

Received 5/31/2016
Clerk-Treasurer email

ORDINANCE NO. 2016-04

**AN ORDINANCE OF THE CITY OF AUBURN, INDIANA
APPROVING AND ADOPTING A MODIFICATION TO THE TWO-PART TRACKER
INCLUDED IN THE RATES AND CHARGES FOR SERVICES RENDERED
BY AUBURN MUNICIPAL ELECTRIC DEPARTMENT
AS APPROVED BY THE INDIANA UTILITY REGULATORY COMMISSION**

SUMMARY

This Ordinance adopts a modification to the two-part tracking mechanism included in the electric rates of the municipal electric utility of the City of Auburn, Indiana, known as Auburn Municipal Electric Department. On December 17, 2014, the State of Indiana Utility Regulatory Commission approved under Cause No. 44472, a new schedule of rates and charges for electric service for Auburn Municipal Electric Department replacing the utility's existing schedule of rates and charges. The new schedule of rates and charges included a two-part tracking mechanism to distinguish between demand and energy costs for certain customers. Since that time it was discovered that an adjustment to that mechanism is necessary because the tracker contained errors in the formula and other issues with the model that prevented the mechanism from providing accurate recovery of changes in the cost of purchased power by the Auburn Municipal Electric Department. This Ordinance is passed for the purpose of approving a modified two-part tracker schedule for the Auburn Municipal Electric Department in accordance with a Petition filed before the Indiana Utility Regulatory Commission in Cause No. 44774. Said tracker rates are attached as Exhibit "A" to this Ordinance and incorporated herein. The Auburn Municipal Electric Department rate schedules are available for public inspection at the Office of the Clerk-Treasurer of the City of Auburn, Indiana at 210 East Ninth Street Auburn, Indiana. The full ordinance and revised two-part tracker can be viewed at www.ci.auburn.in.us. This Ordinance amends the previously passed rate ordinances including but not limited to Ordinance 2015-03. It is anticipated that the new two-part tracker attached as Exhibit "A" shall be implemented immediately upon approval by the Indiana Utility Regulatory Commission.

_____ Recorder's Office	_____ <input checked="" type="checkbox"/> Publish Public Hearing
_____ Auditor's Office	_____ <u>6/21/2016 @ 6:00pm</u>
_____ Clerk's Office	_____ <input checked="" type="checkbox"/> Publish Summary O/R after adoption
_____ Other:	_____

ORDINANCE NO. 2016-04

**AN ORDINANCE OF THE CITY OF AUBURN, INDIANA
APPROVING AND ADOPTING A MODIFICATION TO THE TWO-PART
TRACKER INCLUDED IN THE RATES AND CHARGES FOR SERVICES
RENDERED
BY AUBURN MUNICIPAL ELECTRIC DEPARTMENT
AS APPROVED BY THE INDIANA UTILITY REGULATORY COMMISSION**

IT IS HEREBY ESTABLISHED AND ORDAINED by the Common Council of the City of Auburn, Indiana, that:

WHEREAS, the City of Auburn, Indiana, owns and operates a municipal electric utility known as Auburn Municipal Electric Department (the "Utility") for the purpose of providing electric service to residential, commercial and industrial customers within the City of Auburn, Indiana and contiguous areas located in DeKalb County; and

WHEREAS, the Utility's existing rates and charges for services were placed into effect following (i) the Indiana Utility Regulatory Commission's (the "Commission") approval thereof in Cause No. 44472, and (ii) adoption of Ordinance No. 2015-03 by the Common Council of the City of Auburn; and

WHEREAS, the Utility's existing rates and charges for service include a two-part tracking mechanism to distinguish between demand and energy costs, which was approved by the Commission in Cause No. 44472 and is / will be attached to the Utility's rate schedules as Appendix A; and

WHEREAS, the Utility and the Board of Public Works have determined the two-part tracker approved in Cause No. 44472 and pursuant to Ordinance No. 2015-03 contains errors in the tracker formula and other issues with the model that prevent the mechanism from providing accurate recovery of changes in the cost of purchased power; and

WHEREAS, the Utility therefore, has filed with the Commission a Verified Petition seeking approval of changes to the language and formulas set forth in the two-part tracker formula, which changes have been reviewed and approved by the Indiana Office of Utility Consumer Counselor and Metal Technologies, Inc., who intervened in the pending case; and

WHEREAS, the foregoing proceeding is docketed as Cause No. 44774 and a hearing before the Commission is scheduled for June 9, 2016; and

