

ORDINANCE NO. 2018-01

**AN ORDINANCE OF THE CITY OF AUBURN, INDIANA
APPROVING AND ADOPTING A NEW SCHEDULE OF
RATES AND CHARGES FOR SERVICES RENDERED
BY AUBURN MUNICIPAL ELECTRIC DEPARTMENT FOR THE
INDUSTRIAL DEMAND INCENTIVE PROGRAM (IDIP)
SUBJECT TO APPROVAL BY THE INDIANA UTILITY REGULATORY
COMMISSION**

SUMMARY

This ordinance adopts a new schedule of rates and charges for services rendered by the Auburn Municipal Electric Department including the Industrial Demand Incentive Program (IDIP). The Council herein approves for consideration by the State of Indiana Utility Regulatory Commission an updated and new schedule of rates and charges for electric service that relates to and modifies the IDIP. The new rate charges for services provided by the utility, replace the utility's existing schedule as it relates to the IDIP. Said rates and 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. This Ordinance supersedes and replaces previously passed rate ordinances to the extent it establishes and / or modifies the IDIP. It is anticipated that the new rates will be implemented as soon as practical upon approval of the Indiana Utility Regulatory Commission. This Ordinance modifies the IDIP rate for the City of Auburn, Indiana, and restates that previous rates for the other customer categories in the City of Auburn, Indiana. Only the modification to the IDIP applies to this ordinance, the remaining rates remain unchanged.

_____ Recorder's Office	_____ x _____ Publish Public Hearing
_____ Auditor's Office	_____
_____ Clerk's Office	_____ x _____ Publish Summary O/R after adoption
_____ Other:	_____

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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, most recently the Utility’s existing rates and charges for services were placed into effect following (i) the Indiana Utility Regulatory Commission’s (the “Commission”) approval in Rate Cases numbered 4472 and 4474 and (ii) adoption of relevant Ordinance(s) by the Common Council of the City of Auburn, Indiana; and

WHEREAS, the Utility has or will file with the Commission a verified petition seeking approval of a new schedule of rates and charges that would reflect “reasonable and just rates and charges for services” within the meaning of Ind. Code § 8-1.5-3-8 and/or other applicable Indiana Code Section;

WHEREAS, the Common Council of the City of Auburn now finds: (i) the purpose of the rate modification is to coordinate activities to the mutual benefit of all eligible customers and the public served by the Auburn Electric Utility. (ii) to offer

additional capacity to high end industrial electric users. In addition, the purpose of the rate modification is to offer and make available an Industrial Demand Incentive Program (IDIP), all of which will assist the utility in producing income sufficient to maintain the utility property in a sound physical and financial condition and to render adequate and provide efficient service that will result in mutual benefits to both the City of Auburn Electric Department and certain industrial customers; (ii) the modification of the current rates and implementation of the IDIP allows the qualifying customers to consume additional energy without the added cost of demand capacity when it does not impact the Utility's system peak. Implementation of the IDIP involves the customer declaring a kVA billing demand at least 15 days prior to the beginning of the billing period. Then once the new billing period begins, the customer makes a request for excess capacity at an established interval. The utility will quickly determine upon said request, if the excess capacity is available and issue an approval or denial of the request. If the Utility determines that the requested excess capacity poses little risk of establishing a new system peak, it will issue approval.

The modified IDIP will be more efficient to implement, insure the City of Auburn recovers its costs, and allows the customer and the City of Auburn, Indiana to save costs in production and usage of electricity. The City of Auburn has the discretion to deny requests for additional capacity, when it appears that the additional demand will be detrimental to the Electric Utility and the customer base.

The Auburn Electric Utility's existing rates and charges currently do not provide a mechanism that benefits both the highest industrial users and the City of Auburn Electric Utility to the fullest and most efficient extent possible, and therefore, such current rates

and charges are not the most reasonable and just charges possible within the meaning of Ind. Code § 8-1.5-3-8 and/or other applicable Indiana Code Section and need to be modified in such a manner as to provide for the most efficient usage to benefit the Utility and the customers alike; the proposed rates and charges attached hereto as Exhibit “A” are designed so that they are nondiscriminatory among categories of ratepayers, and are “reasonable and just charges” for services within the meaning of Ind. Code § 8-1.5-3-8 and any other applicable Indiana Code provisions; the proposed rates and charges attached reflect therein the election of the Common Council to include in such rates and charges each of the elements of “reasonable and just charges” defined under IC 8-1.5-3-8 and such other applicable statutes; the proposed rates are subject to the approval of the Indiana Utility Regulatory Commission; and a new schedule of rates for the IDIP has now been prepared and the existing rates are also restated and attached as Exhibit “A” to this Ordinance. Specifically, the new schedule includes a modified IDIP that is targeted toward high end industrial users to allow for the most efficient operation of the Utility and to provide efficiencies for the Utility and value for the Customer.

