM = Projected average number of meters for a given meter size during the Collection Period.

PCM = Projected average number of meters for a given meter size during the preceding Collection Period.

PTWM = Projected total weighted meters during the Collection Period.

AM = Actual average number of meters in the meter class during the preceding Collection Period.

ATWM = Actual total weighted meters during the preceding Collection Period.

**Table 1
Meter Weighting Factors**

Description	Meter Weighting Factor
Residential	1.00
Residential Suburban	1.10
General Service	
Meters < 400 Cfh	1.10
Meters < 400 Cfh Suburban	1.21
Meters from 500 Cfh to 1,499 Cfh	1.80
Meters from 500 Cfh to 1,499 Cfh Suburban	1.98
Meters equal to or larger than 1,500 Cfh	2.90
Meters equal to or larger than 1,500 Cfh Suburban	3.19

(Ord. 2010-8-70. Passed 8-11-10; Ord. 2011-8-79. Passed 8-24-11.)

Appendix D

ORDINANCE NO. OR2011-9-94

AN ORDINANCE SUPPLEMENTING THE CODIFIED ORDINANCES OF THE CITY OF HAMILTON, OHIO, BY ADDING THERETO NEW SECTION 947.22, RELATIVE TO THE ESTABLISHMENT OF A NATURAL GAS RESIDENTIAL SERVICE LINE MAINTENANCE (RSLM) RIDER, RIDER "C".

WHEREAS, the Administration of the City of Hamilton, Ohio, in coordination with Sawvel & Associates, the City's utility rate consultant, recommends the creation of a Natural Gas Residential Service Line Maintenance Rider (RSLM), Rider "C", which would be a monthly line item on customers' utility bills to fund the RSLM program, which complies with the Public Utilities Commission of Ohio (PUCO) order to begin replacing Design A risers (field-assembled risers) and maintenance responsibility of gas services to residential customers program; and

WHEREAS, the proposed rider would begin at \$1.02 per month for the Design A riser replacement and \$0.93 for the gas service line normal maintenance and replacement for a total of \$1.95 per month for residential customers, with said riser to be reviewed during semi-annually meetings with Sawvel and Associates and will be adjusted based on actual costs for the program; and

WHEREAS, said riser replacement program is scheduled to be a five-year program and will be removed from the rider following the replacement of all of the Design A risers, at which time the rider will only cover the cost of the gas service line normal maintenance and replacement;

WHEREAS, in order to accomplish the foregoing, it is necessary to amend the Codified Ordinances of the City of Hamilton, Ohio, by adding thereto new Section 947.22; and

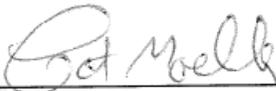
WHEREAS, Council desires that said Section 947.22 be added to the City's Codified Ordinances;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Hamilton, Ohio:

SECTION I: That the Codified Ordinances of the City of Hamilton, Ohio, be and hereby are supplemented by adding thereto new Section 947.22, to be and read as set forth in Exhibit No. 1 attached hereto and incorporated herein.

SECTION II: This ordinance shall take effect and be in full force from and after the earliest period allowed by law.

PASSED: 9-28-2011



Mayor

Effective Date: 10-28-2011

ATTEST: Ad Helms

City Clerk

CERTIFICATE

I, Adam Helms, City Clerk of the City of Hamilton, State of Ohio, hereby certify that the foregoing Ordinance No. OR2011-9-94 was duly published as provided by Section 113.01 of the Codified Ordinances of the City of Hamilton, Ohio, by posting ten days after passage, a copy thereof in each fire station within the City for a period of ten days. POSTED: 9-30-2011



Adam Helms, City Clerk
CITY OF HAMILTON, OHIO

EXHIBIT NO. 1

PART NINE – STREETS, UTILITIES AND PUBLIC SERVICES CODE

TITLE THREE – UTILITIES

CHAPTER 947 – GAS SERVICE

Sec. 947.22 RESIDENTIAL SERVICE LINE MAINTENANCE (RSLM) GAS UTILITY RIDER “C”

(a) Residential Service Line Maintenance Rider (RSLM)

(1) Scope. The Utility shall recover through application of Rider RSLM all expenditures for labor, equipment, materials, capital improvements, investments and related debt service principal and interest payments associated with the Utility’s Residential Riser Replacement and Service Line Maintenance Program (Residential Service Line Maintenance Costs). Residential Service Line Maintenance Costs shall include Utility debt service payments (including principal and interest payments), if any, associated with Residential Service Line Maintenance Costs. Residential Service Line Maintenance Costs shall include the applicable salaries of Utility employees, and any benefits related thereto.

