

ORDINANCE NO. 15-4226

BE IT ORDAINED by the City Council of the City of Decatur, in the State of Alabama, as follows:

Section 1. That Sections 23-137 through 23-140 of the Code of Decatur, Alabama are hereby amended to read as follows:

"Sec. 23-137. - Rates, fees and charges.

- (a) The resale rate schedules and the wholesale rate schedules of the Tennessee Valley Authority ("TVA") power contract, as herein defined, are hereby adopted and incorporated herein by reference; and the Municipal Utilities Board of Decatur, Morgan County, Alabama, doing business as Decatur Utilities ("distributor") is hereby directed to prepare and maintain, at all times (i) in its central offices and (ii) in the office of the City Clerk, a copy of the currently applicable resale rate schedules from the TVA power contract, which, during all business hours, shall be available for public inspection and copying, to include provisions for providing electronic copying at all times.
- (b) The rates to be charged by distributor for its various categories of electric services shall be the resale power rates which distributor is permitted to charge as they appear in the TVA power contract, as adjusted to comply with the terms and provisions of the wholesale rate schedules in the said TVA power contract.
- (c) A periodic (typically monthly) PCA adjustment shall be made as follows:

Upon a determination by distributor that an excess or deficit has resulted by a comparison of its billing cycle revenues from power cost recovery components of its resale rates, excluding revenues from non-PCA rate customers, as compared to the wholesale power cost charged by TVA in its corresponding billing cycle, excluding charges for electric energy delivered to non-PCA rate customers, the amount of any such excess or deficit shall be converted to a per KWH value by use of a formula approved by TVA and incorporated as a rider, or otherwise, to the TVA resale rate schedules of the TVA power contract.

Sec. 23-138. - Last approved rate applicable until amended.

In the event TVA fails or refuses to approve any rate schedule herein or any part of any schedule, as to every item disapproved, the last corresponding rate approved under the TVA power contract shall become applicable and remain applicable until amended.

Sec. 23-139. - Electric service subject to rules and regulations in the TVA power contract.

All electric service provided by the distributor, including the provision of electricity and the provision of services and facilities related to the electrical distribution system shall be subject to the rules and regulations which appear as a schedule in the TVA power contract; or, as may be amended from time to time by distributor, and approved by TVA; in addition, distributor may incorporate in such rules and regulations fees and charges for services and facilities for which no provision is otherwise made in this article to insure that the distributor recovers all costs and expenses incurred by it in the provision of such services and facilities.

Sec. 23-140. - Inflation (CPI) adjustment.

In order to make appropriate adjustments of rates for electric service to accommodate for the effects of inflation:

- (1) Within sixty (60) days after the end of its fiscal year, commencing with fiscal year 2017, distributor shall make an evaluation of the then current revenues from all electrical services to determine whether such rates are providing and will continue to provide:

- a. 1.50 revenue coverage for debt service obligations related to distributor's provision of electric power service; or
 - b. The constant availability of a minimum cash reserve for electric power service operations defined as: One and one-half (1½) month's wholesale power cost plus one and one-half (1½) month's operating and maintenance cost, less depreciation; or
 - c. A positive net income ratio of not less than two (2) percent, i.e. "Change in net position" divided by "Total operating revenues."
- (2) If, by resolution adopted as of November 30 of 2017 and of each succeeding year, distributor shall determine and certify to the City Council of Decatur that any of the criteria set forth in (1) above are not met, then, unless the City Council shall, within thirty (30) days ("waiting period") after receipt of such certification, direct otherwise, by ordinance or resolution, distributor may increase its resale rates, other than the power cost recovery components, commencing with the next month following the latter of the waiting period or approval date by TVA, up to the then applicable TVA Guideline Amount."

Section 2. This Ordinance shall become effective upon its approval and publication as provided by law.

ADOPTED this 15th day of June, 2015.

APPROVED this 15th day of June, 2015.

Don Kyle
Mayor

Attest:

Stacy Gilley
City Clerk