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

Section 1. The schedule of rates and charges attached hereto as Exhibit “A” is hereby adopted as the rates and charges to be utilized by Auburn Municipal Electric Department when charging customers for electric service, effective as set forth below, subject to approval by the Indiana Utility Regulatory Commission.

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

Section 1. The revised two-part tracking mechanism to the extent it incorporates modifications the Industrial Demand Incentive Program (IDIP) is hereby attached hereto as Exhibit “A” and 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 attached as Exhibit “A” will supersede the previously-approved version of Appendix “A”, as applicable to the Electric Utility, and be included in the Utility’s schedule of rates and charges applied to Auburn Electric Customers. No modification to rates, other than the IDIP are affected by this Ordinance.

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 previously passed Ordinances, not modified herein, shall remain in full force and effect.

Section 3. The City of Auburn Common Council’s previously passed Rate Ordinance is amended such that the modifications as set forth in Exhibit “A” are hereby implemented for the Auburn Electric Department as it relates to the IDIP.

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 soon as practical upon approval by the Indiana Utility Regulatory Commission.

Adopted and passed by the Common Council of the City of Auburn, Indiana, this ____ day of _____, 2018.

First Reading _____
Second Reading _____

Adopted and passed by the Common Council of the City of Auburn, Indiana, this
_____ day of _____, 2018

Councilman James Finchum

ATTEST: _____
Patricia M. Miller, Clerk-Treasurer

Presented by me to the Mayor of the City of Auburn, Indiana, this _____ day of
_____, 2018.

PATRICIA M. MILLER, Clerk-Treasurer

APPROVED AND SIGNED by me this _____ day of _____, 2018.

NORMAN E. YODER, Mayor

VOTING:

AYE

NAY

Mike Watson

Denny Ketzenberger

Dennis “Matthew” Kruse

James Finchum

Wayne Madden

Kevin Webb

Michael Walter



Exhibit "A"

MUNICIPAL UTILITIES: ELECTRIC

RATES & CHARGES

ELECTRIC RATES & CHARGES

Rate Schedule R (Rate Code 10) Residential Single Phase Electric Service

- **Availability:** In service area of the Municipal Electric Department of the City of Auburn, Indiana.
- **Application:** This rate schedule is applicable for service to residential dwellings as defined in the City's General Rules and Regulations.
- **Character of service:** 120 volt, 2 wire or 120/240 volt, 3 wire. The City may, however, furnish three phase, four wire service, 120/240 volts or 120/208 volts, if in its judgment, which shall be final, it would be more advantageous to both the customer and the City.
- **Monthly Rate per Dwelling unit:** Customer Charge **\$7.00** per dwelling unit.
- **Energy Charge:** **\$0.071304** per kWh for all kWh.
- **Minimum charge:** The monthly customer charge shall be the minimum charge each month regardless of kWh consumption.
- **Rate Adjustment:** The above rates are subject to a Purchased Power Cost Adjustment Tracking Factor as stated in Appendix A, Part I.
- **Fuel Cost Adjustment:** The above rates are subject to a Fuel Cost Adjustment Factor, which tracks the Fuel Cost Adjustment factor of the Electric Department's supplier of electricity as stated in Appendix A, Part II.
- **System Sales Clause Adjustment:** The rates are subject to a System Sales Clause Adjustment Factor which tracks the System Sales Clause Factor of the Electric Department's supplier of electricity as derived in Appendix A, Part III.

Rate Schedule R-AES (Rate Code 16): Residential Single Phase Electric Heat Service

- **Availability:** In service area of the Municipal Electric Department of the City of Auburn, Indiana.
- **Application:** This rate schedule is applicable for service to residential dwellings as defined in the City's General Rules and Regulations where the dwelling is heated by means of an approved electric heating installation, also as defined in the City's General Rules and Regulations.
- **Character of service:** 120 volt, 2 wire or 120/240 volt or 120/240 volt, 3 wire. The City may, however, furnish three phase, four wire service, 120/240 volts or 120/208 volts, if in its judgment, which shall be final, it would be more advantageous to both the customer and the City.
- **Monthly Rate per Dwelling Unit:** Customer charge: **\$15.00** per dwelling unit
- **Energy charge:** **\$0.062846** per kWh for all kWh.
- **Minimum charge:** The monthly customer charge shall be the minimum charge each month regardless of kWh consumption.
- **Terms of Service:** If a customer uses an average of more than 2,000 kilowatt hours per month during the months of October, November, December, January, February, March and April, the customer shall be billed under Rate Schedule R – AES (Rate Code

