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AN ORDINANCE AMENDING CHAPTER 27, SECTION 27-273, PURCHASED GAS ADJUSTMENT, OF THE GAINESVILLE CODE OF ORDINANCES BY AMENDING THE COMPUTATION OF THE PURCHASED GAS ADJUSTMENT AND DELETING SECTION 27-274; PROVIDING A REPEALING CLAUSE; PROVIDING DIRECTIONS TO THE CODIFIER; PROVIDING A SEVERABILITY CLAUSE; AND, PROVIDING AN EFFECTIVE DATE IN ACCORDANCE WITH THE SCHEDULE PROVIDED HEREIN.

WHEREAS, at least ten (10) days notice has been given of the public hearings once by publication in a newspaper of general circulation notifying the public of this proposed ordinance and of the public hearings in the City Commission meeting room, first floor, City Hall, City of Gainesville; and

WHEREAS, the public hearings were held pursuant to the published notices described above at which hearings the parties in interest and all others had an opportunity to be and were, in fact, heard.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY
OF GAINESVILLE, FLORIDA:**

Section 1. Section 27-273, Purchased Gas Adjustment, of the Gainesville Code of Ordinances is hereby amended to read as follows:

Sec. 27-273. Purchased gas adjustment.

(a) A purchased gas adjustment shall be added to the base rate for natural gas service to all retail rate classifications as specified in the schedule set out in appendix A of the Gainesville Code of Ordinances. The purchased gas adjustment shall be computed to the nearest 0.001¢ per therm of energy consumed in accordance with the formula specified in subsections (c) and (d) of this section. The purposes of the purchased gas adjustment are to allocate to each retail customer rate classification the appropriate amount of system fuel

cost associated with the natural gas service to such customer classification; to specify the amount of such costs that have resulted from increases in the cost of fuel subsequent to October 1, 1973; and, to segregate that portion of charges that are exempt from utility tax. For the purposes of this section, system fuel costs shall be the cost of fuel delivered to the system, which may include adjustments to reflect extraordinary fuel related expenses or credits. Retail fuel cost shall be system fuel cost less the fuel cost portion of off-system sales. Off-system sales include all non-retail firm and interruptible sales to customers not specified under the provisions of this article. Off-system fuel cost shall be the cost of fuel delivered.

(b) The purchased gas adjustment for retail sales each month shall be based on retail fuel cost and energy sales in therms which are estimated by the general manager for utilities or his/her designee. ~~The true-up correction factor specified in section 27-274 shall also be included in the purchased gas adjustment. The general manager for utilities or his/her designee will have the authority to make adjustments to the true-up correction factor within the six-month period to account for under/over collections during the period.~~ When applicable, a levelization amount and a true-up correction factor, which shall be based on the actual system performance in the second month preceding the billing month, as certified by independent certified public accountants, shall be applied to the purchased gas adjustment before applying to customer(s) bills.

(c) The following formula shall be used in computing the purchased gas adjustment for firm retail sales:

TABLE INSET:

(1) —	Projected MBtus of firm gas sales 1 —		= <u> </u> MBtu
(2) —	Projected firm fuel cost 1 —		= \$ <u> </u>
(3) —	Calculation of purchased gas adjustment for the current month: —		
—	a. —	Projected firm fuel cost per therm: —	
—	—	Item (2) —	

—	—	Item (1) × 10—	= \$_____ per therm—
—	b. -	Plus true-up per therm for the corresponding six-month period of the preceding year:—	= \$_____ per therm—
—	c. -	Subtotal—	= \$_____ per therm—
—	d. -	Plus taxes and fees:—	
—	—	Item (3)c × SAF— 2—	= \$_____ per therm—
—	e. -	Purchased gas adjustment to be applied to firm gas bills rendered in the billing month:—	
—	—	Item (3)c + Item (3)d — 0.06906 3—	= \$_____ per therm—

Footnotes:—

1 Firm fuel costs and therms of firm gas sales are to be estimated for the billing month by the general manager for utilities or his/her designee.

2 The special assessment factor (SAF) is a percentage rate imposed by the Florida legislature on each therm of natural gas sold in the State of Florida.

3 Six and nine hundred six one thousandths of a cent (\$0.06906) per therm, was the cost of fuel, imbedded within base rates for firm retail sales on October 1, 1973.

