City of Benson
City Council Communication

Regular Meeting February 27, 2017

To: Mayor and Council Agenda Item # 3

From: Dustin DeSpain, Finance Director

Subject:

Discussion and possible action regarding Resolution 4-2017 of the Mayor and Council of the City of Benson, Arizona, adopting a Notice of Intention to increase Natural Gas Rates and declaring the "City of Benson Natural Gas Utility 2017 Cost of Service Rate Study" dated February, 2017, as a Public Document and setting May 8, 2017, as the date for a Public Hearing on the proposed Natural Gas Rates Modifications

Discussion:

The principal source of revenue for the Natural Gas Utility operations and maintenance is derived from monthly user fees charged for services provided. The current Natural Gas Utility rates, fees and other charges were adopted by Mayor and Council in November 1995 and went into effect January 1996. These rates were put into place to bring the Natural Gas Utility budget into balance. Although, at the time it did help, it did not meet its goal. With no increases and adjustments to rates provided by the City for over 21 years, the City's Natural Gas Utility has not kept up with the cost of inflation. This resulted in the Natural Gas Utility having no reserves for major maintenance and repairs, in addition to relying on the General Fund for support to make its ordinary business expenses.

After 21 years of no increases in rates, Staff is now proposing a 5-year rate increase with a Consumer Price Index (CPI) increase after 5 years moving forward until otherwise changed. This will provide the Natural Gas Utility the opportunity to raise prices slowly to a level they need to be over 5 years and then increase rates based on the CPI, which will eliminate the shortfall of revenue the City has had in the past. The Consumer Price Index (CPI) is a small percent increase and sometimes even a lowering percent depending on economic turns. This would allow the City to both keep rates affordable and have the ability to recover costs.

For cities to change water/wastewater utility rates, State law requires a cost of service study be completed and the Council to adopt a notice of intention to modify rates, declare the study a public document and set a date for a public hearing. After the public hearing has been held, the Council may adopt the proposed rates, which will be in effect 30 days after such adoption. However, for cities to change rates for Natural Gas and/or Sanitation rates, none of this is required. Nevertheless, Staff is proposing the same procedures used to address water and wastewater rates be followed.

Staff Recommendation:

Approval of Resolution 4-2017

RESOLUTION 4-2017

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF BENSON, ARIZONA, ADOPTING A NOTICE OF INTENTION TO INCREASE NATURAL GAS RATES AND DECLARING THE "CITY OF BENSON NATURAL GAS UTILITY 2017 COST OF SERVICE RATE STUDY" DATED FEBRUARY, 2017, AS PUBLIC DOCUMENT, AND SETTING A PUBLIC HEARING FOR MAY 8, 2017, TO REVIEW THE PROPOSED NATURAL GAS RATES MODIFICATIONS

WHEREAS, the Code of the City of Benson requires that its natural gas rates generate sufficient revenue to equal the cost of providing utility services to its customers, and the natural gas rates currently in effect are being evaluated to determine if the current rates and rate structure are sufficient to satisfy the requirement of generating sufficient revenue to equal the cost of providing natural gas services; and,

WHEREAS the City of Benson has prepared a written report supplying data supporting the proposed natural gas rate modification, said report being entitled the "City of Benson Natural Gas Utility 2017 Cost of Service Rate Study" dated February, 2017;

NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL as follows:

1. This Resolution shall serve as a written notice of intention to the public that the City of Benson intends to increase water and wastewater service rates; and,

2. The written report entitled "City of Benson Natural Gas Utility 2017 Cost of Service Rate Study" dated February, 2017, is hereby declared a public document and three (3) copies of such shall be filed in the Office of City Clerk on February 28, 2017, and shall be available to the public for inspection; and,

3. A public hearing on the proposed natural gas rates increase shall be held during the regular City Council meeting at 7:00 p.m. on May 8, 2017, at the Benson City Hall located at 120 W. 6th Street, Benson, Arizona.