16). If a customer verifies in advance that he expects his usage to average more than 2,000 kilowatt hours per month for said months, the customer shall be billed under Rate Schedule R – AES (Rate Code 16). In May of each year a computation shall be made for said customer to determine if his average kilowatt hour consumption for said months is less than 2,000 kilowatt hours per month. In such event, the customer shall be re-billed for those months under Rate Schedule R (Rate Code 10) and shall be billed under Rate Schedule Rate Code 10) prospectively as well.

- **Rate Adjustment:** The above rates are subject to a Purchased Power Cost Adjustment Tracking Factor as stated in Appendix A, Part I.
- **Fuel Cost Adjustment:** The above rates are subject to a Fuel Cost Adjustment Factor which tracks the Fuel Cost Adjustment factor of the Electric Department's supplier of electricity as stated in Appendix A, Part II.
- **System Sales Clause Adjustment:** The rates are subject to a System Sales Clause Adjustment Factor which tracks the System Sales Clause Factor of the Electric Department's supplier of electricity as derived in Appendix A, Part III.

Rate Schedule Residential (Rate Code 20): Large Single Phase Electric Service

- **Availability:** In service area of the Municipal Electric Department of the City of Auburn, Indiana.
- **Application:** This rate schedule is applicable for service to residential dwellings as defined in the City's General Rules and Regulations where the facility desires a single large single-phase service rated 320-400 amperes.
- **Character of service:** 120/240 volt, 3 wire. The City may, however, furnish three phase, four wire service, 120/240 volts or 120/208 volts, if in its judgment, which shall be final; it would be more advantageous to both the customer and the City.
- **Monthly Rate per Dwelling Unit:** Customer charge: **\$18.00** per service location.
- **Energy charge:** **\$0.076998** per kWh for all kWh.
- **Minimum charge:** The monthly customer charge shall be the minimum charge each month regardless of kwh consumption.
- **Rate Adjustment:** The above rates are subject to a Purchased Power Cost Adjustment Tracking Factor as stated in Appendix A, Part I.
- **Fuel Cost Adjustment:** The above rates are subject to a Fuel Cost Adjustment Factor which tracks the Fuel Cost Adjustment factor of the Electric Department's supplier of electricity as stated in Appendix A, Part II.
- **System Sales Clause Adjustment:** The rates are subject to a System Sales Clause Adjustment Factor which tracks the System Sales Clause Factor of the Electric Department's supplier of electricity as derived in Appendix A, Part III.

Rate Schedule SGS (Rate Code 30): Commercial Single Phase Electric Service

- **Availability:** In service area of the Municipal Electric Department of the City of Auburn, Indiana to all customers where the monthly demand billing does not exceed 50 kVA.
- **Application:** This rate schedule is applicable for non-residential and commercial service is defined in the City's General Rules and Regulations.
- **Character of service:** Service available under this rate schedule will be supplied through a single set of service wires to a single meter location. The service shall be measured and delivered single phase at 120 volt two wire, or 120/240 volt three wire. The City may, however, furnish 120/208 volt three wire service, if in its judgment, which shall be final, it would be more advantageous to both the customer and the City.
- **Monthly Rate per Service Location or Establishment:**
 - **Customer charge:** **\$18.00** per service location or establishment.
 - **Energy charge:** **\$0.076747** per kWh for all kWh.
 - **Minimum charge:** The monthly customer charge shall be the minimum charge each month regardless of kWh consumption.

- **Determination of kVA Billing Demand:** The monthly kVA billing demand shall be normally determined by measurement, taking the highest 15 minute integrated or equivalent thermal kW capacity by dividing same by the average monthly power factor, or by the power factor as may be determined by the Electric Department by the means of periodic tests made by suitable metering equipment. The monthly kVA billing demand may also be determined by means of other suitable indication or recording metering equipment. All kVA billing demand shall be determined to the nearest whole kVA. If periodic testing indicates that the customer's monthly demand billing exceeds 50 kVA for six months out of a consecutive 12 month period, the customer shall be moved to a Rate Schedule that includes separate demand charge that is appropriate for the customer. Metering and billing may also be subject to adjustments described in Appendix Parts C, Parts I and II.
- **Rate Adjustment:** The above rates are subject to a Purchased Power Cost Adjustment Tracking Factor as stated in Appendix A, Part I.
- **Fuel Cost Adjustment:** The above rates are subject to a Fuel Cost Adjustment Factor which tracks the Fuel Cost Adjustment factor of the Electric Department's supplier of electricity as stated in Appendix A, Part II.
- **System Sales Clause Adjustment:** The rates are subject to a System Sales Clause Adjustment Factor which tracks the System Sales Clause Factor of the Electric Department's supplier of electricity as derived in Appendix A, Part III.