WHEREAS, the Board of Public Works of the City of Auburn, Indiana, adopted Resolution 03-16, which: (i) finds that the proposed revisions to the two-part tracking mechanism for which approval is sought in Cause No. 44774 will result in rates and charges that are “nondiscriminatory “reasonable and just rates and charges for services” within the meaning of Indiana Code § 8-1.5-3-8, and (ii) recommends that the Common Council adopt an Ordinance approving the revised two-part tracking mechanism attached as Exhibit “A” to replace the Utility’s existing two-part tracking mechanism set forth in Appendix A of its schedule of rates and charges; and

WHEREAS, the purpose of the Resolution by the Auburn Board of Public Works was to approve and recommend a modification to the Utility’s existing two-part tracking mechanism set forth in Appendix A of its rates and charges. In doing so, previous Board of Public Works Resolution No. 01-2015 was amended, to replace the previously recommended two-part tracking mechanism set forth in Appendix A of the Electric Department Tariff / Rate Schedule with Exhibit “A” attached hereto and made a part hereof, and it was recommended that the Auburn Common Council modify and amend

the previous rate ordinance, Ordinance 2015-03, for the purposes of implementing the modified two-part tracking mechanism; and

WHEREAS, the Common Council of the City of Auburn now finds: (i) the revised two-part tracking mechanism attached hereto as Exhibit "A" should be approved and adopted for use by the Utility upon approval by Order adopted by the Commission in Cause No. 44774; (ii) the revised two-part tracking mechanism will result in rates and charges which are "reasonable and just" as defined under Indiana Code § 8-1.5-3-8; and (iii) the Utility's remaining schedule of rates and charges as approved pursuant to Ordinance No. 2015-03 should remain unchanged.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF AUBURN, INDIANA, THAT:

Section 1. The revised two-part tracking mechanism attached hereto as Exhibit "A" is hereby adopted for use by the Auburn Municipal Electric Department when charging customers for electric service, effective as set forth below. Upon the effective date, the version of the two-part tracking mechanism attached as Exhibit "A" will supersede the previously-approved version of Appendix "A", as applicable, and be included in the Utility's schedule of rates and charges.

Section 2. All Ordinances and parts of Ordinances in conflict herewith are hereby repealed; provided, however, that all other schedules of electric rates and charges approved pursuant to Ordinance No. 2015-03, not modified herein, shall remain in full force and effect.

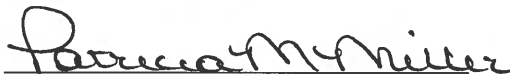
Section 3. The City of Auburn Common Council's previously passed Ordinance No. 2015-03 is amended such that the modified version of the two-part

tracking mechanism included in attached Exhibit "A" replaces the version of Appendix A included in Ordinance 2015-03.

Section 4. This Ordinance shall be in full force and effect from and after its passage and publication of said Ordinance in a newspaper of general circulation in DeKalb County, State of Indiana. Said rates set forth in Exhibit "A" shall be implemented upon approval by the Indiana Utility Regulatory Commission.

Adopted and passed by the Common Council of the City of Auburn, Indiana, this 21 day of June, 2016.

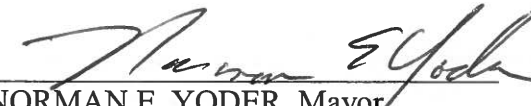

Councilman James Finchum

ATTEST: 
Patricia M. Miller, Clerk-Treasurer

Presented by me to the Mayor of the City of Auburn, Indiana, 21 day of June, 2016.


PATRICIA M. MILLER, Clerk-Treasurer

APPROVED AND SIGNED by me this 21 day of June, 2016.

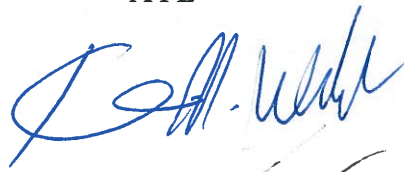

NORMAN E. YODER, Mayor

VOTING:


AYE

NAY

Kevin Webb



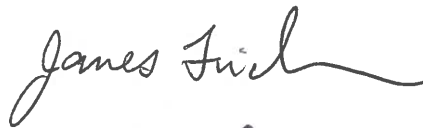
Denny Ketzenberger



Dennis "Matthew" Kruse



James Finchum



Todd Sanderson



Mike Watson



Michael Walter

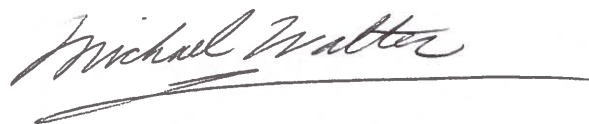


EXHIBIT "A"