PASSED AND ADOPTED BY THE MAYOR AND COUNCIL OF THE CITY OF BENSON, ARIZONA, this 27th day of February, 2017.

_____
TONEY D. KING, SR., Mayor

ATTEST:

_____
VICKI L. VIVIAN, CMC, City Clerk

APPROVED AS TO FORM:

_____
MESCH CLARK ROTHSCHILD
By Gary J. Cohen
City's Attorney

CITY OF BENSON
NATURAL GAS UTILITY
2017 COST OF SERVICE RATE STUDY

Introduction

The City of Benson is authorized to operate and maintain a Natural Gas Utility, under the Arizona Revised Statutes. The City of Benson Public Works and Finance Department Natural Gas Utility is charged with the responsibility of managing and operating the Natural Gas Utility in Benson, Arizona. The Natural Gas Utility operates as an enterprise fund, generating revenue from Natural Gas fees charged for providing Natural Gas services to its customers in and around Benson, Arizona. The Department is committed to providing dependable and cost effective Natural Gas distribution to its service areas.

The Natural Gas Utility has 2,090 residential connections and 221 commercial connections as of December 2016. In the past year, the Natural Gas Utility has delivered about 94,314 MMBTU (1,000,000 BTUs) of Natural Gas to its customers. The Natural Gas Utility has a current operating budget of $1,177,000 and a capital budget of $1,800,000.

As recommended in April 2016 by Council, the City of Benson Public Works and Finance Departments have undertaken an examination of the Cost of Service for the Natural Gas Utility. It is the intent of the Public Works and Finance Departments to complete the Cost of Service Study in the first quarter of this year. The 2017 Cost of Service Examination was performed in-house by the City staff and is intended to be an update to the 1995 Cost of Service Study.

Natural Gas Fees and Revenues

The principal source of revenue for the Natural Gas Utility operations and maintenance is derived from monthly user fees charged for services provided. The current Natural Gas Utility rates, fees and other charges were adopted by Mayor and Council in November 1995 and went into effect January 1996. These rates were put into place to bring the Natural Gas Utility budget into balance. Although, at the time it did help, it did not meet its goal. With no increases and adjustments to rates provided by the City for over 21 years, the City's Natural Gas Utility has not kept up with the cost of inflation. The Natural Gas Utility has no reserves and has been relying on the General Fund for support. The financials are located on page 7 within this document. The Natural Gas Utility has received funds from the General Fund to make its ordinary business expenses. This has left this enterprise fund with no reserves for major maintenance and repairs. After twenty-one years of no increases in rates, Staff is now proposing the following rate changes to natural gas:

Natural Gas Utility Residential/Commerical Rate Changes

CITY OF BENSON
NATURAL GAS UTILITY RATE STUDY 2017 (5) YEAR PLAN

Natural Gas Charges	Existing 2016	New 2017	New 2018	New 2019	New 2020	New 2021	New 2022 forward
Base Fee Within City Limits	$ 7.50	$ 9.00	$ 9.90	$ 10.89	$ 11.98	$ 13.18	CPI
Base Fee Outside City Limits	$ 10.00	$ 11.00	$ 12.00	$ 13.00	$ 14.00	$ 15.00	CPI
Monthly Consumption Fee Based on Cost to City and Adjusted Monthly Plus Rate Increase:	$ 0.30	$ 0.60	$ 0.70	$ 0.85	$ 0.90	$ 0.90	CPI

