

PROPOSED ORDINANCE NO. 27-19

ORDINANCE NO. _____

AN ORDINANCE TO BE
ENTITLED:

AN ORDINANCE AMENDING SECTION 10-4-19 OF THE CODE OF THE CITY OF PENSACOLA, FLORIDA ADJUSTING RATES AND CHARGES FOR THE SALE OF NATURAL GAS; PROVIDING FOR SEVERABILITY REPEALING CLAUSE; PROVIDING AN EFFECTIVE DATE.

NOW, THEREFORE BE IT ORDAINED BY THE CITY OF PENSACOLA, FLORIDA:

SECTION 1. Section 10-4-19 of the Code of the City of Pensacola, Florida, is hereby amended to read:

Sec. 10-4-19. Schedule of rates and charges.

A. Subject to the provisions of subsection 1-1-1 (c), the charges and assessments set forth below shall be levied and assessed by the department of Pensacola Energy through the Mayor or the Chief Financial Officer for natural gas services provided by the city to consumers.

The charges for gas are segregated according to the following service classifications: residential gas inside and outside the city limits (GR-1, GR-2), commercial gas inside and outside the city limits (GC-1, GC-2), interruptible industrial contract (GI-1, GI-2, GI-3, GI-4), City of Pensacola, almost firm service (GAF), flexible gas transportation (GTS, GPT, GIT, GVT), compressed natural gas service (CNG), and street or outdoor lighting.

B. Purchased gas adjustment (PGA)--Service classifications having a distribution charge stated in Mcfs shall have the price per Mcf adjusted by the amount of any increase or decrease in the cost of gas purchased for resale. Changes to the PGA will be effective at the beginning of a monthly billing cycle.

C. For the purpose of calculating the municipal public service tax, the city's cost of gas prior to October 1, 1973, was forty-five cents (\$0.45) per Mcf.

D. Weather normalization adjustment (WNA)--To adjust for fluctuations in consumption due to colder or warmer than normal weather during the months of October through March of the previous or current fiscal year, a WNA will be assessed on service classifications GR-1, GR-2, GC-1, GC-2, and GIT according to the following formula:

WNA	$\frac{R \times (HSF \times (NDD-ADD))}{(BL + (HSF \times ADD))}$
Where:	
WNA	= Weather normalization adjustment factor for each rate schedule classification expressed in cents per Mcf.
R	= Weighted average base rate of temperature sensitive sales for each included rate schedule.
HSF	= Heat sensitive factor for the appropriate rate schedule.
NDD	= Normal billing cycle heating degree.
ADD	= Actual billing cycle heating degree day.
BL	= Average base load sales for each billing cycle.

Normal degree days (NDD) shall be based on the most current National Oceanic and Atmospheric Administration (NOAA) thirty-year normal data. Actual degree days (ADD) shall be based on NOAA data.

- E. The Distribution Pipeline Infrastructure Cost Adjustment (DPICA) shall be adjusted annually, effective each October 1 by a percentage equal to the amount of Eligible Distribution Pipeline Infrastructure Costs divided by the total test year margin revenues associated with the Residential Gas inside and outside City limits (GR-1 and GR-2), Commercial Gas inside and outside City limits (GC-1, GC-2, and GIT), and Municipal operated building and facilities as shown for the 2012 Test Year shown in the most recent Cost of Service and Rate Design Study. Eligible Distribution Pipeline Infrastructure Costs include costs that meet all of the following conditions:
- (i) The principal purpose of the project is not to increase revenues by directly connecting the infrastructure replacement to new customers;
 - (ii) The project, or discrete portions thereof, are in service and used and useful;
 - (iii) The costs of the project are not included in the city's existing base rates;
 - (iv) The principal purpose of the project is to replace or extend the useful life of existing infrastructure, or otherwise enhance the infrastructure of city's physical plant; and
 - (v) City undertakes the project to comply with a valid statute, rule, regulation, order or ordinance, or other lawful requirement of a federal, state, or local governing or regulatory body having jurisdiction over pipeline integrity.

The percentage shall not exceed 10 percent of the non-gas operating expenses in the current fiscal year budget and will be applied to the rates used for each bill over the following 12 months.