ELECTRIC RATES & CHARGES MUNICIPAL CITY OF AUBURN, INDIANA

Appendix A:

• Part I – Rate Adjustment:

Rate adjustments shall be based on the Wholesale Power Tracking Factor occasioned solely by changes in the cost of purchased power. Currently, Auburn Municipal Electric Department (“Auburn”) purchases wholesale power under a “Formula Agreement”. The formula contains capacity, energy, fuel and the PJM OATT Market charges. The capacity wholesale power cost and demand true-up is charged to Auburn on a \$/kW basis. Auburn charges its demand metered Customers on a \$/kVA basis. The demand metered Rate Codes are 39, 40, 41, 42, 43, 44, 45 and 45T. The wholesale power energy, fuel, PJM OATT Market costs, and any energy related true up charges are recovered from all metered Customers on a \$/kWh basis. For the purposes of equitable distribution of credits and charges, the true-up charges are further segmented into four distinct elements, defined below as D₁, D₂, M₁, and M₂.

The costs of purchased power at the wholesale level included in the Indiana Utility Regulatory Commission Order No. 44472 approved electric rates for Auburn are as follows:

Demand Charge for all Metered Rate Codes	\$17.05667/kW/month
Energy Charge for all Metered Rate Codes	\$.032893/kWh

The Wholesale Power Tracking Factor shall be scheduled for review and adjustment twice annually.

The Wholesale Power Tracking Factor will separately track capacity and energy costs for all metered Rate Codes. The cost recovery credits and charges for all Rate Codes will be developed as follows:

A. The approved wholesale portion of the demand capacity power costs collected from all metered Rate Codes through the rates approved in IURC Order 44472 will be reconciled with the wholesale capacity power costs charged to Auburn from its wholesale supplier. The demand capacity cost change impact to the utility will be determined by first, subtracting the approved demand capacity rate from the forecasted effective demand capacity rate. Then, multiplying the demand capacity rate difference by the quantity of wholesale kilowatt demand units forecasted for the reconciliation period. Next, multiplying the Total Demand related costs difference to the utility by one plus the Utility Receipts Tax rate. The demand metered Rate Codes’ share of the total reconciled demand capacity wholesale cost impact dollars to the utility shall be determined by multiplying the total demand capacity cost impact dollars by the ratio of billed coincident demand metered Rate Codes’ kilowatt demand units to the total wholesale kilowatt demand capacity units purchased during the reconciled billing period. The energy-only or non-demand metered Rate Codes shall be responsible for the remaining demand capacity costs. The wholesale energy charge shall be determined by taking the wholesale energy consumption costs including Energy, Fuel, PJM OATT market charges and any energy related true up charges collected from all metered Rate Codes through the approved rates, divided by the total wholesale energy consumption. Next, the Wholesale energy rate approved per I.U.R.C. Order 44472 is subtracted from the above wholesale energy charge. This adjusted value is then multiplied by the wholesale energy consumption and is summed with any energy related true up charges. The new total, when multiplied by one plus the Utility Receipts Tax, establishes the total energy cost dollars necessary to correct the difference in utility energy purchases and collections for the period. The demand metered Rate Codes’ responsibility is determined by multiplying the reconciled utility energy costs dollars by the ratio of demand metered Rate Codes’ billed kilowatt-hour consumption during the reconciliation billing period to the total wholesale kilowatt-hour consumption purchased during the same period. Energy-only or non-demand metered Rate Codes’ are responsible for the remaining difference between the total energy dollars and the demand metered Rate Codes’ share.

B. Determine the Demand metered Rate Codes’ reconciliation Tracker by adding the appropriate allocated demand and energy dollar amounts; then, divide that sum by the kilowatt-hours projected for the demand metered rate codes in the reconciliation recovery period. Determine the Energy-only metered Rate Codes’ reconciliation Tracker by adding the appropriate allocated demand and energy dollar amounts; then divide that sum by the kilowatt-hours projected for the energy metered rate codes for the reconciliation recovery period. The appropriate allocation factors shall be based on the most recent period containing the same calendar months. If no such period exists, the allocation factors shall be based on the most recent period. Both Trackers will be applied to all Rate Codes within their Customer classes with equal regularity throughout the reconciliation period. Both charges and (credits) will be applied in addition to I.U.R.C. approved rates.

