



Legislation Text

File #: 18-0076R, **Version:** 1

RESOLUTION APPROVING DULUTH ENERGY SYSTEM THERMAL ENERGY HOT WATER RATE FOR EASTERN CANAL PARK.

CITY PROPOSAL:

WHEREAS, Ever-Green Energy, Inc. ("EGE"), the city's manager of Duluth Energy Systems, has recommended an increase in the district heating hot water rate for customers connected to the eastern Canal Park hot water system from the current rate of \$7.54 to a rate of \$8.00 per million Btu for thermal energy service; and

WHEREAS, pursuant to section 2.3.8 of the energy system management services agreement between the city and EGE bearing city contract no. 21646 (the "Contract"), the city council approves rates charged to customers for services provided under the Contract; and

WHEREAS, the city has determined the proposed rate is reasonable and necessary to defray the costs of operating the subject system.

RESOLVED, that pursuant to section 2.3.8 of the Contract, the city council hereby approves the rate of \$8.00 per million Btu for thermal energy services provided to customers connected to the eastern Canal Park Hot water system, effective on and after January 1, 2018.

STATEMENT OF PURPOSE: The purpose of this resolution is to approve modification of the rate charged for thermal energy services provided to customers (Canal Park Lodge, Canal Park Brewery, Hampton Inn, Inn on Lake Superior) connected to the eastern Canal Park Hot water system from \$7.54 per million Btu (mmBtu) to \$8.00 per mmBtu. This is the fourth rate increase since hot water service was first made available in 2000. The proposed 6.1 percent hot water rate increase is required to more equitably distribute Duluth Energy Systems operating costs between steam and hot water customers.