

DULUTH PUBLIC UTILITIES COMMISSION
Tuesday, February 26, 2013
5:15 PM, City Hall
Large Admin Conference Room (4th Floor)
AGENDA

1. Roll call
2. New business
 - 2.1 PILOT, Cost Allocation, etc. (Dave Montgomery)
 - 2.2 Natural gas base rate adjustment resolution

RESOLUTION NO. 13PUC-003

**RESOLUTION ESTABLISHING NATURAL GAS RATES
EFFECTIVE WITH METER READINGS AFTER MARCH
31, 2013; SUPERSEDING ALL PRIOR INCONSISTENT OR
CONFLICTING RATES AS OF APRIL 1, 2013.**

RESOLVED by the Duluth Public Utilities Commission (the "Commission") that the Commission hereby makes the following Finding of Fact:

- 1.) Based on a rate study of the City's natural gas rate structure performed by SAIC, it is necessary and appropriate for the long-term maintenance of the City's natural gas distribution system that the rate structure be modified as hereinafter provided for.

FURTHER RESOLVED, that effective with the natural gas meter readings after March 31, 2013, all customers of the natural gas utility of the city of Duluth shall be charged for such natural gas in accordance with the schedule of rates established by this resolution as follows:

CUSTOMER RATE SCHEDULE BASED UPON MONTHLY METERED VOLUME					
		Fixed monthly charge		Per 100 cubic feet("CCF")	
		Effective April 1, 2013, rate (no change)	Effective November 1, 2006, rate	Effective April 1, 2013, rate	Effective November 1, 2006 rate
Firm sales service	Residential small volume	\$7.50	\$7.50	\$0.903	\$1.241
	Residential large volume	\$200.00	\$200.00	\$0.802	\$1.140
	Commercial/industrial small volume	\$40.00	\$40.00	\$0.819	\$1.157
	Commercial/industrial large volume	\$200.00	\$200.00	\$0.789	\$1.127
Interruptible sales service	Commercial/industrial large volume	\$450.00	\$450.00	\$0.667	\$1.005
Firm transport service	Commercial/industrial small volume	N/A	\$40.00	N/A	\$0.100
	Commercial/industrial large volume	N/A	\$200.00	N/A	\$0.080

Interruptible transportation service (no change)	Effective October 1, 2009		
		Year 1	Year 2+
	Commercial/industrial small volume / CCF	\$0.1881	\$0.1341
	Fixed monthly charge	\$40.00	\$40.00
	Commercial/industrial large volume / CCF	\$0.1661	\$0.1121
	Fixed monthly charge	\$450.00	\$450.00
Purchased gas adjustment (PGA)	If the wholesale price of gas purchased by the city of Duluth is increased or decreased as compared to the 2013 base gas cost rate of \$0.582 \$0.920 per CCF, and any such change results in an average unit cost of gas in excess, or less than the 2013 2006 base gas costs, the unit commodity charge (\$ per CCF) for gas sold under the applicable rate schedule shall be increased or decreased on the customer's monthly bill in the same amount as the unit cost of gas has been increased or decreased. The PGA will include a proportional charge or credit for the payment in lieu of taxes (PILOT) transfer.		

RESOLVED FURTHER, any prior rates inconsistent or conflicting with this resolution are superseded as of April 1, 2013.

Approved by the DPUC: _____
(date)

Submitted to City Council: _____
(where appropriate) (date)

ATTEST:

Director
Public Works and Utilities
City of Duluth

STATEMENT OF PURPOSE:

The purpose of this resolution is to implement a new base rate for natural gas supplied by the City through its natural gas distribution system. Current transportation rates were established in 2009. This is the first rate modification since 2006 for all other classes of users.

The base rate in the current Purchased Gas Adjustment ("PGA") calculation was established during a period of high natural gas prices. This revision will decrease the volumetric charges per 100 cubic feet ("CCF") of gas provided and reduce the amount of the PGA so that the volumetric rates more accurately reflect the cost of the gas sold. The new rates will be effective as of April 1, 2013.