

# BAY CITY GAS CO.

**DIRECTOR:**

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Website: [www.baycitygas.com](http://www.baycitygas.com)**BOARD MEMBERS:**

Terrence D. Allen, Chairman

Janet Lewis Peden

Mayor Robert K. Nelson

**BAY CITY GAS COMPANY**

## Notice of Intent

Rate Change Date **August 1, 2021**New Rate Schedule **changes in boldface**

|   |                       |
|---|-----------------------|
| Standard Gas Service Account                | \$19.00/mo            |
| <del>Premium Flex Gas Service Account</del> | <del>\$20.00/mo</del> |

**Maximum rates expressed as \$/MCF for consumption in each tier.****Marketing and incentive rates below maximum, if any, will be offered to all similarly situated customers equally, during the time period such offer is available.****Residential – not to exceed 50 MCF/mo.****R-1 Base Rate 1-50,000 Cubic Feet (50 MCF/mo) \$ 8.05 Per MCF plus Cost of Gas**

## In-City Commercial &amp; Industrial for Monthly Consumption

|     | <u>in MCF/mo</u> |                                 |
|-----|------------------|---------------------------------|
| C-1 | 1 to 50          | \$8.05 per MCF plus cost of gas |
| C-2 | 51 to 832        | \$7.35 per MCF plus cost of gas |
| C-3 | 833 to 4,166     | \$6.20 per MCF plus cost of gas |
| C-4 | 4,167 to 16,666  | \$5.50 per MCF plus cost of gas |
| C-5 | 16,667 to 33,332 | \$5.00 per MCF plus cost of gas |
| C-6 | 33,333 to 66,666 | \$4.50 per MCF plus cost of gas |
| C-7 | 66,667 or more   | \$4.25 per MCF plus cost of gas |

## Outside City Limits Commercial &amp; Industrial

(w/o Economic Development Agreement) for Monthly Consumption

|      | <u>in MCF/mo</u> |                                 |
|------|------------------|---------------------------------|
| CO-1 | 1 to 50          | \$8.05 per MCF plus cost of gas |
| CO-2 | 51 to 832        | \$7.85 per MCF plus cost of gas |
| CO-3 | 833 to 4,166     | \$6.53 per MCF plus cost of gas |
| CO-4 | 4,167 to 16,666  | \$5.73 per MCF plus cost of gas |
| CO-5 | 16,667 to 33,332 | \$5.15 per MCF plus cost of gas |
| CO-6 | 33,333 to 66,666 | \$4.58 per MCF plus cost of gas |
| CO-7 | 66,667 or more   | \$4.29 per MCF plus cost of gas |

Economic Development Agreements: Economic Development Agreements which are approved by City Council may include rate structures at variance with the Schedule of Maximum Rates.

EDA-1

For qualifying service commencing on or before June 1, 2016.

For years 1 through 5:

Volumes up to 83,333.33 per month, \$0.18 per MMBtu indexed; and  
Volumes above 83,333.33 per month but less than 139,416.67 MMBtu per month, \$0.09 per MMBtu indexed; then

For years 6 and following:

All volumes up to 139,416.67 MMBtu per month, the indexed product of \$0.09 per MMBtu for that year of service.

The index for this rate is the Employment Cost Index (ECI). The index is applied annually from the adoption of this rate. Contact the Gas Company for a current billed rate.

All volume requirements are measured monthly.