C. Initial Wholesale Power Tracking Factors are based on a combination of historical and forecasted data. All projected wholesale power costs will be reconciled with actual wholesale power cost and revenues collected in the next tracker filing. The reconciliation will be performed separately for demand metered and energy-only metered Rate Codes. For the demand metered Rates Codes, the reconciliation will reflect actual billing demands, capacity charges, energy consumption, energy rates and revenues previously collected. For the energy-only metered Rate Codes, the reconciliation will reflect actual sales levels, wholesale power costs and revenues previously collected.

- Part II - Fuel Cost Adjustment:

The actual cost of fuel varies with market conditions and the efficiencies of a blend of on-line generation sources contributing toward power delivery to Auburn. The Fuel Cost Adjustment (including Fuel Cost True Up) shall be the same as that most recently billed to the Municipal Utility by its electric power supplier divided by one (1.0) minus the total energy losses of the Municipal Utility for the preceding calendar year expressed as a decimal fraction of the total energy purchased for the same year. The Fuel Cost Adjustment shall be applied to all kWh of sales. The Fuel Cost Adjustment Tracking Factor shall be scheduled for review and adjustment twice annually.

- Part III – System Sales Tracker Adjustment:

Auburn Municipal Electric System is considered native load to its power supplier. On occasion, its power supplier will sell electricity “off the local grid.” Auburn will then receive a percentage of the net revenue from such transactions. The System Sales Tracker Adjustment shall be the same as that most recently billed to the Municipal Utility by its supplier of electric power divided by one (1.0) minus the total energy losses of the Municipal Utility for the preceding calendar year expressed as a decimal fraction of the total energy purchased for the same year. The Systems Sales Tracker Adjustment shall be applied to all kWh of sales.

- **Wholesale Power Cost Adjustment Tracking Factor**

Notice is hereby given to rate payers of the municipally owned electric utility and other interested persons that the following Wholesale Power Cost Adjustment Tracking Factors, effective with the date of the Order in Cause No. 44472 from the Indiana Utility Regulatory Commission, are \$0/kW and \$0/kWh for demand metered Customers and \$0/kWh for energy only metered Customers.

- **Fuel Cost Adjustment Tracking Factor**

The Fuel Adjustment Tracking Factor will only apply to fuel costs that Auburn incurs itself in supplying electricity to its Customers. Notice is hereby given to Customers of the municipally owned electric utility and other interested persons that the following Fuel Cost Adjustment Tracking Factor effective October 1, 2011 is \$0.000000 per kWh per month.

- **System Sales Adjustment Tracking Factor**

Notice is hereby given to rate payers of the municipally owned electric utility and other interested persons that the following System Sales Adjustment Tracking Factor effective October 1, 2011 is \$0.000000 per kWh per month.

Wholesale Power Trackers: All Metered Customers

Demand /Capacity Component

- A = Effective [or projected] Demand charge (\$/kW) the wholesale supplier charges the City of Auburn
B = Wholesale Demand charge (\$/kW) included in rates authorized by I.U.R.C. Order 44472
C = Total Metered [or Projected] Demand (kW) [or to be] charged by the wholesale supplier during the period
D₁ = Prior period True Up and Interest charges (\$) directly related to Demand charges over or under collected from the City by the Wholesale Power Provider
D₂ = Prior period True-Up and Interest charges (\$) directly related to Demand charges over or under collected from its customers by the City
E = Demand metered Rate Codes' share of Total Demand/Capacity Adjustment dollars (%)
F = Total Demand/Capacity Adjustment Tracker Dollars to be reconciled (\$)
G = (\$) Demand Metered Rate Codes' share of Demand/Capacity Adjustment Dollars to be Reconciled
H = (\$) Energy Only Metered Rate Codes' share of Demand/Capacity Adjustment Dollars to be Reconciled

$$F = (((A-B) \times C) + D1 + D2) \times (1 + \text{Utility Receipts Tax})$$

$$G = E \times F$$
$$H = F - G$$

Energy Component

J = Effective [or projected] Energy charges (\$), which include, Energy, Fuel, and PJM OATT market charges, the wholesale supplier charges the City of Auburn

K = Total Wholesale Energy consumption purchases (kWh) during the period

L = Base Wholesale Energy charge rate for all metered Rate Codes included in rates authorized by I.U.R.C. Order No. 44472