Rate Schedule SGS – 3 Phase (Rate Code 35): Commercial Three Phase Electric Service

- **Availability:** In service area of the Municipal Electric Department of the City of Auburn, Indiana, to all customers where the monthly demand billing does not exceed 50 kVA.
- **Application:** This rate schedule is applicable for non-residential and commercial service as defined in the City's General Rules and Regulations.
- **Character of Service:** Service available under this rate schedule will be supplied through a single set of service wires to a single meter location. The service shall be three phase, 240 volt or 480 volt three wire or 120/208 volt or 120/240 volt or 277/480 volt or four wire.
- **Monthly Rate per Service Location or Establishment:** Customer charge **\$30.00** per service location or establishment
- **Energy charge:** **\$0.088673** per kWh for all kWh
- **Minimum charge:** The monthly customer charge shall be the minimum charge each month regardless of kWh consumption.
- **Determination of kVA Billing Demand:** The monthly kVA billing demand shall be normally determined by measurement, taking the highest 15 minute integrated or equivalent thermal kW capacity by dividing same by the average monthly power factor, or by the power factor as may be determined by the Electric Department by means of periodic tests made by suitable metering equipment. The monthly kVA billing demand may also be determined by means of other suitable indication or recording metering equipment. All kVA billing demand shall be determined to the nearest whole kVA. If periodic testing indicates that the customer's monthly billing demand exceeds 50 kVA for six months out of a consecutive 12 month period, the customer shall be moved to a Rate Schedule that includes a separate demand charge that is appropriate for that customer. Metering and billing may also be subject to adjustments described in Appendix C, Parts I and II.
- **Rate Adjustment:** The above rates are subject to a Purchased Power Cost Adjustment Tracking Factor as stated in Appendix A, Part I.
- **Fuel Cost Adjustment:** The above rates are subject to a Fuel Cost Adjustment Factor which tracks the Fuel Cost Adjustment factor of the Electric Department's supplier of electricity as stated in Appendix A, Part II.

- **System Sales Clause Adjustment:** The rates are subject to a System Sales Clause Adjustment Factor which tracks the System Sales Clause Factor of the Electric Department's supplier of electricity as derived in Appendix A, Part III.

Rate Schedule LGS – 3 Phase (Rate Code 39): Commercial Three Phase Electric Service

- **Availability:** In service area of the Municipal Electric Department of the City of Auburn, Indiana to all customers where the monthly demand billing exceeds 50 kVA but does not exceed 200 kVA.
- **Application:** This rate schedule is applicable for non-residential and commercial service as defined in the City's General Rules and Regulations.
- **Character of Service:** Service available under this rate schedule will be supplied through a single set of service wires to a single meter location. The service shall be three phase, 240 volt or 480 volt three wire or 120/208 volt or 120/240 volt or 277/480 volt four wire.
- **Monthly Rate per Service Location or Establishment:**
 - **Customer charge: \$30.00** per service location or establishment.
 - **Demand charge: \$17.34** per kVA of billing demand.
 - **Energy charge: \$0.047143** kWh for all kWh.
 - **Minimum charge:** The sum of monthly customer charge and the monthly demand charges shall be the minimum charge each month regardless of kWh consumption.
- **Determination of kVA Billing Demand:** The monthly kVA billing demand shall be normally determined by measurement by taking the highest 15 minute integrated or equivalent thermal kW capacity, dividing same by average monthly power factor, or by the power factor as determined by the Electric Department by means of periodic tests made by suitable metering equipment. The monthly kVA billing demand may also be determined by means of other suitable indication or recording equipment. All kVA billing demand shall be determined to the nearest whole kVA. The monthly billing demand shall be the kVA capacity as determined above, but in no event shall the monthly billing demand be less than the higher of 50 kVA or 60% of the highest kVA monthly billing demand established during the previous eleven (11) months. If a customer has a Service Application or Contract with the City that establishes a higher minimum monthly billing demand that would result from the application of the tariff provision, the Service Application or Contract will determine

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