Conditions on qualification for this rate:

- a. Customer must separately contract for purchase of all commodity Natural Gas;
- b. Customer must separately contract for transportation of all gas to the delivery point designated by the Bay City Gas Company;
- c. Customer must consume, or in lieu of consumption pay for, (“take-or-pay”) a minimum volume of 83,333.33 MMBtu per month;
- i. Billing Adjustment – Each month Customer will be billed for an amount equal to the greater of the product of the appropriate EDA-1 Rate multiplied by: i) the total MMBtu delivered to Customer; or ii) 83,333.33 MMBtu.
- ii. If Customer’s account is kept current, Customer shall have the right to offset undertakes of gas in one month with overtakes of gas in the immediately previous or immediately subsequent month, only.
- d. Customer will receive an economic development incentive credit equal in value to the initial Customer Specific Infrastructure Costs, not to exceed \$400,000; and
- e. Approval of City Council

Customer Specific Infrastructure Costs Necessary infrastructure to serve a specific customer is to be paid or reimbursed by that customer. Terms of such reimbursement may be measured by consumption. The resulting payments are different from and do not count toward the Rate established in this Schedule.

| <u>Fees:</u>     | <u>Reg. Bus. Hrs</u> | <u>After Hours</u> |
|------------------|----------------------|--------------------|
| New Service      | \$15.00              | n/a                |
| Transfer Service | \$15.00              | n/a                |
| Re-Connect       | \$45.00              | additional \$10.00 |
| Fall Turn-On     | \$45.00              | additional \$10.00 |

|                           |                              |         |
|---------------------------|------------------------------|---------|
| Missed Appointment        | \$10.00                      | \$10.00 |
| E-Commerce fee            | \$50.00 or 6% of transaction |         |
| Advanced Billing Services | \$50.00 per month            |         |

ECI Rates indexed to “ECI” shall be adjusted by the greater of i) the 12 month percent increase in the Employment Cost Index, The Bureau of Labor Statistics of the U.S. Department of Labor for:

Series Id: CIU3010000000000A (B),  
 Not Seasonally Adjusted,  
 compensation: Total compensation,  
 sector: State and local government,  
 periodicity: 12-month percent change,  
 Industryocc: All workers.

for the 4<sup>th</sup> quarter of the year immediately past; or 2.0%. No reductions are made for negative ECI movements. Adjustments are applied on the customer bill next following the publication of the index.

~~**Premium-Flex Gas Service Account allows a customer to discontinue and resume gas service as needed without terminating their deposit or paying a fee for turn-on when service is resumed. Additional services may be added to the Premium-Flex service level at a reduced or eliminated fee as they become available.**~~

Re-Connects refer to service calls to re-connect service to customers who have been disconnected for failure to pay.

Fall Turn-Ons refer to service calls to turn gas service back on after summer disconnects. ~~(Does not apply to Premium-Flex Customers)~~

E-Commerce fee As electronic commerce services become available the Gas Company will offer them to the customers at a cost not to exceed the scheduled rate.

Advanced Billing Services As Advanced Billing Services become available the Gas Company will offer them to the customers at a cost not to exceed the scheduled rate.

All charges are subject to sales tax if applicable.

For the purposes of this rate, “Cost of Gas” is defined as the amount paid by the Bay City Gas Company to its supplier(s) inclusive of all charges, transportation fees, and service fees; The Cost of Gas may include a factor for recoupment of: a.) fees, taxes or rates assessed upon the Gas Company by the State or Federal regulatory authorities; b.) lost and unaccounted for gas volumes; c.) gas used by City of Bay City and Bay City Gas Company operations, **d.) Replenishment of financial reserves and debt service arising from cost of gas items unbilled or unpaid in the current month; and e.) The cost of reliability services or infrastructure intended to reduce the cost of gas, or the volatility thereof.** The Cost of Gas does not include promotional rates for special air conditioning, electric generation, or other promotional load.

**The Cost of Gas is not reduced by bond proceeds or municipal tax discounts.** The Cost of Gas for meters read during the calendar month shall be determined by the management of the Bay City Gas Company on or before the fifth working day of that month and will be available to the public from the offices of the Gas Company.

