

CITY OF HENDERSON – ORDINANCE BOOK 15

Record of Ordinances of Meetings in 2025

ORDINANCE NO. 03-25

ORDINANCE AMENDING NATURAL GAS SERVICE RATES AND CHARGES

SUMMARY: ORDINANCE AMENDING ORDINANCE NO. 11-18 BY ADDING GAS SERVICE SCHEDULE FOR LOCAL TRANSPORTATION CUSTOMERS

WHEREAS, Section 23-97 of the Code of Ordinances provides that all rates and charges for municipal utilities shall be determined from time to time by the Board of Commissioners and kept on file in the Office of the City Clerk; and

WHEREAS, Ordinance No. 65-17 established rates and charges for natural gas service, which shall be amended herewith; and

WHEREAS, Ordinance No. 11-18 amended the rates and charges for natural gas service; and

WHEREAS, the City Manager recommends amendment of the rates and charges for natural gas service as proposed herein.

NOW, THEREFORE, BE IT ORDAINED by the City of Henderson, Kentucky that Ordinance No.11-18, Amending Natural Gas Service Rates and Charges, is hereby amended as follows:

CITY OF HENDERSON, KENTUCKY NATURAL GAS RATES AND CHARGES

Section I. Residential Sales Service

Applicable for service to any Residential customer located within the city limits of or adjacent to certain areas directly served by the City of Henderson:

1. Monthly Customer Charge: A Monthly Customer Charge of \$12.50 shall be assessed each month.
2. Rate: per 1,000 cubic feet, plus the delivered cost of gas: \$2.60 Beginning On: Jan 1st 2018

The Rate shall be based on a heat content of 1,067 Btu's per cubic foot and adjusted monthly as established by Texas Gas Transmission (Boardwalk Pipeline Partners, LP) for the consumption month at the city delivery points.

Section II. Commercial Sales Service

Applicable for service to any Commercial customer located within the city limits of or adjacent to areas served directly by the City of Henderson:

1. Monthly Customer Charge: A Monthly Customer Charge shall be assessed each month as follows:
 - A. Up to 500,000 cubic feet per year and a connected load less than 500,000 Btu per hour: \$16.00 per month
 - B. Above 500,000 cubic feet per year or a connected load greater than 500,000 Btu per hour \$36.75 per month.

PUBLICATION DATE: 3/5/2025

FIRST READ: 2/11/2025
SECOND READ: 2/25/2025

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2. Rate: per 1,000 cubic feet, plus the delivered cost of gas:

Effective Date: 1/1/2018

Up to 500,000 cubic feet per month:	\$2.60
Next 4,500,000 cubic feet per month:	\$0.955
Above 5,000,000 cubic feet per month:	\$0.30

The Rate shall be based on a heat content of 1,067 Btu's per cubic feet and adjusted monthly as established by Texas Gas Transmission (Boardwalk Pipeline Partners, LP) for the consumption month at the city delivery points.

Section III. Industrial Sales Service

Applicable for service to any Industrial customer located within the city limits of or adjacent to areas directly served by the City of Henderson. For purposes of this Section, an Industrial customer shall be defined as a customer having a "Manufacturing" category designation in the North American Industry Classification System (NAICS) manual as published by the US Government, Office of Management and Budget.

1. Monthly Customer Charge: A Monthly Customer Charge shall be assessed each month as follows:

A. Up to 50,000,000 cubic feet per year:	\$80.00 per month
B. Above 50,000,000 cubic feet per year:	\$210.00 per month

2. Rate: per 1,000 cubic feet, plus the delivered cost of gas:

A. Service for Customer with executed Service Agreement

Effective Date:	1/1/2018
Up to 500,000 cubic feet per month:	\$2.60
Next 4,500,000 cubic feet per month:	\$0.955
Next 10,000,000 cubic feet per month:	\$0.30
Next 20,000,000 cubic feet per month:	\$0.14
Above 35,000,000 cubic feet per month:	\$0.085

B. Service for Customer without executed Service Agreement

Up to 500,000 cubic feet per month:	\$2.60
Above 500,000 cubic feet per month:	\$0.955

The Rate shall be based on a heat content of 1,067 Btu's per cubic feet and adjusted monthly as established by Texas Gas Transmission (Boardwalk Pipeline Partners, LP) for the consumption month at the city delivery points.