Natural Gas Utility Rate Change Explanation

As noted, the rate change suggestion to the Natural Gas Utility has been done over a 5-year period. The reasoning behind this decision and suggestion by Staff is to lessen the impact of a single large increase on the customer. Staff felt that a 5-year consistent increase would be more sustainable by customers and Benson residents. Each year the increase on rates for the Natural Gas Utility will be around 10%. The Utility will not move into the black until close to the fifth year of rate increases, as shown on page 7 in this document. This means that the General Fund will continue to support the utility until that point. These are estimates as we are unable to predict the future with absolute certainty. The estimates do include important capital expenditures to keep the City's Natural Gas systems in compliance and functioning at full capacity. The Utility is regulated by the Arizona Corporation Commission Pipeline Safety and Federal Agencies, which have the missions to: "enforce federal and state pipeline safety regulations and to provide information and guidance to pipeline operators to ensure safe operations of pipeline facilities….." In order to stay compliant with the Pipeline Safety regulations, the Natural Gas Utility must be able to sustain itself and be able to improve and replace systems in timely manner.

Comparisons of Effect of Rate Increase

The Public Works and Finance departments have done a great deal of research and comparison to other utilities, in order to provide Mayor and Council with a good understanding of the local market. The Natural Gas Utility in the City of Benson is in most cases significantly underpriced. Although, Staff doesn't feel the need to increase to the level of these other utility companies, the increases over the next five years are important and necessary. Each of the companies listed in the comparisons below worksheets and rate sheets are in appendix.

CITY OF BENSON
NATURAL GAS UTILITY RATE STUDY 2017 Example Effect

Natural Gas Charges

	Current	2017	2018	2019	2020	2021
Base Fee Within City Limits	$ 7.50	$ 9.00	$ 9.90	$ 10.89	$ 11.98	$ 13.18
Monthly Consumption Fee (40 Therms)						
December 2016 City Paid $28244.43/84320 Gas						
Rate for January 2017 To Client .34 Cents plus increase	$ 25.60	$ 37.60	$ 41.60	$ 47.60	$ 49.60	$ 49.60
Total Gas Bill for 40 units at .34cents cost plus increase	**$ 33.10**	**$ 46.60**	**$ 51.50**	**$ 58.49**	**$ 61.58**	**$ 62.78**

New Rates Compared to Other Utility Companies Continue

City of Mesa

Current Monthly Natural Gas Fee	**Current**	**Comparison**
Base Fee Within City Limits	$13.11	$13.11
Rate Per Therm Billed	$0.67	$40.34
Total Bill on 40 Therms		**$53.45**

Southwest Gas Corporation

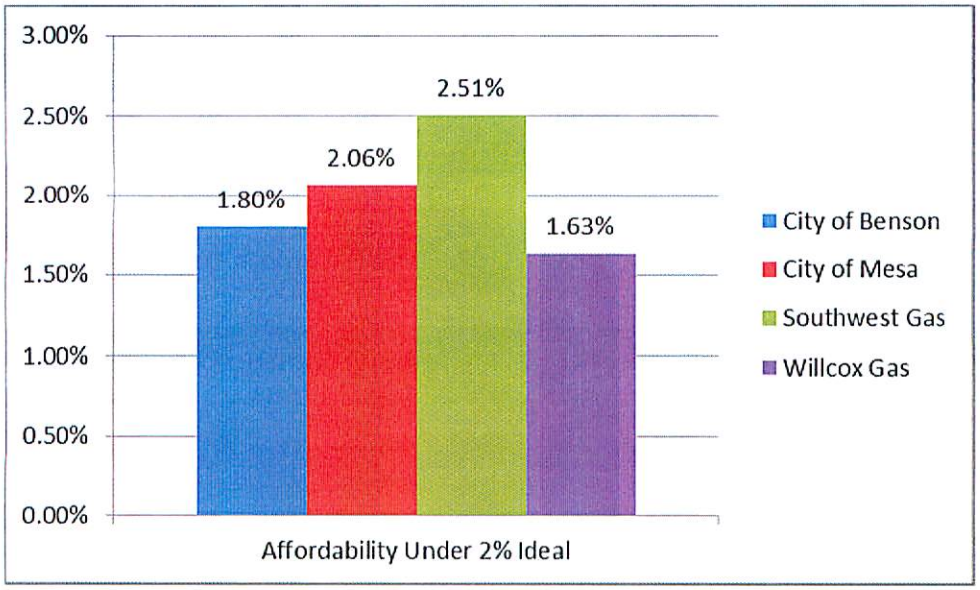
	Current	**Comparison**
Current Monthly Natural Gas Fee	$10.70	$10.70
40 Therms Used	$1.02	$54.28
Total Bill on 40 Therms		**$64.98**