- F. Distribution and customer charge rates shall be adjusted annually if approved by the city council during budget sessions, effective each October based upon the percentage difference in the cost of living as computed under the most recent Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, U.S. Department of Labor for the period beginning April 1 of the preceding year and ending March 31 of the current year. The applicable rates are residential gas inside and outside the city limits (GR-1, GR-2), commercial gas inside and outside city limits (GC-1, GC-2), contract delivery, and municipal operated buildings and facilities.
- G. Tariff changes to pipeline transportation fees shall be assessed to each rate class upon implementation by the interstate or intrastate pipeline.
- H. Service charges shall include a customer charge and a distribution charge. The customer charge is a fixed monthly charge for having gas available and the distribution charge is a variable monthly charge based on consumption of gas.

Service charges are as follows:

- (1) *Service classification: GR-1, residential gas service. (Within city limits of the City of Pensacola).*
 - (1a) *Availability.* Available to any consumer using the city's natural gas service for any purpose in a residence only.
 - (1b) *Customer charge.* Nine dollars and ~~seventy-five~~ ninety-four cents (~~\$9.75~~) (\$9.94) fixed monthly charge, plus
 - (1c) *Distribution charge.* Eight dollars and ~~eighteen~~ thirty-four cents (~~\$8.18~~) (\$8.34) per Mcf.
- (2) *Service classification: GR-2, residential gas service. (Outside city limits of the City of Pensacola).*
 - (2a) *Availability.* Available to any consumer using the city's natural gas service for any purpose in a residence only.
 - (2b) *Customer charge.* ~~Ten~~ Eleven dollars and ~~eighty-eight~~ nine cents (~~\$10.88~~) (\$11.09) fixed monthly charge, plus
 - (2c) *Distribution charge.* Ten dollars and ~~twelve~~ thirty-one cents (~~\$10.12~~) (\$10.31) per Mcf.
- (3) *Service classification: GC-1, commercial service. (Within the city limits of the City of Pensacola).*
 - (3a) *Availability.* Available to any commercial consumer for cooking, water heating, space heating, air conditioning, and like uses.
 - (3b) *Customer charge.* Seventeen dollars and ~~twenty-five~~ fifty-eight cents (~~\$17.25~~) (\$17.58) fixed monthly charge, plus

- (3c) *Distribution charge.* Eight dollars and ~~eighteen~~ thirty-four cents (~~\$8.18~~) (\$8.34) per Mcf.
- (4) *Service classification: GC-2 commercial service. (Outside the city limits of the City of Pensacola).*
- (4a) *Availability.* Available to any commercial consumer for cooking, water heating, space heating, air conditioning, and like uses.
- (4b) *Customer charge.* Nineteen dollars and ~~sixty~~ ninety-seven cents (~~\$19.60~~) (\$19.97) fixed monthly charge, plus
- (4c) *Distribution charge.* Ten dollars and ~~twelve~~ thirty-one cents (~~\$10.12~~) (\$10.31) per Mcf.
- (5) *Service classification: GI-1, interruptible industrial contract service, small volume.*
- (5a) *Availability.* Available to any consumer using the city's natural gas service provided the consumer has adequate standby facilities approved by the city that will permit the city to curtail consumption as the city may determine necessary. Service under this rate classification shall be governed by individual contracts with consumer which includes a customer charge, a distribution charge, and a charge for fuel. Such contracts may be executed by the Mayor, based on recommendations by the Director of Pensacola Energy. Contracts for this class or rate must be for not less than one (1) year. All consumers under this rate are subject to the terms of the contract.
- (5b) *Contract volume.* Not less than twenty-five (25) Mcf per day.
- (5c) *Customer charge.* Two hundred dollars (\$200.00) fixed monthly charge, plus
- (5d) *Distribution charge.* Two dollars and five cents (\$2.05) per Mcf.
- (6) *Service classification: GI-2, interruptible industrial contract service, large volume.*
- (6a) *Availability.* Available to any consumer using the city's natural gas service provided the consumer has adequate standby facilities approved by the city that will permit the city to curtail consumption as the city may determine necessary. Service under this rate classification shall be governed by individual contracts with consumer which includes a customer charge, a distribution charge, and a charge for fuel. Such contracts may be executed by the Mayor, based on recommendations by the Director of Pensacola Energy. Contracts for this class or rate must be for not less than one (1) year. All consumers under this rate are subject to the terms of the contract.
- (6b) *Contract volume.* Not less than two hundred fifty (250) Mcf per day.
- (6c) *Customer charge.* Two hundred dollars (\$200.00) fixed monthly charge, plus
- (6d) *Distribution charge.* One dollar and five cents (\$1.05) per Mcf.
- (7) *Service classification: GI-3, interruptible industrial flexible contract service, large volume.*
- (7a) *Availability.* Available to any consumer using the city's natural gas service provided the consumer has adequate standby facilities approved by the city that will permit the city to curtail consumption as the city may determine necessary. Service under this rate classification

shall be governed by individual contracts with consumer which includes a customer charge, a distribution charge, and a charge for fuel. Such contracts may be executed by the Mayor, based on recommendations by the Director of Pensacola Energy. Contracts for this class or rate must be for not less than one (1) year. All consumers under this rate are subject to the terms of the contract.