3. Service Agreement: A Natural Gas Sales Agreement acceptable to the City Manager shall be executed by any Industrial Sales Service customer requiring volumes in excess of 50,000,000 cubic feet per year.

Section IV. Alternative Fuel Responsive Flex Provision

Notwithstanding any other provision of this ordinance, the City may periodically flex the otherwise applicable rates in Subsection III.2.A. on a customer specific basis if a customer presents sufficient, reliable and persuasive information to satisfactorily prove to the City that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be provided by the City. The customer must submit the appropriate information by affidavit to the City for this optional monthly rate provision to be applicable. Additional information may be required by the City Manager or Gas System Director to evaluate the merit of the flex request.

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Section V. Local Transportation Service and City Gate Sales Service

Local Transportation Service

Applicable for service to any customer owning its own natural gas supplies which, for a minimum period of twelve (12) months commencing each November 1st, may have the City provide local transportation service across the City's gas distribution system provided a Natural Gas Transportation Agreement acceptable to the City Manager is executed by the customer. Customers eligible for this service must transport a monthly average of not less than 4,000 MMBtu per day. The local transportation rates shall be the same rates as contained in Section III, Subsections 1 and 2A of this ordinance, less the delivered cost of gas component, plus being subject to a balancing policy, shrinkage adjustment, and the general terms and conditions as may be contained in the Natural Gas Transportation Agreement. In addition, the City will require the customer to reimburse the City for the actual cost of telemetering equipment that will allow the City to monitor the customer's gas usage on a real-time basis. The City will assess an additional monthly fee of \$600 for administering this service.

City Gate Sales Service

Applicable for service to any Industrial Customer located within the city limits of or adjacent to areas directly served by the City of Henderson meeting the criteria specified herein. For purposes of this Section, an Industrial Customer shall be defined as a customer having a "Manufacturing" category designation in the North American Industry Classification System (NAICS) manual as published by the US Government, Office of Management and Budget.

1. The City may enter into natural gas sales contracts for large volume Industrial Customers meeting the following requirements on the following terms:
 - a. Unless waived by the City, this service is applicable to Customers receiving service under the Local Transportation Service.
 - b. Customers eligible for this service must purchase a monthly average of not less than 4,000 MMBtu per day ("Eligible Customer");
 - c. The contract term shall not be less than two years, taking into consideration renewal provisions;
 - d. The contracts shall be requirements contracts providing for the sale of gas to serve an Eligible Customer's requirements for gas up to stated maximum quantities; and
 - e. A contract between the City and an Eligible Customer pursuant to this Rate Schedule may be in the form of a North American Energy Standards Board ("NAESB") Base Contract for the Sale and Purchase of Natural Gas, with Special Provisions and commercial terms set forth in a Transaction Confirmation as shall be established by the City Manager.
2. The commodity price per MMBtu for service under this schedule shall be with reference to published index prices or as otherwise specified in the contract between the City and the Eligible Customer, and, in each case, less a discount of not greater than 50% of the net discount available to the City for the gas acquired by the City for sale to the Eligible Customer. The City through its City Manager may negotiate lesser discounts with any Eligible Customer.
3. The City may combine sales service of commodity gas supply under this Rate Schedule with transportation service to the City's gate station and then across the City's system so as to provide a delivered service at the Eligible Customer's premises. In such circumstances, the delivered price to the customer shall include a transportation service component or components in addition to the price, as described above, for the commodity gas supply under this Rate Schedule. The City may sell gas

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to the Eligible Industrial Customer under this Rate Schedule at the plant gate or into a transportation contract held by the Eligible Customer. The City shall serve customers under this Rate Schedule from prepaid gas supplies acquired by the City for this purpose. The City shall not be obligated to supply any new customer under this Rate Schedule, or supply any portion of such quantity requested by such customer, if it doesn't have sufficient long-term, firm prepaid gas supplies available to it for sale and delivery to such customer.