(d) The following formula shall be used in computing the purchased gas adjustment for interruptible retail sales:

TABLE INSET:

(1) -	Projected MBtus of interruptible gas sales 1—	= _____ MBtu—
(2) -	Projected interruptible fuel cost 1—	= \$_____
(3) -	Calculation of purchased gas adjustment for the current month:—	
—	a. -	Projected interruptible fuel cost per therm:—
—	—	Item (2) —
—	—	Item (1) × 10—
—	b.	Plus true-up per therm for the corresponding six-

	-	month period of the preceding year:—	therm—
—	c. -	Subtotal—	= \$ _____ per therm—
—	d. -	Plus taxes and fees:—	
—	—	Item (3)c × SAF 2—	= \$ _____ per therm—
—	e. -	Purchased gas adjustment to be applied to interruptible gas bills rendered in the billing month:—	
—	—	Item (3)c + Item (3)d — 0.05516 3—	= \$ _____ per therm—

1 Footnotes:—

2 ~~1 Interruptible fuel costs and therms of interruptible gas sales are to be estimated for the~~
3 ~~billing month by the general manager for utilities or his/her designee.~~

4 ~~2 The special assessment factor (SAF) is a percentage rate imposed by the Florida~~
5 ~~legislature on each therm of natural gas sold in the State of Florida.~~

6 ~~3 Five and five hundred sixteen one thousandths of a cent (\$0.05516) per therm, was the~~
7 ~~cost of fuel, imbedded within base rates for interruptible retail sales on October 1, 1973.~~

8 ~~(Ord. No. 3664, § 1, 9-24-90; Ord. No. 3606, §§ 1-3, 3-18-91; Ord. No. 3750, § 2, 11-18-~~
9 ~~91; Ord. No. 950733, § 2, 10-9-95; Ord. No. 070379, § 1, 9-24-07)~~

Firm Gas Sales

1. Projected Firm Fuel Cost for the billing month	= \$ _____
2. Projected therms of Firm Gas Sales for the billing month	= _____ therms
3. "True-up" Calculation from Second Month Preceding the Billing Month	
a. Firm Fuel Revenue from the second month preceding the billing month	
(1) Firm Purchased Gas Adjustment Revenue	= \$ _____
(2) Embedded Fuel [c]	= \$ _____
\$0.06906 X therms of firm sales	
(3) Total Fuel Revenue	= \$ _____
Item 3a(1) + Item 3a(2)	
b. Firm Fuel Cost for Sales from the second month preceding the billing month	
(1) Firm Fuel Cost [a]	= \$ _____
(2) Plus taxes and fees [b]	= \$ _____
Item 3a(3) *0.1919%	
(3) Total Fuel Cost	= \$ _____
c. True-Up in the second month preceding the billing month	= \$ _____
d. Levelization in the second month preceding the billing month	= \$ _____
e. True-Up for the billing month	= \$ _____
Item 3b(3) + Item 3c - Item 3a(3) + Item 3b(3) + Item 3d	
4. Calculation of Firm Purchased Gas Adjustment for the billing month	
a. Projected Purchased Gas Adjustment Revenue Required	
(1) Projected Firm Fuel Cost	= \$ _____
Item 1	
(2) True-Up	= \$ _____

<u>Item 3e</u>	
(3)Embedded Fuel <u>[c]</u>	= \$ _____
<u>\$0.06906 X therms</u>	
(4) Levelization Amount	= \$ _____
(5) Total Purchased Gas Adjustment Revenue Requirement	= \$ _____
<u>Item 4a(1) + Item 4a(2) - Item 4a(3) + Item 4a(4)</u>	
b. Firm Purchased Gas Adjustment for the billing month	= \$ _____ per therm
<u>Item 4a(5) / Item 2</u>	
Interruptible Gas Sales	
1. Projected Interruptible Fuel Cost for the billing month	= \$ _____
2. Projected therms of Interruptible Gas Sales in the billing month	= _____ therms
3. "True-up" Calculation from Second Month Preceding the Billing Month	
a. Interruptible Fuel Revenue from the second month preceding the billing month	
(1) Interruptible Purchased Gas Adjustment Revenue	= \$ _____
(2) Embedded Fuel <u>[c]</u>	= \$ _____
<u>\$0.05516 X therms of firm sales</u>	
(3) Total Fuel Revenue	= \$ _____
<u>Item 3a(1) + Item 3a(2)</u>	
b. Interruptible Fuel Cost for Sales in the second month preceding the billing month	
(1) Interruptible Fuel Cost <u>[a]</u>	= \$ _____
(2) Plus taxes and fees <u>[b]</u>	= \$ _____
<u>Item 3a(3) *0.1919%</u>	
(3) Total Fuel Cost	= \$ _____
c. True-Up in second month preceding the billing month	= \$ _____
d. Levelization in second month preceding the billing month	= \$ _____
e. True-Up for the billing month	= \$ _____
<u>Item 3b(3) + Item 3c - Item 3a(3) + Item 3b(3) + Item 3d</u>	
4. Calculation of Interruptible Purchased Gas Adjustment	
a. Projected Purchased Gas Adjustment Revenue Required	
(1) Projected Interruptible Fuel Cost	= \$ _____
<u>Item 1</u>	
(2) True-Up	= \$ _____
<u>Item 3e</u>	
(3)Embedded Fuel <u>[c]</u>	= \$ _____
<u>\$0.05516 X therms</u>	
(4) Levelization Amount	= \$ _____
(5) Total Purchased Gas Adjustment Revenue Requirement	= \$ _____
<u>Item 4a(1) + Item 4a(2) - Item 4a(3) + Item 4a(4)</u>	
b. Interruptible Purchased Gas Adjustment for billing month	= \$ _____ per therm
<u>Item 4a(5) / Item 2</u>	

[1] Firm fuel costs and therms of firm gas sales are to be estimated for the billing month by the general manager for utilities or his/her designee.