City of Willcox

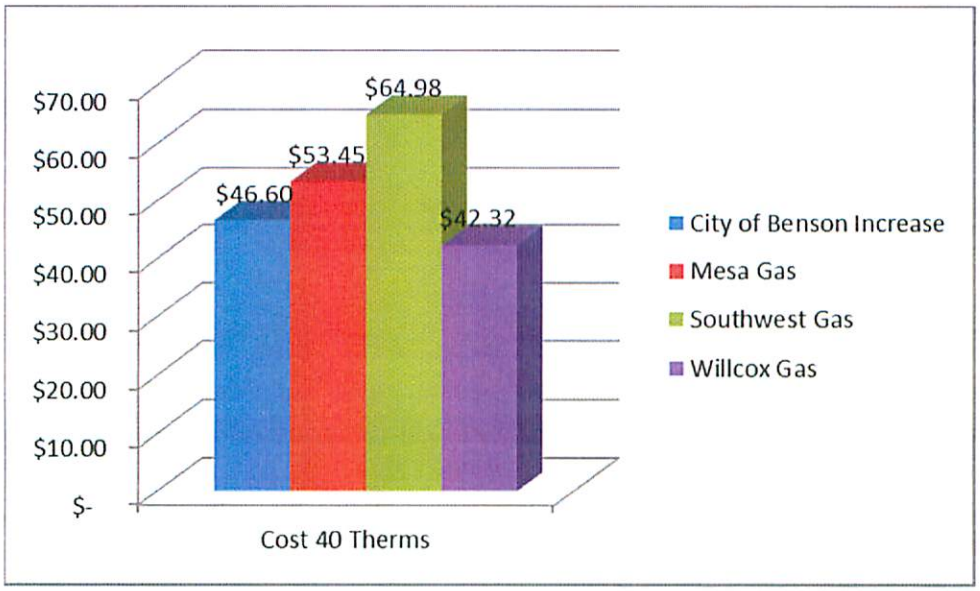
	Current	**Comparison**	
Current Monthly Natural Gas Fee	$12.37	$12.37	Increases By CPI annually
40 Therms Used	$0.75	$29.95	Increases By CPI annually
Total Bill on 40 Therms		**$42.32**	

Public Impact

The Median Household Income for the City of Benson is $31,111 with an average household size of 2.09. The City of Benson has a poverty rate of 23.20%. (US Census Bureau 2010) These are important factors to the Staff at the City of Benson as the increase was examined on the Natural Gas Utility. In determining the change in utility rate, Staff looked at the sustainability by its residents. With the increase over the next 5 years, the Utility would remain within the affordability range for the proposed increase. It will still leave the City on the lower end of cost recovery and the lower end of the bill comparisons to other utility companies in the State of Arizona.



The chart above is used by the City staff to help measure the affordability of the rate increase to residents based on the average household income and poverty level (US CENSUS BUREAU 2010). The explanation of this is that we are remaining with our increase within the suggested 2% of median household income that will be affected negatively. In our model 1.80% may or may not be affected negatively in the City of Benson. This is only a tool that has been used to help ensure the City is within an affordable index. There are really no finite numbers or definitions of what is affordable.



The bill comparison chart above is based on utility companies located around or similarly sized to the City of Benson Natural Gas Utility. Overall, the City is below the average rate for those utilities located in the immediate area of Benson. The range is from the lowest at $42.32 per month to $64.98 per month for Natural Gas.

