

ORDINANCE NO. 1714

**AN ORDINANCE OF THE CITY OF FAIRHOPE REPEALING AND
REPLACING SECTION 21-21 BY THE ADOPTION OF THE FOLLOWING
ELECTRIC RATES FOR ALL CUSTOMERS OF THE CITY**

**BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF FAIRHOPE,
ALABAMA, as follows:**

SECTION ONE. Code of Ordinances, City of Fairhope, Alabama, Chapter 21 Utilities and Services, Section 21-21, is hereby repealed and replaced as per the following monthly rates:

Section. 21-21. - Rates—Regular service.

(a) *Base rates.* The following monthly rates for all electric customers served by the city:

- (1) *Residential R1:* Applicable to single residences, individually metered mobile homes, and individual family apartments where cost of service is paid by the occupant.

Customer Charge: \$13.00 per month (Minimum), plus
First 3000 KWH/month @ \$0.103660, plus
All Over 3000 KWH/month @ \$0.114540, plus FCA & Tax

- (2) *Commercial C1:* Applicable to nonresidential power service where the maximum fifteen-minute interval integrated demand does not exceed 49 kw.

Customer Charge: \$33.50 per month (minimum), plus
All KWH/month @ \$0.109907, plus FCA & tax

- (3) *Industrial I1:* Applicable to nonresidential electric service where the maximum fifteen-minute interval integrated demand is 50 kw or more.

Customer Charge: \$82.00 per month (minimum), plus
Demand: All demand @ \$8.46 per KW/month; minimum demand is 75% of
 highest demand imposed during preceding 11 months, but not less
 than 38 KW = \$321.44, plus
Energy:
First 20,000 KWH/month @ \$0.084817, plus
All Over 20,000 KWH/month @ \$0.079081, plus FCA & tax

- (4) *Hospital H1.* Applicable to hospital electric service where the maximum 15-minute interval integrated demand is 500 KW or more.

Customer Charge: \$82.00 per month (Minimum), plus
Demand: All demand @ \$8.46 per KW/month; minimum demand is 75% of
 highest demand imposed during preceding 11 months, but not less
 than 38 KW = \$321.44, plus
Energy:
First 20,000 KWH/month @ \$0.08480, plus
All Over 20,000 KWH/month @ \$0.0720, plus FCA & tax

- (5) *Schools M1:* Applicable to public and private primary and secondary schools, regardless of size of their electrical requirements.

Customer Charge: \$13.00 per month (minimum), plus
All KWH/month @ \$0.103660, plus FCA & tax

- (6) *Eleemosynary M2*: Applicable to churches and nonprofit organizations who receive the majority of their support from charitable contributions.

Customer Charge: \$13.00 per month (minimum), plus
All KWH/month @ \$0.103660, plus FCA & tax

- (7) *Eleemosynary M2I*. Applicable to churches and non-profit organizations who receive the majority of their support from charitable contributions where the maximum 15-minute interval integrated demand is fifty (50) KW or more.

Customer Charge: \$13.00 per month (Minimum), plus
Demand: All Demand @ \$3.80 per KW/month; Minimum Demand is 75% of highest demand imposed during preceding 11 months, but not less than 38 KW = \$144.30, plus
Energy: ALL KWH/month @ \$0.058323, plus FCA & Tax

- (8) *City use M3*: Applicable only to City of Fairhope accounts and departments.

ALL KWH @ \$0.10287 per KWH, plus FCA & tax, if not exempt. No minimum, plus FCA & tax.

- (9) *Security lights*: The following monthly security light rentals assume city ownership of treated pine pole, mounting brackets and hardware, open lighting fixture lamp, photoelectric control, and one (1) span of # six (6) aluminum overhead duplex cable. Customers shall be billed for additional installation costs for equipment and work which exceed the above standard installation. Customers shall be responsible for all charges due to vandalism or abuse.

Metal halide or mercury	Lumens	Monthly rental, plus tax.
175 W.	8,600	\$ 9.58
250 W.	12,100	\$13.71
400 W.	22,500	\$21.91

High pressure sodium:	Lumens	Monthly rental, plus tax.
100 W.	9,500	\$ 9.58
150 W.	15,000	\$ 8.21
200 W.	22,000	\$11.55
250 W.	22,500	\$13.71
400 W.	50,000	\$21.91

LED	Monthly rental, plus tax.
XNV	\$ 8.17
XNV2	\$13.65

- (10) *Temporary or seasonal service surcharge*: When commercial or industrial service is provided for a period of less than one (1) year continuously or is seasonal or temporary, a surcharge of twenty-five (25) per cent shall be added to each month's bill, before applying tax, after the bill has been computed in accordance with the applicable rate schedule. No monthly minimum or other charge is to be made during the period that service is disconnected. For each nonrecurring temporary service where it is necessary for a temporary service pole to be set and/or a temporary service drop to be installed from existing utility facilities, the city may assess additional charges to recover the cost of installing and removing such service.

