

Received 4/21/2020

RESOLUTION NO. 06-2020

**RESOLUTION TO SUSPEND THE DEMAND RATCHET FOR
CUSTOMERS OF THE AUBURN ELECTRIC COMPANY**

SUMMARY

This Resolution is entered into to authorize the suspension of the Demand Ratchet that is in place for certain customers in the following categories:

- Large General Services (Code 39)
- EHV High Voltage Large Power Service (Code 40)
- LP Large Power Primary and Secondary (Codes 41, 42)
- LPS Large Power Services Primary and Secondary (Codes 43, 44)
- EHP High Voltage Large Power Service (Code 45)
- EHPT High Voltage Large Power (Code 45T)

Said waiver is proposed because it is contemplated that the Demand Ratchet charge would pose an undue financial hardship on critical business during a time of crisis, when substantial portions of customers are shut down or have substantially scaled back production. The Demand Ratchet charge suspension is being requested for consumption occurring during a six (6) month period beginning retroactively from April 1, 2020, though the end of September 2020. The request is made as a result of Governor Holcomb’s Executive Order, constant changing federal guidelines, and the determination that certain industries, like automotive industry, are non-essential industries and on hiatus. Further, a request is made to re-set the demand Ratchet on October 1, 2020 in accordance with the best business practices of the Utility.

_____ Recorder’s Office	_____ Publish Public Hearing
_____ Auditor’s Office	_____
_____ Clerk’s Office	_____ Publish O/R after adoption
_____ Other	_____

RESOLUTION NO. 06-2020

**RESOLUTION TO SUSPEND THE DEMAND RATCHET FOR
CUSTOMERS OF THE AUBURN ELECTRIC COMPANY**

WHEREAS, a vast majority of the Auburn Electric Industrial and Commercial Customers employ individuals who live within the City of Auburn, Indiana and the surrounding community;
and

WHEREAS, Industrial and Commercial customers have furloughed and laid off significant numbers of employees and many entities have temporarily closed and / or scaled back operations to a fraction of normal capacity; and

WHEREAS, it has been reported that unemployment could soar in the near future to above 25%, which would be a record-breaking number; and

WHEREAS, it is incumbent upon the City of Auburn, Indiana to review and address issues associated with the supply of electrical power to the Industrial and Commercial entities; and

WHEREAS, to that end, the City of Auburn has within its rate structure a mechanism called the “Demand Ratchet”. The Demand Ratchet is a part of the rate structure and is in place to reduce the risk associated with serving customers that may have large swings in their actual demands of electricity and is intended to apply to large scale commercial and industrial users; and

WHEREAS, the “Demand Ratchet” serves to ensure that a capacity of electrical power is available to those entities who experience variation and swings in electrical need, and in turn there is a charge associated with the availability of electric power under the “Demand Ratchet”

WHEREAS, 115 retail customers receiving service under one of the demand billed service codes listed herein and make up 78% of the entire billing of Auburn Electric; and

WHEREAS, in only a matter of weeks, Auburn Electric has seen a dramatic drop of 25% in the electric sales during the month of March, and will likely see a 50% drop in the demand customer sales moving forward for an indeterminant amount of time.

WHEREAS, the substantial reduction in the operation of several Code classifications in the City of Auburn, Indiana is a direct result of the Co-Vid 19 crisis; and

WHEREAS, as a result significant demand charges are being implemented for power that will ultimately not be used for many months as a result of the shuttering and slowdown of many industries; and

WHEREAS, Ratchet Demand was not designed for such widespread and dramatic shutdowns and slowdowns and is being implemented in a way never intended; and

WHEREAS, after careful review and evaluation by Auburn Electric’s independent regulatory consultants, and attorneys Auburn Electric’s staff, Auburn City Council, The Office of the Mayor and Clerk Treasurer, an the Auburn City Attorney, Auburn proposes a waiver of the “Demand Ratchet” clause contained within the Auburn Rates as being a reasonable method to alleviate an unprecedented situation that has occurred as it relates to Industrial and Commercial customer base; and

WHEREAS, the existing rates were adopted and went into effect on August 1, 2016; and

WHEREAS, the rates for: Large General Services (Code 39)

EHV High Voltage Large Power Service (Code 40)
LP Large Power Primary and Secondary (Codes 41, 42)
LPS Large Power Services Primary and Secondary (Codes 43, 44)
EHP High Voltage Large Power Service (Code 45)
EHPT High Voltage Large Power (Code 45T)

WHEREAS, the Auburn, Indiana demand Ratchet is set at 60%, which means that a customer's "Demand" portion of the bill not be lower than 60% of the highest KVA monthly billing demand during the previous eleven (11) months; and

WHEREAS, Auburn Electric is requesting that the Indiana Utility Regulatory Commission approve a waiver of the 60% Demand Ratchet provision with the Auburn Electric Tariff for the demand billed customers classes listed herein; and