Conclusion

The 2017 rate study has proven to be a difficult undertaking for several reasons. Estimating future revenue was challenging because of the constant change in consumption. The current Natural Gas demand is down by 15% compared to last year and seems to get less each year. The primary reason Natural Gas Consumption continues to drop is the increase in high-efficient Gas fixtures and the Solar power movement in residential and commercial structures.

Another reason this has been such a large undertaking, is the constant change in laws. In November 2016, the Arizona voters approved a minimum wage increase starting 2017 to 2020. This minimum wage increase will have several effects. The most obvious will be the City needing to adjust the pay to its current utility workers in order to maintain a value in years served. The other not being as obvious is the cost of products and the amount of inflation, which will come with doing business in Arizona.

The final difficulty is estimating the future needs of the Natural Gas Utility. This is difficult moving forward because there have been no Natural Gas increases for over 21 years. It is difficult to project whether the equipment the City has will be able to be fixed or if it will become completely obsolete over the next few years.

At this time, City Staff recommends the 5-year rate increase with a Consumer Price Index (CPI) increase after 5 years moving forward until otherwise changed. This will provide the Natural Gas Utility the opportunity to raise prices slowly to a level they need to be over 5 years and then increase rates based on the CPI, which will eliminate the shortfall of revenue the Utility has had in the past. The Consumer Price Index (CPI) is a small percentage increase and sometimes even a lowering percent depending on economic turns. This would allow the City to keep the rates both affordable and have the ability to recover costs.