- (11) *Tax*: The four (4) per cent Alabama Utilities Gross Receipts Tax is applicable to all rates, except exempt accounts of city, state, and federal governments. Should any other state or federal tax be levied, it shall be charged in addition.

- (b) *Schedule FCA.* Schedule FCA shall provide for the monthly fluctuation in wholesale "fuel adjustment cost" changes as currently reflected in the monthly purchased power invoice received from the Alabama Municipal Electric Authority ("AMEA"). In the event schedule FCA results in a negative factor, such negative FCA factor shall be applied to each customer's monthly bill. All FCA factors shall be rounded off to the nearest one-thousandth of a mill (\$0.000000).

The FCA shall be calculated from the total current billing period's wholesale fuel adjustment charges billed from supplier(s) and then billed at retail by the city, as follows:

$$FCA = (F+A)/R$$

Where:

F = Total estimated wholesale supplier fuel adjustment charges to be billed during the coming billing period(s) in dollars.

A = Adjustment to reflect any over/under recovery of the FCA during previous billing period(s) in dollars.

R = Total retail kWh sales estimated to be billed during the coming billing period(s).

- (c) *Labor cost adjustment (LCA) factor.* The base rates set forth above may be adjusted periodically to account for permanent changes in labor-related revenue requirements (e.g., salaries and wages, pensions, and benefits, etc.) that come about as a result of budget actions taken by the city council for a fiscal year. Such adjustment, when approved by the city council, shall be calculated as follows:

$$LCA = 1 + ((TLCB - TLCBR)/BRRR)$$

Where:

TLCB = The total annual labor cost, in dollars, that is reflected in the electric utility budget for the coming fiscal year, as approved by the City Council.

TLCBR = The total annual labor cost, in dollars, that is reflected in the current base electric rates.

BRRR = The total estimated revenue requirement, in dollars, that is being recovered in current base rates.

The LCA factor so calculated shall be applied to each retail rate set forth above, excluding schedule FCA, such that it will result in new base electric rates. Thus, when applied, a new TLCBR and BRRR will be established for future LCA calculations. The following accounts shall be used in the determination of total labor costs as reflected in TLCB and TLCBR:

Collection costs/revenue department

Administrative costs

Salaries

Payroll taxes

Retirement expense

Medical insurance

Casualty/workers compensation insurance

- (d) *Definitions.*

- (1) *Billing period:* may include the coming monthly billing period or, if the City so elects, the six-month levelization period fuel cost adjustment as currently offered by AMEA.
- (2) *Supplier fuel adjustment charges:* Current period fuel adjustment charges by all wholesale suppliers.

- (3) *Retail kWh sales*: Total estimated billing period retail kWh sales recorded by the city to all residential customers, schools, churches, nonprofit organizations, commercial and industrial customers. Sales recorded by the city as sales to various city departments and facilities, except the water and sewer department, shall be excluded from retail kWh sales. Estimated kWh consumption associated with non-metered security lights shall also be excluded.

(e) *General rules and regulations.*

Payment: Bills are payable within ten (10) days from due date and, if not paid within such period, may be increased as determined by the mayor and council.

Service and metering: Service to more than one (1) premise shall not be combined, nor shall it be shared with or resold to others. Any customer receiving service at two (2) different voltages or metering points will be considered as two (2) separate customers for billing purposes. The type and location of metering is to be specified by the city. Rates in subsection (a) contemplate city ownership of transformation facilities; however, rental or ownership of transformation by an industrial customer is subject to negotiation by and with the city.

(f) *Wholesale rate fluctuation.* If the wholesale rate goes up or down, the wholesale percentage will be passed through to the retail customer.

SECTION TWO. All Ordinances that adopted Section 21-21 are hereby repealed and replaced by this Ordinance.

SECTION THREE. The sections, paragraphs, sentences, clauses, and phrases of this ordinance are severable, and if any phrase, clause, sentence, paragraph, or section of this ordinance shall be declared unconstitutional by a court of competent jurisdiction, then such ruling shall not affect any other paragraphs and sections, since the same would have been enacted by the municipality council without the incorporation of any such unconstitutional phrase, clause, sentence, paragraph or section.

SECTION FOUR. This ordinance shall take effect on August 1, 2021 upon its due adoption and publication as required by law.

Effective on October 1, 2022, the Customer Charge (base rate) for all customers will increase \$2.00 per month.

Effective on October 1, 2023, the Customer Charge (base rate) for all customers will increase an additional \$2.00 per month.

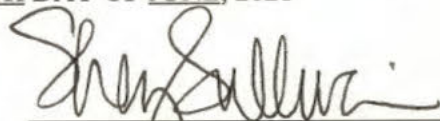
ADOPTED THIS 28TH DAY OF JUNE, 2021


Jack Burrell, Council President

ATTEST:


Lisa A. Hanks, MMC
City Clerk

ADOPTED THIS 28TH DAY OF JUNE, 2021


Sherry Sullivan, Mayor