

RESOLUTION NUMBER 13-4952
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUSANVILLE
AMENDING RESOLUTION 10-4625 AND SETTING FEES
AND POLICIES FOR THE NATURAL GAS UTILITY
OF THE CITY OF SUSANVILLE

WHEREAS, the City Council of the City of Susanville has established a natural gas utility; and

WHEREAS, the City Council of the City of Susanville has heretofore established various rates, fees, charges and policies for the natural gas utility; and

WHEREAS, pursuant to the provisions of the California Constitution and the laws of the State of California, the City of Susanville is authorized to adopt and implement rates, fees and charges for municipal utilities, provided however, that such rates, fees and charges do not exceed the estimated reasonable cost of providing such services; and

WHEREAS, the City Council desires to adjust the rates, fees and charges and implement new rates, fees and charges for the municipal natural gas services provided by the City of Susanville, as set forth herein; and

WHEREAS, all legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED:

1. This City Council hereby finds and determines that based upon the data, information, analysis, oral and written documentation presented to this City Council concerning the rates, fees and charges described below do not exceed the established reasonable cost of providing the service for which the rates, fees, or charges are levied.
2. The rates, fees and charges set forth below are hereby confirmed and continued as the rates, fees and charges for the services identified for each such rate, fee and/or charge with the addition of 3D - Tiered Rate Discount and shall remain as herein set forth.
3. Natural Gas rates, fees and charges:
 - A. Fixed monthly fee:
The monthly meter charge shall remain \$7.00 for single meters.
 - B. Baseline winter rate: This rate has been eliminated.
 - C. Tiered rates:
Tier 1: The established volumetric rate is \$2.20 per therm for up to 450 therms per meter reading cycle. This rate is effective with the next billing cycle.
Tier 2: There remains the established volumetric rate of \$2.12 per therm for all metered usage above 450 therms per meter reading cycle.
 - D. Tiered Rate Discount:
Beginning July 1, 2013 a six cents (\$0.06) per therm discount will be applied to Tier 1 and Tier 2 rates through June 30, 2014.

E. Fixed Price Option:
Natural gas customers consuming a minimum of 1,500 therms annually are offered the option to lock in a fixed price for their supply for a specific term. The price shall be a mutually agreeable fixed price offered by Susanville based on New York Mercantile Exchange (NYMEX) futures contracts for natural gas, plus a geographical price basis adjustment to the Susanville city gate, plus \$1.30 per therm.

F. Welcome rate:
New gas hookups, defined as any residence or business that is not using natural gas as of September 1, 2009, shall qualify for the Welcome Rate. The Welcome Rate is effective immediately and retroactive to September 1, 2009.

Provisions: The volumetric rate for the first 12 billing cycles will be **\$1.95** per therm. The rate will reflect the current adopted rates beginning in the 13th billing cycle. Offer requires the customer to have a natural gas fired furnace and to sign a two-year contract for natural gas services.

Failure to retain natural gas service for two years will require payment of fully established rate for the first 12 billing cycles.

G. Optional variable rate:
There remains the established variable natural gas rate available to large natural gas consuming customers capable of using alternate fuels as their primary energy source in place of natural gas as per Resolution Number 07-4306 adopted by the City Council at its September 4, 2007 meeting. The details of these rates as amended are attached hereto as Exhibit "A". based on current sales tax rate at time of billing. When natural gas is the lowest priced fuel, the price charged each month shall not be lower than **\$0.50** below the next highest price competing fuel.

H. Low Income Assistance Program:
Natural gas customers meeting the criteria for low-income assistance, as established in Exhibit B, receive an annual flat rate of \$1.95 per therm. This rate is effective with the next billing cycle.

4. If any section, subsection, sentence, clause or phrase of this Resolution is, for any reason, held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Resolution and each section, subsection, clause and phrase hereof would have been prepared, proposed, adopted, approved and ratified irrespective of the fact that any one or more other sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

5. The City Clerk shall certify to the adoption of this Resolution.

APPROVED: _____
Rod E. De Boer, Mayor

ATTEST: _____
Gwenna MacDonald, City Clerk

The foregoing Resolution was adopted at a regular meeting of the City Council of the City of Susanville, held on the 19th day of June, 2013, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINING:

Gwenna Macdonald, City Clerk

APPROVED AS TO FORM: _____
Peter M. Talia, City Attorney

EXHIBIT A
ATTACHMENT TO RESOLUTION NO. 13-4952
Variable Natural Gas Rate

Applicability:

This is an optional rate schedule for customers using more than 30,000 therms per year. Customers electing this rate schedule shall not participate in wintertime baseline rates.

Participation in this variable rate requires written request to the City of Susanville. Requests should include a description of alternate fuels available and ability for alternate fuels to serve installed end-use devices.

Customers returning from this rate to the general rate shall be required to remain on the general rate for a period of twelve months before being eligible to return back to this rate.

Variable Price:

One or both the propane and heating oil indices shall be used dependent upon a customer's ability to readily convert to one or both fuels in the end-use device being supplied. If both apply, the lower index price each month shall be used, or the natural gas index shall be used if it is the lowest. *CSTR = current sales tax rate

Meters registering more than 75,000 therms per year:

- 1 Propane: $[(\text{BPN, SF} + \$0.33/\text{gal}) \times 1.0725] / 0.92 = \$/\text{Th}$
- 2 Heating Oil: $[(\text{OPIS, Chico} + \$0.18/\text{gal}) \times 1.0725] / 1.41 = \$/\text{Th}$
- 3 Natural Gas: Susanville variable monthly gas cost + \$1.24/Th = \$/Th

Meters registering more than 30,000 therms per year:

- 1 Propane: $[(\text{BPN, SF} + \$0.38/\text{gal}) \times 1.0725] / 0.92 = \$/\text{Th}$
- 2 Heating Oil: $[(\text{OPIS, Chico} + \$0.23/\text{gal}) \times 1.0725] / 1.41 = \$/\text{Th}$
- 3 Natural Gas: Susanville variable monthly gas cost + \$1.30/Th = \$/Th

Option for Customer to Fix Price:

Customers qualifying under this variable natural gas rate are offered the option to lock in a fixed price for their supply for a specific term. The price shall be a mutually agreeable fixed price offered by Susanville based on New York Mercantile Exchange (NYMEX) futures contracts for natural gas, plus a geographical price basis adjustment to the Susanville city gate, plus \$1.24 per therm or \$1.30 per therm based on the customer's annual usage as specified above. When natural gas is the lowest priced fuel, the price charged each month shall not be lower than **\$0.50** below the next highest price competing fuel.

Notes:

The variable price shall be adjusted once per month for the purpose of customer billing statements. The base index for propane and heating oil shall be the average of all postings for each month.

BPN: Butane Propane News, weekly propane newsletter for San Francisco, CA

OPIS: Oil Price Information Services for Chico, CA

Susanville variable monthly gas cost: Billed amount from Susanville's supplier for gas priced for one month, also referred to as "monthly spot price" or "swing price".

Upon request, supporting calculations and documents shall be available from the City of Susanville Finance Department.

**EXHIBIT B
ATTACHMENT TO RESOLUTION NO. 13-4952**

2013/2014 Low Income Assistance Gross Household Income Guidelines

Based on 170% of Federal Guideline

# Persons	Annual \$	Monthly \$
1	22,980	1,915
2	31,020	2,585
3	39,060	3,255
4	47,100	3,925
5	55,140	4,595
6	63,180	5,265
7	71,220	5,935
8	79,260	6,605