Section VI. Service On Behalf of the City of Corydon, Kentucky

1. Monthly Customer Charge. A Monthly Customer Charge shall be assessed each month as follows:

Residential:	\$13.30 per month
Commercial:	
A. Up to 500,000 cubic feet per year and a connected load less than 500,000 Btu per hour:	\$16.80 per month
B. Above 500,000 cubic feet per year or a connected load greater than 500,000 Btu per hour:	\$37.55 per month

2. Rate: per 1,000 cubic feet, plus the delivered cost of gas to the City of Henderson:

Effective Date: 1/1/2018

A. Residential:	\$2.60
B. Commercial:	
Up to 500,000 cubic feet per month:	\$2.60
Next 4,500,000 cubic feet per month:	\$0.955
Above 5,000,000 cubic feet per month:	\$0.30

The Rate shall be based on a heat content of 1,006 Btu's per cubic foot and adjusted monthly as established by Texas Gas Transmission (Boardwalk Pipeline Partners, LP) for the consumption month at the city delivery points.

C. A ten-cent (\$0.10) surcharge shall be assessed for each 1,000 cubic feet of gas sold within the city limits of the City of Corydon, Kentucky under this section to be paid to the City of Corydon.

Section VII. Cost of Gas Adjustment

Any change in the costs or charges billed by the natural gas supplier(s) or provider(s) of interstate transportation service to the City shall automatically be reflected by a like change in the rates charged hereunder on a monthly basis or as allocated for actual costs, as adjusted for the City's average uses, metering and line losses, and previous months' actual costs or charges, without further action of the Board of Commissioners.

Section VIII. Public Energy Authority of Kentucky Rebate

One hundred percent (100%) of all annual rebates received from the Public Energy Authority of Kentucky (PEAK) shall be directed to the Gas Fund. The final rebate from each PEAK bond series shall be directed to the Gas Fund.

Section IX. Developmental Service

A prospective natural gas customer seeking to initiate service with the City and having a minimum anticipated natural gas requirement of 500,000 Mcf per year may

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enter into a mutual agreement with the City to establish, by written contract not to exceed eighteen (18) months, a developmental rate as an inducement for becoming a City Sales Service or Local Transportation Service customer provided a Developmental Service Agreement acceptable to the City Manager is executed by the customer.

Section X. Effective Date

The rates and charges for natural gas service established in this ordinance shall become effective for all billings printed on and after June 1, 2018.

All ordinances or parts of ordinances in conflict herewith are hereby repealed and superseded to the extent of such conflict.

This ordinance shall become effective upon its legal adoption.

On first reading of the foregoing ordinance, it was moved by Commissioner WHITT, seconded by Commissioner HARGIS, that the ordinance be adopted on its first reading.

On roll call the vote stood:

Commissioner Hargis:	<u>AYE</u>	Commissioner Whitt:	<u>AYE</u>
Commissioner Thomas:	<u>AYE</u>	Mayor Staton:	<u>AYE</u>
Commissioner Pruitt:	<u>AYE</u>		

WHEREUPON, Mayor Staton declared the ordinance adopted on first reading and ordered that it be presented for second reading at a regular meeting of the Board of Commissioners.

On second reading of the foregoing ordinance, it was moved by Commissioner PRUITT, seconded by Commissioner WHITT, that the ordinance be adopted.

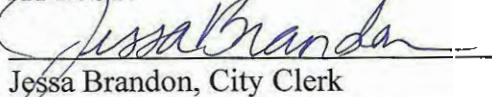
WHEREUPON, the vote was called, on roll call the vote stood:

Commissioner Hargis:	<u>AYE</u>	Commissioner Whitt:	<u>AYE</u>
Commissioner Thomas:	<u>AYE</u>	Mayor Staton:	<u>AYE</u>
Commissioner Pruitt:	<u>AYE</u>		

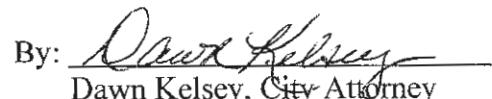
WHEREUPON, Mayor Staton declared the ordinance adopted, affixed his signature and the date and ordered it be recorded.


Bradley S. Staton, Mayor
Date: February 25, 2025

ATTEST:


Jessa Brandon, City Clerk

**APPROVED AS TO FORM AND
LEGALITY THIS 5TH DAY OF
JANUARY 2025.**

By: 
Dawn Kelsey, City Attorney

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