

# CITY OF HAMILTON 2019 NATURAL GAS RATES

## Contents

Customer Classes .....	1
2019 Gas Service Rates by Customer Class .....	2
Gas Cost Recovery Rate .....	3
Suburban Surcharge .....	4
Appendix A, GCR Rate Ordinance .....	5



**DEPARTMENT OF  
INFRASTRUCTURE**

**HAMILTON, OHIO**

Reliable | Local | Yours

## **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  
2019 Gas Service Rates by Customer Class**

Customer Class	R	GGR1	GGR2	GGR3
<b>Customer Service Charge (per Month)</b>	\$ 9.87	\$ 11.03	\$ 27.56	\$ 82.69
<b>Volumetric Charge (per Ccf)</b>				
- First 600 Ccf	\$ 0.618	\$ 0.618	\$ 0.618	\$ 0.618
- Next 1,400 Ccf	\$ 0.618	\$ 0.608	\$ 0.608	\$ 0.608
- All additional Ccf	\$ 0.618	\$ 0.587	\$ 0.587	\$ 0.587
<b>Gas Cost Recovery (GCR) Charge (per Ccf)</b>	\$ - 0.050	\$ - 0.050	\$ - 0.050	\$ - 0.050
<b>- Suburban Surcharge</b> (% 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 December 1, 2018.
- (iii) Gas Cost Recovery (GCR) rate effecting January 1, 2019.

## **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.

## ***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.)