

**RESOLUTION NO. 18PUC-001**

**RESOLUTION ESTABLISHING NATURAL GAS RATES  
EFFECTIVE WITH METER READINGS AFTER FEBRUARY 28,  
2018; AMENDING INTERRUPTIBLE TRANSPORTATION  
SERVICE VOLUMETRIC CHARGES; SUPERSEDING ALL  
PRIOR INCONSISTENT OR CONFLICTING RATES AS OF  
MARCH 1, 2018.**

RESOLVED by the Duluth Public Utilities Commission (the "Commission") that the Commission hereby makes the following Findings of Fact:

- 1.) The City's natural gas system is a key part of the utility infrastructure of the city, providing an economical source of energy for residential, commercial and industrial users for both commercial/industrial and residential purposes.
- 2.) The City's costs of operating its natural gas system have increased dramatically in recent years but the City has not increased its natural gas transportation volumetric rates to meet these costs since 2009.
- 3.) There are currently no customers on the City of Duluth's transportation rate.

FURTHER RESOLVED, that effective with the natural gas meter readings after February 28, 2018, all customers of the natural gas utility of the city of Duluth shall be charged for such natural gas in accordance with the schedule of rates established by this resolution as follows:

<b>CUSTOMER RATE SCHEDULE BASED UPON MONTHLY METERED VOLUME</b>			
		Fixed monthly charge	Per 100 cubic feet (CCF)
		Effective March 1, 2018 (no change)	Effective March 1, 2018 (no change)
Firm sales service	Residential small volume	\$8.63	\$0.934
	Residential large volume	\$230.00	\$0.833
	Commercial/industrial small volume	\$46.00	\$0.850
	Commercial/industrial large volume	\$230.00	\$0.817
Interruptible sales service	Commercial/industrial large volume	\$517.50	\$0.698
Interruptible transportation service		Year 1*	Year 2+
	Commercial/industrial per CCF	\$0.196 <del>\$0.1661</del>	\$0.179 <del>\$0.1490</del>
	Fixed monthly charge	\$517.50	\$517.50
	*The Year 1 rate applies to the first 12 months of service for any customer in this rate class. After the first 12 months of service, the customer will be charged the Year 2+ rate.		

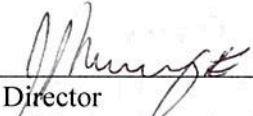
<b>CUSTOMER RATE SCHEDULE BASED UPON MONTHLY METERED VOLUME</b>	
Purchased gas adjustment (PGA)	If the wholesale price of gas purchased by the City of Duluth is increased or decreased as compared to the residential small volume customer rate listed in the Customer Rate Schedule, the unit commodity charge (\$ per CCF) for gas sold under the applicable rate schedule shall be increased or decreased on the customer's monthly bill in the same amount as the unit cost of gas has been increased or decreased. The PGA calculation will be made by adding to or subtracting from the rate per CCF set forth in the Customer Rate Schedule above for each class of customers an amount equal to the rate and the wholesale price of such gas plus an adjustment to reflect the amount of the PILOT resulting from the difference between the applicable Customer Rate and the wholesale price.

RESOLVED FURTHER, any prior rates inconsistent or conflicting with this resolution are superseded as of March 1, 2018.

Approved by the DPUC: January 16, 2018  
(date)

Submitted to City Council: January 17, 2018  
(where appropriate) (date)

ATTEST:

  
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Director  
Public Works and Utilities  
City of Duluth

**STATEMENT OF PURPOSE:**

The purpose of this resolution is to adjust the rate for natural gas transported by the City through its natural gas distribution system. Interruptible transportation fixed rates were last increased in 2013, but volumetric charges were established in 2009. There are no current customers in this rate category.

The new rates will be effective as of March 1, 2018. This increase is needed to cover the City's increased costs due to the nature of the billing of transportation customers and the operation and maintenance costs of the distribution system.