Rider RSLM will be applied as a per meter charge (\$ for each meter) to all Schedule R Residential Service natural gas customers’ monthly billings so as to recover anticipated Residential Service Line Maintenance Costs during the period such expenditures are projected to be incurred by the Utility (Recovery Period). The total amount of any over-recovery or under-recovery of Residential Service Line Maintenance Costs for preceding collection periods will be included as a Residential Service Line Maintenance Reconciliation Adjustment and thereby reflected in Rider RSLM for the Recovery Period.

(2) Calculation. The formula for calculating Rider RSLM, expressed as a monthly per-meter charge (\$ for each meter), is:

$$\text{Rider RSLM} = (\text{RSLMC} \pm \text{RSLMRA}) / \text{NOC} / 12$$

Where:

RSLMC = Residential Service Line Maintenance Costs (\$) to be recovered from all Schedule R Residential Service natural gas distribution customers during the Recovery Period.

RSLMRA = Residential Service Line Maintenance Reconciliation Adjustment is a dollar adjustment that reflects the difference between actual Residential Service Line Maintenance Costs incurred during preceding collection periods and the actual revenues collected by Rider RSLM during the same collection period. Over-recoveries are subtracted from the RSLMC and under-recoveries are added to the RSLMC.

NOC = Number of Schedule R Residential Service rate class customers during the Recovery Period.

(b) Application.

The Utility shall review the Rider RSLM calculation at least annually and make projections for the Recovery Period. The Utility shall, when it deems necessary, make adjustments to Rider RSLM applied to Schedule R Residential Service customers for such period as it deems necessary to accomplish the purposes of this Rider in a timely manner.

(c) Reimbursement.

The City of Hamilton will reimburse any Schedule R Residential Service Customer who replaced a prone-to-failure natural gas riser or repaired or replaced a natural gas service line between May 1, 2011, and the effective date of this ordinance using a DOT Operator-Qualified contractor approved by the City. Reimbursement will be at actual costs incurred by the Customer, as proven by the Customer-provided receipt detailing all work completed and the associated cost of each item of work. The maximum reimbursement for replacement of a prone-to-failure natural gas riser shall be \$600 per natural gas riser. The maximum reimbursement for repair or replacement of a natural gas service line shall be \$1800. Eligible reimbursement items include all labor and material necessary for repair or replacement of a natural gas service line and/or replacement of a prone-to-failure natural gas riser and associated property restoration. City personnel shall inspect the property to verify that the work was completed in accordance with City requirements. Reimbursement to a Customer will be made within 60 days of the Customer's submission of a receipt for work performed, through reimbursement check or account credit at the City's discretion. Upon reimbursement to the Customer for repair or replacement of a natural gas service line or replacement of a prone-to-failure natural gas riser, the natural gas service line or natural gas riser shall become the property of the City. The City is not required to process any requests for reimbursement for repairs or replacements conducted after the effective date of this Ordinance.

Appendix E

947.17 RATE STABILIZATION FUND ADJUSTMENT.

Should a Rate Stabilization Fund be required by any indenture entered into pursuant to the sale of City gas system revenue bonds or mortgage revenue bonds, then the rates established for Residential Service - Schedule "R" as set forth in Section 947.03, General Service - Schedule "G" as set forth in Section 947.04, Distribution Delivery Service - Schedule "D" as set forth in Section 947.05, pre-existing self-help contract customers as set forth in Section 947.14 and electric system purchases from gas system as set forth in Section 947.18 as they now provide and as they may hereafter be amended shall be increased in any fiscal year by the percentage certified by the City Manager to the Director of Finance and the Director of Gas and Water or the Deputy City Manager/Managing Director of Operations to be necessary to cause there to be appropriated to the credit of the Gas Rate Stabilization Fund in such fiscal year the amount required by the indenture to be credited with respect to such fiscal year, such increase to take effect commencing the month after such certification.

(Ord. 2003-3-23. Passed 3-26-03.)