CITY OF BENSON
NATURAL GAS UTILITY
2017 COST OF SERVICE RATE STUDY

CITY OF BENSON
NATURAL GAS UTILITY RATE STUDY 2017 (5) YEAR PLAN
PROJECTED REVENUES AND EXPENDITURES

	Actual Fiscal Year 2015-16	2016-2017 Budget	Fiscal YTD through 12/31/2016	Projection Fiscal Year 2017-18	Projection Fiscal Year 2018-19	Projection Fiscal Year 2019-20	Projection Fiscal Year 2020-21
REVENUES:							
Residential Gas Revenue	$519,066	$700,000	$181,702	$622,878.84	$747,454.61	$859,572.80	$988,508.72
Multi-User Gas Revenue	$6,783	$10,000	$2,626	$8,139.90	$9,767.88	$11,233.06	$12,918.02
Commercial Gas Revenue	$211,187	$350,000	$68,195	$253,424.53	$304,109.44	$349,725.85	$402,184.73
Utility Service Charges	$16,138	$15,000	$7,055	$19,366.10	$23,239.32	$26,725.22	$30,734.01
New Gas Hook-Ups	$2,104	$7,000	$1,119	$2,524.87	$3,029.85	$3,484.32	$4,006.97
Penalty & Interest Fees	$3,405	$5,000	$1,971	$4,085.74	$4,902.88	$5,638.32	$6,484.06
Series 2010 Bond Proceeds	$0	$75,000	$0	$0.00	$0.00	$0.00	$0.00
Other Income	$774	$0	$0	$928.80	$1,114.56	$1,281.74	$1,474.01
Round-Up Donation Revenue	$0	$15,000	$0	$15,000.00	$18,000.00	$20,700.00	$23,805.00
Total Natural Gas Revenue	**$759,457**	**$1,177,000**	**$262,668**	**$926,348.78**	**$1,111,618.54**	**$1,278,361.32**	**$1,470,115.52**
EXPENDITURES:							
Salaries & Wages	$182,512	$248,905	$92,490	$200,763.31	$220,839.64	$242,923.61	$267,215.97
Overtime Wages	$5,343	$10,300	$4,015	$5,876.97	$6,464.67	$7,111.13	$7,822.25
Payroll Taxes	$13,439	$19,806	$6,969	$14,782.46	$16,260.71	$17,886.78	$19,675.45
Retirement Benefits	$69,039	$29,722	$10,790	$75,942.98	$83,537.27	$91,891.00	$101,080.10
Employee Insurance	$37,549	$59,054	$14,800	$41,304.13	$45,434.54	$49,978.00	$54,975.80
Professional Services	$9,991	$25,000	$8,595	$10,989.87	$12,088.86	$13,297.74	$14,627.52
Education & Training	$3,175	$5,000	$1,533	$3,492.06	$3,841.27	$4,225.39	$4,647.93
Bank Charges	$3,423	$3,000	$1,595	$3,765.41	$4,141.95	$4,556.15	$5,011.76
Utilities	$1,938	$2,000	$723	$2,131.49	$2,344.64	$2,579.11	$2,837.02
Telephone	$1,455	$2,000	$741	$1,600.81	$1,760.89	$1,936.98	$2,130.68
Repairs & Maintenance	$1,654	$10,000	$645	$1,819.44	$2,001.39	$2,201.53	$2,421.68
Rentals	$5,153	$5,000	$2,220	$5,667.82	$6,234.60	$6,858.06	$7,543.86
Uniforms	$1,293	$2,100	$657	$1,422.47	$1,564.71	$1,721.18	$1,893.30
Insurance	$47,355	$45,000	$37,370	$52,090.79	$57,299.86	$63,029.85	$69,332.84
Public Notices & Advertising	$691	$1,500	$57	$759.97	$835.96	$919.56	$1,011.52
Fees & Licenses	$0	$500	$0	$0.00	$0.00	$0.00	$0.00
Dues & Licenses	$395	$2,500	$2,751	$434.50	$477.95	$525.75	$578.32
Natural Gas Purchased	$245,617	$375,000	$76,520	$270,178.70	$297,196.57	$326,916.23	$359,607.85
Office Supplies	$31	$250	$0	$33.72	$37.09	$40.80	$44.87
Printing & Postage	$4,545	$4,500	$1,966	$4,999.49	$5,499.44	$6,049.38	$6,654.32
Computer Supplies	$2,111	$5,200	$4,070	$2,322.06	$2,554.26	$2,809.69	$3,090.66
Gas Outage Supplies	$0	$250	$0	$0.00	$0.00	$0.00	$0.00
Operating Supplies	$11,745	$30,000	$11,388	$12,919.43	$14,211.38	$15,632.52	$17,195.77
Depreciation	$40,388	$0	$0	$44,426.80	$48,869.48	$53,756.43	$59,132.07
Vechicle Fuel & Oil	$6,586	$12,000	$4,261	$7,244.95	$7,969.45	$8,766.39	$9,643.03
Vehicle Repairs & Maintenance	$5,048	$10,000	$7,534	$5,553.32	$6,108.65	$6,719.51	$7,391.46
Contingency	$767	$151,913	$0	$843.34	$927.67	$1,020.44	$1,122.48
CIP Trucks	$0	$25,000	$3,833	$25,000.00	$25,000.00	$25,000.00	$25,000.00
CIP Telemeters	$0	$50,000	$22,803	$50,000.00	$50,000.00	$50,000.00	$50,000.00
CIP Gas Detection Equipment	$0	$25,000	$0	$25,000.00	$25,000.00	$25,000.00	$25,000.00
CIP Ocotillo Line Replacement	$0	$0	$0	$50,000.00	$0.00	$0.00	$0.00
CIP Regulator Station	$0	$0	$0	$0.00	$250,000.00	$0.00	$0.00
CIP Pot-Holer	$0	$0	$0	$0.00	$0.00	$35,000.00	$0.00
Round Up Donations Expense		$15,000	$0	$15,000.00	$16,500.00	$18,150.00	$19,965.00
Bad Debt Write-Off	$1,282	$1,500	$1,224	$1,410.59	$1,551.64	$1,706.81	$1,877.49
Series 2010 Bond Payback			$0	$66,700.00	$66,700.00	$66,700.00	$66,700.00
Total Natural Gas Expenditures	**$702,524**	**$1,177,000**	**$319,552**	**$1,004,476.85**	**$1,283,254.54**	**$1,154,909.99**	**$1,215,230.99**
Total Revenue over Expenditures	**$56,933**	**$0**	**-$56,884.01**	**-$78,128.07**	**-$171,636.00**	**$123,451.33**	**$254,884.53**