WHEREAS, said waiver will not inhibit Auburn Electric's ability to continue to provide, safe, adequate electric, and reliable service to all customers of the City of Auburn, Indiana; and

WHEREAS, the waiver, will provide the opportunity for customers in the classes identified to get back on-line and for the Ratchet Demand portion of the tariff to act as it was designed; and

THE FOLLOWING TEMPORARY PLAN IS ENACTED AND IS CONSIDERED AN AMENDMENT TO THE CITY OF AUBURN, INDIANA RATE TARIFF SCHEDULE AND IS TAKEN AS AN EMERGENCY AND TEMPORARY MEASURE AS A RESULT OF THE UNPRECEDENTED IMPACT OF THE COVID-19 VIRUS ON THE BUSINESS COMMUNITY; AND

NOW THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF AUBURN, INDIANA AS FOLLOWS:

For the purposes described herein, Waiver (Waived) shall mean the temporary suspension of the Demand Ratchet associated with the billing process of the Auburn Electric Department for the codes 39 through 45T.

THE SIXTY PERCENT (60%) DEMAND RATCHET FOR THE FOLLOWING RATE CODE(S) SHALL BE WAIVED FOR A SIX (6) MNTH PERIOD RETROACTIVE TO March 1, 2020 UP TO SEPTEMBER 1, 2020 AS FOLLOWS:

Large General Services (Code 39)

EHV High Voltage Large Power Service (Code 40)

LP Large Power Primary and Secondary (Codes 41, 42)

LPS Large Power Services Primary and Secondary (Codes 43, 44)

EHP High Voltage Large Power Service (Code 45)

EHPT High Voltage Large Power (Code 45T)

Otherwise known as Rate Codes 40, 41, 42, 43, 44, 45, and 45T.

The adjustment is justified, because the Demand Ratchet portion of the Tariff does not take into account large scale shutdown, shuttering, or limited operation of classes that typically would use high levels of energy. In the cases of industry that are idle, the Demand Ratchet is being implemented, when little energy is being provided.

The Auburn Common Council further requests at the end of the six (6) month period, that they would have the power to extend the period if Executive Order or other action by the government limits that ability for customers in the aforementioned class categories to operate normally.

Further the Common Council herein directs the City of Auburn Administration to file the appropriate applications and to request the appropriate emergency measures from the IURC to

implement this request and to ask for said implementation to be made retroactive to April of 2020.

Be it further Resolved herein that the Waiver of the “Demand Ratchet” shall be retroactive to and effective beginning with April of 2020 and running through September of 2020.

Be it further Resolved that when the Ratchet is reinstated, the look back period shall be reset in October 2020 in accordance with the best business practices of the utility. This will allow demand customers which take service under Rate Codes 29, 40, 41, 42, 43, 44, 45 and 45T to begin rebuilding their demands without having a negative impact of a Ratchet that looks back to normal consumption prior to the downturn.

This waiver of the demand Ratchet will not result in an increase in residential rates during the period of the waiver.

Further, the waiver set forth herein is intended to be a temporary measure and not a permanent modification to the rate structure of the City of Auburn Electric Department.

Further, when the ratchet is reinstated, the period in which the Electric utility will look back for purposes of calculating the Demand Ratchet will begin with October 2020 consumption. This will allow demand customers, which take service under Rate Codes 39, 40, 41, 42, 43, 44, 45 and 45T, to begin rebuilding their demands without having a negative impact of a ratchet that looks back to normal consumption prior to the downturn.

The first month of the look back beginning in October will be one (1) month, and the look back period increases each month thereafter until it would return to an eleven (11) month period by August of 2021.

O: City Council 1000.500 COVID-19 1000.500 City Council -Demand Ratchet Waiver

Auburn City Attorney: 4/18/20

1st Reading: 4/28/2020
2nd Reading: 5/05/2020

PASSED AND ADOPTED by the Common Council of the City of Auburn, Indiana this
5 day of May, 2020.



JAMES FINCHUM, Councilmember

ATTEST:



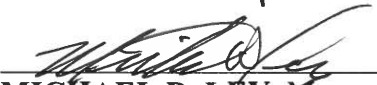
Patricia Miller, Clerk-Treasurer

Presented by me to the Mayor of the City of Auburn, Indiana, this 5 day of
May, 2020.



PATRICIA MILLER, Clerk-Treasurer

APPROVED AND SIGNED by me this 5 day of May, 2020.



MICHAEL D. LEY, Mayor

VOTING:

AYE

NAY

James Finchum



Mike Watson

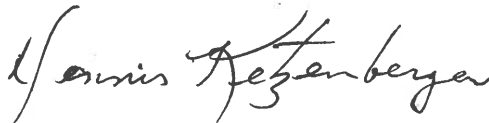


Dennis K Kruse II



Wayne Madden

Dennis Ketzenberger



Kevin Webb



Michael Walter