(7b) *Contract volume.* Not less than five hundred (500) Mcf per day.

(7c) *Customer charge.* Two hundred dollars (\$200.00) fixed monthly charge, plus,

(7d) *Distribution charge.* Rates to be negotiated.

(8) *Service classification: GI-4, interruptible transportation flexible contract service.*

(8a) *Availability.* Available to any consumer using the city's natural gas service provided the consumer has adequate standby facilities approved by the city that will permit the city to curtail consumption as the city may determine necessary. Service under this rate classification shall be governed by individual contracts with consumer which includes a customer charge, a distribution charge, and a charge for fuel. Such contracts may be executed by the Mayor, based on recommendations by the Director of Pensacola Energy. Contracts for this class or rate must be for not less than one (1) year. All consumers under this rate are subject to the terms of the contract.

(8b) *Contract volume.* Not less than one hundred (100) Mcf nor more than five hundred (500) Mcf per day.

(8c) *Customer charge.* Two hundred dollars (\$200.00) fixed monthly charge, plus

(8d) *Distribution charge.* The GI-4 distribution charge shall consist of the following components:

1. The contracted cost of gas as it may vary from time to time, plus
2. The existing transportation rate on Pensacola Energy's distribution system as established under the annual pipeline transportation fees of One dollar and seventy-four cents (\$1.74) plus ninety-two cents (\$0.92) local transportation charge net per one (1) MMBTU/day transported for gas transportation service, plus
3. A seven cent (\$0.07) margin on the contracted cost of natural gas.

These three (3) components shall determine the monthly cost of any consumer in this class or rate times the number of MMBTUs used by the consumer.

(9) *Service classification: City of Pensacola.*

(9a) *Availability.* Available to all current municipally operated buildings and facilities, and current and former municipally operated utilities, and other uses as authorized by the Mayor. Measurement shall be by standard meter as normally used within Pensacola Energy.

(9b) *Customer charge.* ~~Twenty-one -two~~ Twenty-one -two dollars and ~~seventy-seven~~ eighteen cents (~~\$21.77~~) (\$22.18) fixed monthly charge, plus

(9c) *Distribution charge.* Three dollars and ~~eighteen~~ twenty-four cents (~~\$3.18~~) (\$3.24) per Mcf.

(10) *Service classification: GTS, gas transportation service. (For large volume commercial/industrial consumers).*

(10a) *Availability.* Available to a consumer with sufficient resources for purchasing its own natural gas supplies and transporting it on the city's natural gas system to the consumer's facilities. Pensacola Energy will determine which gate station on Pensacola Energy's interstate pipeline transporter system has adequate capacity to receive the transportation request. There shall be a separate contract with each consumer for each service location which includes a customer charge, a distribution charge, and a charge for fuel. Such contracts may be executed by the Mayor, based on recommendations by the Director of Pensacola Energy. Contracts for this service must be for not less than one (1) year.

Consumers using this service must have adequate standby facilities approved by the city that will permit the city to curtail consumption as the city may determine necessary.

(10b) *Contract volume.* Transportation volumes not less than two hundred (200) MMBTU per day. Volume requirements shall be reviewed in determining if a consumer shall qualify for this rate.

(10c) *Customer charge.* Two hundred dollars (\$200.00) fixed monthly charge, plus

(10d) *Distribution charge.* Rates to be negotiated.

An additional \$0.0475/MMBTU shall be added to cover administrative, maintenance, and monitoring costs for the transportation distribution on a daily basis. The consumer must notify Pensacola Energy a minimum of five (5) working days prior to the beginning of each month and identify the volume of the third party gas to be transported on the Pensacola Energy system during that month.

(11) *Service classification: GPT, gas purchased transportation service. (For large volume commercial/industrial consumers).*

(11a) *Availability.* Available to a consumer using the city's natural gas service. There shall be a separate contract with each consumer which includes a customer charge, a distribution charge, and a charge for fuel. Such contracts may be executed by the Mayor, based on recommendations by the Director of Pensacola Energy. Contracts for this service must be for not less than one (1) year. All consumers under this rate are subject to the terms of the contract.