Old Rate Schedule

|   |                                  |
|---|----------------------------------|
| Standard Gas Service Account                  | \$19.00/mo                       |
| Premium-Flex Gas Service Account              | \$20.00/mo                       |
| C-1 Base Rate 1-50,000 Cubic Feet (50 MCF/mo) | \$ 4.05 Per MCF plus Cost of Gas |

In-City Commercial & Industrial for Monthly Consumption

|     | <u>in MCF/mo</u> |                                 |
|-----|------------------|---------------------------------|
| C-2 | 50 to 832        | \$3.35 per MCF plus cost of gas |
| C-3 | 833 to 4,166     | \$2.20 per MCF plus cost of gas |
| C-4 | 4,167 to 16,666  | \$1.50 per MCF plus cost of gas |
| C-5 | 16,667 to 33,332 | \$1.00 per MCF plus cost of gas |
| C-6 | 33,333 to 66,666 | \$0.50 per MCF plus cost of gas |
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Outside City Limits Commercial & Industrial

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| Fees:                     | <u>Reg. Bus. Hrs</u>         | <u>After Hours</u> |
|---------------------------|------------------------------|--------------------|
| New Service               | \$15.00                      | n/a                |
| Transfer Service          | \$15.00                      | n/a                |
| Re-Connect                | \$45.00                      | additional \$10.00 |
| Fall Turn-On              | \$45.00                      | additional \$10.00 |
| Missed Appointment        | \$10.00                      | \$10.00            |
| E-Commerce fee            | \$50.00 or 6% of transaction |                    |
| Advanced Billing Services | \$50.00 per month            |                    |

ECI Rates indexed to "ECI" shall be adjusted by the greater of i) the 12 month percent increase in the Employment Cost Index, The Bureau of Labor Statistics of the U.S. Department of Labor for:

Series Id: CIU301000000000A (B),  
 Not Seasonally Adjusted,  
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#### EDA-1

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- c. Customer must consume, or in lieu of consumption pay for, ("take-or-pay") a minimum volume of 83,333.33 MMBtu per month;
  - i. Billing Adjustment – Each month Customer will be billed for an amount equal to the greater of the product of the appropriate EDA-1 Rate multiplied by: i) the total MMBtu delivered to Customer; or ii) 83,333.33 MMBtu.
  - ii. If Customer's account is kept current, Customer shall have the right to offset undertakes of gas in one month with overtakes of gas in the immediately previous or immediately subsequent month, only.

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- e. Approval of City Council

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**IMPACTS:**

The following classes of Gas Company customers are impacted by this rate.

The average monthly bill for 3,756 base (R-1, C-1, and CO-1) gas customers will increase a net 26.6% or \$8.00 due to this rate change.

~~There are 0 customers in the Premium Flex Gas Service Account classification so no financial impact can be calculated.~~

The average monthly bill for 291 (commercial) C-2 gas customers will increase a net 51.3% or \$101.00 due to this rate change.

There are 0 customers in the CO-2 classification so no financial impact can be calculated.

The average monthly bill for 11 (small industrial) C-3 gas customers will increase a net 58.6% or \$448.32 due to this rate change

There are 0 customers in the CO-3 classification so no financial impact can be calculated.

There are 0 customers in the C-4 classification so no financial impact can be calculated.

There are 0 customers in the CO-4 classification so no financial impact can be calculated.

There are 0 customers in the C-5 classification so no financial impact can be calculated.

There are 0 customers in the CO-5 classification so no financial impact can be calculated.

There are 0 customers in the C-6 classification so no financial impact can be calculated.

There are 0 customers in the CO-6 classification so no financial impact can be calculated.

There are 0 customers in the C-7 classification so no financial impact can be calculated.

There are 0 customers in the CO-7 classification so no financial impact can be calculated.

The average monthly bill for 38 Public Authority Gas Customers will increase a net 53.0% or \$154.32 due to this rate change.

The average monthly bill for 1 EDA-1 gas customer will not change due to this rate change.

The annual revenues of the Bay City Gas Company due to this rate change are projected to increase 33.9% or \$851,416 beginning in 2022.