M₁ = Prior period True Up and Interest charges (\$) directly related to Energy charges over or under collected from the City by the Wholesale Power Provider

M₂ = Prior period True Up and Interest charges (\$) directly related to Energy charges over or under collected from its customers by the City

N = Demand metered Rate Codes' share of Total Energy Adjustment dollars (%)

P = Total Energy Adjustment Tracker Dollars to be reconciled (\$)

Q = (\$) Demand Metered Rate Codes' share of Energy Adjustment Dollars to be Reconciled

R = (\$) Energy Only Metered Rate Codes' share of Energy Adjustment Dollars to be Reconciled

$$P = (((J/K) - L) \times K) + M_1 + M_2 \times (1 + \text{Utility Receipts Tax})$$

$$Q = N \times P$$
$$R = P - Q$$

Demand Metered Customers Wholesale Power Tracker
Demand & Energy Components – Combined

G = Demand Metered Rate Codes' share of Demand /Capacity Adjustment Dollars to be Reconciled

Q = Demand Metered Rate Codes' share of Energy Adjustment Dollars to be Reconciled

(G + Q) = Demand Metered Rate Codes' share of Total Reconciliation Dollars

kWh_A = Projected kWh for demand metered rate codes for the Reconciliation Period

kWh_B = Projected kWh for non-demand metered rate codes for the Reconciliation Period

DT = (G + Q) / kWh_A = Demand Metered Customer Tracker for the Reconciliation Period

Energy Only (Non-Demand) Metered Customer – Wholesale Power Tracker
Demand & Energy Components – Combined

H = Energy Only Metered Rate Code's share of Demand/Capacity Adjustment Dollars to be Reconciled

R = Energy Only Metered Rate Code's share of Energy Adjustment Dollars to be Reconciled

(H + R) = Energy Only Metered Rate Codes' share of Total Reconciliation Dollars

ET = (H + R) / kWh_B = Energy Only Metered Customer Tracker for the Reconciliation Period

Prescribed by State Board of Accounts



To: KPC Media Group Inc
P.O. Box 39, KENDALLVILLE, IN 46755

CITY OF AUBURN** PATRICIA MILLER
DEKALB, Indiana

To: THE STAR
Order #: 2035317

PUBLISHER'S CLAIM

LINE COUNT

lines, neither of which shall
pe in which the body of the
valent lines

NOTICE OF A PUBLIC HEARING
Notice is hereby given to the
citizens of the City of Auburn, DeKalb
County, Indiana, that the Common
Council will conduct a Public Hearing
at 6:00 P.M. on the 21st day of June,
2016, in the City Hall Council
Chambers, 210 East Ninth Street,
Auburn, Indiana to consider Ordinance
2016-04 AN ORDINANCE OF
THE CITY OF AUBURN, INDIANA
APPROVING AND ADOPTING A
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AS APPROVED BY THE
INDIANA UTILITY REGULATORY
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utility of the City of Auburn, Indiana,
known as Auburn Municipal Electric
Department in accordance with a
Petition filed before the Indiana Utility
Regulatory Commission in Cause No.
44774..

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Table with 2 columns: Description, Amount. Rows include \$23.10, \$, \$23.10.

Size of type - 7 point

5-11-10-1, I hereby certify that the foregoing account is
due, after allowing all just credits, and that no part of the same

hereto is a true copy, of the same column width and type size,
& 1. The dates of publication being as follows:

true and correct:

public notice was posted on the same day as it was published in

technical problem or error, public notice as posted on
to post the public notice.

A copy of proposed Ordinance No.
2016-04 is on file in the Office of the
Clerk-Treasurer at 210 East Ninth
Street, Auburn, Indiana and is
available for public inspection. Any
written comments should be submit-
ted to the Clerk's Office before the
hearing. Any citizens appearing at
the hearing shall have the right to be
heard.
The City of Auburn, DeKalb
County, Indiana will provide reason-
able accommodations to people with
disabilities. We invite any person with
special needs to contact the ADA
Coordinator, PO Box 506, Auburn,
Indiana at least 72 hours before
scheduled meetings to discuss any
special accommodations that may be
necessary.
Dated this 1st day of June, 2016
Patricia M. Miller, Clerk-Treasurer
City of Auburn, Indiana
TS,2035317,6/9,hspaxlp

LANETTE MCGUIRE

Title: Legal Clerk