(11b) *Contract volume.* Transportation volumes not less than two hundred (200) MMBTU per day. Volume requirements shall be reviewed in determining if a consumer shall qualify for this rate.

(11c) *Customer charge.* Two hundred dollars (\$200.00) fixed monthly charge, plus

(11d) *Distribution charge.* Rates to be negotiated.

A seven cent (\$0.07) margin on the contracted cost of natural gas.

(12) *Service classification: GAF, almost firm service.*

(12a) *Availability.* Available to any consumer using the city's natural gas service. Service under this rate classification shall be governed by individual contracts with consumer which

includes a customer charge, a distribution charge, and a charge for fuel. Such contract will be executed by the Mayor, based on recommendations by the Director of Pensacola Energy. Contracts for this class or rate must be for not less than one (1) year. All consumers under this rate are subject to the terms of the contract.

(12b) *Contract volume.* Not less than seventy-five (75) Mcf per day.

(12c) *Customer charge.* Two hundred dollars (\$200.00) fixed monthly charge, plus

(12d) *Distribution charge.* One dollar and seventy-four cents (\$1.74) for annual pipeline transportation fees plus ninety-two cents (\$0.92) local transportation charge net per one (1) MMBTU/day transported for gas transportation service, plus

A seven cent (\$0.07) margin on the contracted cost of natural gas.

(13) *Service classification: GIT, flexible gas transportation service.*

(13a) *Availability.* Available to any consumer using the city's natural gas service provided the consumer has adequate standby facilities approved by the city that will permit the city to curtail consumption as the city may determine necessary. Service under this rate classification shall be governed by individual contracts with consumer which includes a customer charge, a distribution charge, and a charge for fuel. Such contract will be executed by the Mayor, based on recommendations by the Director of Pensacola Energy. Contracts for this service must be for not less than one (1) year. All consumers under this rate are subject to the terms of the contract.

(13b) *Customer charge.* Nineteen dollars and ~~sixty~~ ninety-seven cents (~~\$19.60~~) (\$19.97) fixed monthly charge, plus

(13c) *Distribution charge.* Rates to be negotiated.

(14) *Service Classification: CNG, Compressed Natural Gas Service.*

(14a) *Availability.* Available to any commercial or industrial customer utilizing natural gas for compressed natural gas refueling facilities. Service under this rate classification shall be governed by individual contracts with consumer. Such contract will be executed by the Mayor, based on the recommendations of the Director of Pensacola Energy. Contracts for this service must be for not less than one year. All consumers under this rate are subject to the terms of the contract.

(14b) *Distribution charge.* Rates to be negotiated.

(15) *Service classification: GVT, flexible governmental industrial transportation service.*

(15a) *Availability.* Available to all governmental industrial transportation customers utilizing the city's gas services. Service under this rate classification shall be governed by individual contracts with consumer which includes a customer charge, a distribution charge, and a charge for fuel. Such contract will be executed by the Mayor, based on recommendations by the Director of Pensacola Energy. Contracts for this service must be for not less than one (1) year. All consumers under this rate are subject to the terms of the contract.

(15b) *Contract volume.* Transportation volumes not less than two hundred fifty (250) MMBTU per day. Volume requirements shall be reviewed in determining if a consumer shall qualify for this rate.

(15c) *Customer charge.* Two hundred dollars (\$200.00) fixed monthly charge, plus

(15d) *distribution charge.* Seventy cents (\$0.70) per MMBTU.

(16) *Service classification: Street or Outdoor Lighting.*

(16a) *Availability.* Available to firm residential or commercial customers for continuous street, outdoor lighting, or communications power supply.

(16b) *Monthly Rate.*

Communications power supply flat rate	\$10.85
Gas lights small, up to 2.36 cu. ft. per hour	\$10.85
Gas lights medium, up to 3.48 cu. ft. per hour	\$15.95
Gas lights large, up to 4.86 cu. ft. per hour	\$22.33

SECTION 2. All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 3. If any word, phrase, clause, paragraph, section or provision of this ordinance or the application thereof to any person or circumstance is held invalid or unconstitutional, such finding shall not affect the other provision or applications of the ordinance which can be given effect without the invalid or unconstitutional provisions or application, and to this end the provisions of this ordinance are declared severable.

SECTION 4. This ordinance shall become effective at the beginning of the monthly October ~~2018~~ 2019 billing cycle on the fifth business day after adoption, unless otherwise provided pursuant to Section 4.03(d) of the City Charter of the City of Pensacola.

Passed: _____

Approved: _____

President of City Council

Attest:

City Clerk