NATURAL GAS APPENDIX

RESIDENTIAL COMPRESSED NATURAL GAS SERVICE

City - G1.9, Magma - GM1.9

APPLICATION

These rates are applicable to any residential customer served primarily or entirely from City and Magma gate stations and other distribution infrastructure located within the corporate limits of the City of Mesa, using natural gas for the sole purpose of compressing natural gas for use as a fuel vehicular internal combustion engine for the billing of utilities commencing with the August 2016 billing cycles.

Service under these schedules shall be through one or more meters at the option of the City's Energy Resources Department, provided they are located at the same premise. Service for any end use of gas other than compression of natural gas for vehicle use, such as space heating, water heating, processing or boiler fuel use, is not permitted under these schedules nor through the meter(s) through which service under these schedules is provided. Not applicable to temporary, breakdown, standby, supplementary, or resale service.

MONTHLY BILLING CYCLE

City Service Area

Rate: For billing cycles May through October
$32.46 Service Charge, plus
$0.0879 per Billed Therm, all Billed Therms

For billing cycles November through April
$42.14 Service Charge, plus
$0.0879 per Billed Therm, all Billed Therms

Magma Service Area

Rate: For billing cycles May through October
$35.44 Service Charge, plus
$0.0970 per Billed Therm, all Billed Therms

For billing cycles November through April
$46.13 Service Charge, plus
$0.0970 per Billed Therm, all Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

City Service Area
An additional charge of $12.61 per billing cycle will be made for each meter being supplied with a higher than normal pressure.

Magma Service Area
An additional charge of $13.82 per billing cycle will be made for each meter being supplied with a higher than normal pressure.

ADJUSTMENTS

1. A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.
2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities

INDEX OF COMMUNITIES

The rate schedules applicable to the communities listed below are Schedule Nos. G-5 through G-80, T-1 and B-1.

Adobe
Aguila
Ajo
Amado
Apache
Apache Junction
Arizona City
Arivaca Junction
Arlington
Avondale
Beardsley
Benson
Bisbee
Bisbee Junction
Bonita
Bowie
Buckeye
Bullhead City
Bylas
Carefree
Casa Grande
Cashion
Cave Creek
Central Heights
Chandler
Chandler Heights
Circle City
Claypool
Clifton
Cochise
Coolidge
Cortaro
Cutter
Dateland
Don Luis
Double Adobe
Douglas
Dragoon
Dudleyville
Ehrenberg
Elfrida
El Mirage
Eloy
Florence
Fort Grant
Fort Huachuca
Fort Mohave
Fountain Hills
Gila Bend
Gilbert
Glendale
Globe
Goodyear
Green Valley
Guadalupe
Harcuvar
Harquahala
Hayden
Hereford
Higley
Horn
Huachuca City
Hyder
Kansas
Settlement
Kearny
Kelvin
Laveen
Liberty
Litchfield Park
Luke AFB
Mammoth
Marana
Maricopa
Marinette
McNeal
Mesa
Miami
Mobile
Mohave Valley
Morenci
Morristown
Naco
New River
Ocotillo
Oracle
Oro Valley
Palominas
Paradise Valley
Parker
Pearce
Peoria
Peridot
Perryville
Phoenix
Picacho
Pirtleville
Queen Creek
Rainbow Valley
Red Rock
Rillito
Riverside
Riviera
Sacaton
Sahuarita
Salome
San Carlos
San Manuel
San Simon
Scottsdale
Sierra Vista
Somerton
Sonoita
South Tucson
St. David
Stanfield
Stargo
Sun City
Sunizona
Sun Lakes
Sunsites
Superior
Surprise
Tacna
Tempe
Theba
Tolleson
Tombstone
Tonopah
Topock
Tucson
Vail
Valley Farms
Waddell
Wellton
Wenden
Wickenburg
Willcox
Williams AFB
Winkelman
Wittmann
Youngtown
Yuma