[a] Proportionate share of demand and commodity charges based on a margin of \$0.025 per therm between firm and interruptible fuel costs

[b] Special assessment factor of 0.1919% for the Florida Public Service Commission

[c] \$0.0609 per firm therm and \$0.05516 per interruptible them were the fuel costs embedded within base rates for gas service, on October 1, 1973

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Section 2. Section 27-274 is repealed from the Code of Ordinances, City of

Gainesville, as follows:

~~Sec. 27-274. True-up correction factor.~~

~~(a) A true-up correction factor shall be included in the purchased gas adjustment calculated for natural gas service to all retail rate classifications as specified in the schedule set out in appendix A of the Gainesville Code of Ordinances. The true-up correction factor shall be computed to the nearest one/one-thousandth of a cent (.001¢) per therm of energy consumed in accordance with the formula specified in subsection (c) of this section. The purpose of the true-up correction factor is to allocate to each retail customer rate classification the appropriate amount of surplus or shortage in actual system fuel cost recovery in the corresponding six-month period during the preceding year, as certified by independent certified public accountants.~~

~~(b) Two six-month periods running from October through March and April through September shall be used in calculating the true-up correction factor. The true-up correction factor shall be applied in the same six-month period the following year.~~

~~(c) The following formula shall be used in computing the true-up correction factor:~~

~~TABLE INSET:~~

(1)	Projected therms of retail sales for corresponding six-month period in current year 1	= _____ therms
(2)	System fuel costs for the six-month period of the preceding year 2	= \$ _____
(3)	Less fuel cost portion of off-system sales for the six-month period of the preceding year 3	= \$ _____
(4)	Net system fuel cost for retail sales from corresponding six-month period of preceding year	= \$ _____
(5)	Less fuel revenues for retail sales from corresponding six-month period of preceding year	= \$ _____
(6)	True-up revenue requirement for retail sales from corresponding six-month period of preceding year:	
—	Item (4) - Item (5)	= \$ _____
(7)	True-up correction factor for retail sales for corresponding six-month period in current year:	
—	Item (6)	
—	Item (1)	= \$ _____ per therm

1 ~~Footnotes:—~~

2 ~~1 Terms of retail sales are to be estimated for the six-month period by the general~~
3 ~~manager for utilities or his/her designee. The two six-month periods used for true-up~~
4 ~~calculation shall consist of the months April through September and October through~~
5 ~~March.~~

6 ~~2 System fuel costs shall be based on actual system fuel costs for the corresponding six-~~
7 ~~month period in the preceding year.~~

8 ~~3 Off-system sales shall include all firm and interruptible sales not classified as retail sales.~~
9 ~~(Ord. No. 3664, § 1, 9-24-90; Ord. No. 070379, § 1, 9-24-07)~~

11 **Section 3.** All ordinances in conflict herewith are to the extent of such conflict
12 hereby repealed.

13 **Section 4.** It is the intention of the City Commission that the provisions of
14 Section 1 of this Ordinance shall become and be made a part of the Code of
15 Ordinances of the City of Gainesville, Florida, and that the Sections and Paragraphs of
16 this Ordinance may be renumbered or re-lettered in order to accomplish such intentions.
17 It is the intention of the City Commission that the provisions of Section 2 be deleted
18 from the Code of Ordinances of the City of Gainesville, Florida

19 **Section 5.** If any word, phrase, clause, paragraph, section or provision of
20 this ordinance or the application hereof to any person or circumstance is held invalid or
21 unconstitutional, such finding shall not affect the other provisions or applications of the
22 ordinance which can be given effect without the invalid or unconstitutional provisions or
23 application, and to this end the provisions of this ordinance are declared severable.

24 **Section 6.** This ordinance shall take effect immediately upon its adoption;
25 provided however, the rates and charges as provided for herein shall be applicable to all
26 monthly bills which are for the first time rendered and postmarked after 12:01 A.M.,
27 October 1, 2008.

1 PASSED and ADOPTED this _____ day September, 2008.

2
3
4 _____
5 Pegeen Hanrahan
6 Mayor

7 ATTEST:

8
9 _____
10 Kurt M. Lannon, Jr.
11 Clerk of the Commission

12 Approved as to form and legality

13
14
15 _____
16 Marion J. Radson
17 City Attorney

18
19
20 This ordinance passed on first reading this ____ day of _____, 2008.

21
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23 This ordinance passed on second reading this ____ day of _____, 2008.
24