SOUTHWEST GAS CORPORATION
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Arizona Gas Tariff No. 7 — 237th Revised A.C.C. Sheet No. 11
Arizona Division — Canceling 236th Revised A.C.C. Sheet No. 11

STATEMENT OF RATES
EFFECTIVE SALES RATES APPLICABLE TO ARIZONA SCHEDULES 1/ 2/

Description	Delivery Charge	3/ Rate Adjustment	Monthly Gas Cost	Currently Effective Tariff Rate	
G-5 – Single-Family Residential Gas Service					
Basic Service Charge per Month	$ 10.70			$ 10.70	
Commodity Charge per Therm:					
All Usage	$ .70314	$ (.07614)	$ .39003	$ 1.01703	I
G-6 – Multi-Family Residential Gas Service					
Basic Service Charge per Month	$ 9.70			$ 9.70	
Commodity Charge per Therm:					
All Usage	$ .70314	$ (.07614)	$ .39003	$ 1.01703	I
G-10 – Single-Family Low Income Residential Gas Service					
Basic Service Charge per Month	$ 7.50			$ 7.50	
Commodity Charge per Therm:					
Summer (May–October):					
All Usage	$ .70314	$ (.09350)	$ .39003	$ .99967	I
Winter (November–April):					
First 150 Therms	$ .40384	$ (.09350)	$ .39003	$ .70037	I
Over 150 Therms	.70314	$ (.09350)	$ .39003	.99967	I
G-11 – Multi-Family Low Income Residential Gas Service					
Basic Service Charge per Month	$ 7.50			$ 7.50	
Commodity Charge per Therm:					
Summer (May–October):					
All Usage	$ .70314	$ (.09350)	$ .39003	$ .99967	I
Winter (November–April):					
First 150 Therms	$ .40384	$ (.09350)	$ .39003	$ .70037	I
Over 150 Therms	.70314	$ (.09350)	$ .39003	.99967	I
G-15 – Special Residential Gas Service for Air Conditioning					
Basic Service Charge per Month	$ 10.70			$ 10.70	
Commodity Charge per Therm:					
Summer (May–October):					
First 15 Therms	$ .70314	$ (.04476)	$ .39003	$ 1.04841	
Over 15 Therms	.13077	$ (.04476)	$ .39003	.47604	
Winter (November–April):					
All Usage	$ .70314	$ (.04476)	$ .39003	$ 1.04841	

Issued On December 30, 2016
Docket No. G-01551A-10-0458

Issued by
Justin Lee Brown
Vice President

Effective January 1, 2017
Decision No. Pending

CITY OF WILLCOX, ARIZONA

GAS SYSTEM

RATES AND CHARGES EFFECTIVE JULY 1, 2016

Customer Type	Meter Size	Rate Code	FY14 Meter Charge	FY15 Meter Charge	FY16 Meter Charge	FY17 Meter Charge
Residential In Town	175/200/250/275	101	$12.01	$12.20	$12.20	$12.37
Residential Out of Town	175/200/250/275	102	$12.01	$12.20	$12.20	$12.37
Commercial	175/200/250/275	110	$12.01	$12.20	$12.20	$12.37
Commercial	315/325/415/425	111	$21.01	$21.35	$21.35	$21.65
Commercial	750/800	112	$31.01	$31.51	$31.51	$31.95
Commercial	1000/1500/2000	113	$61.01	$61.99	$61.99	$62.85
Commercial	3000/4000	114	$91.01	$92.47	$92.47	$93.76
Commercial	5000/6000	115	$101.01	$102.63	$102.63	$104.06
Commercial	7000/8000	116	$131.01	$133.11	$133.11	$134.97