

ORDINANCE NO. 21-868

AN ORDINANCE REVISING RATES TO BE CHARGED BY CLARKSVILLE CONNECTED UTILITIES FOR ELECTRIC SERVICE; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES

WHEREAS, the City of Clarksville, Arkansas (“City”) is the owner and regulator of a municipal utility providing electric, water, wastewater, and broadband services; and

WHEREAS, the City created a commission known as Clarksville Connected Utilities (“Commission”) for the purpose of managing and operating the municipal utility in accordance with the authority granted by the City; and

WHEREAS, pursuant to Section 2.60.03 of the Clarksville Municipal Code, the City Council has retained authority to establish the maximum retail rate that may be charged for electric service and directed the Commission to submit a proposed rate change when a factual basis for a rate change exists; and

WHEREAS, on June 10, 2021, the Commission reviewed analysis of utility costs and rates performed by experts and determined that a factual basis exists warranting a revision of rate structures, more specifically that:

- Rate structures that incorporate decreasing per unit costs as consumption increases are antiquated, encourage inefficiency, and fail to reflect actual utility costs
- Rate structures that differ by season no longer reflect actual utility costs incurred
- Nominal base/customer charges fail to recoup fixed costs
- Complex rate calculations are cumbersome and unnecessary
- Residential rates are being subsidized by commercial and industrial rates; and

WHEREAS, the Commission has proposed revised electric rate schedules to the City Council for consideration as shown on the exhibits attached hereto and described below:

Existing Rates

Exhibit A-x: Current Residential Rates R-1 and R2

Exhibit B-x: Current Small Commercial Rate C-1

Exhibit C-x: Current Large Commercial/Industrial Rate P

Exhibit D-x: Current Fuel Adjustment

Proposed Rates

Exhibit A-1: Proposed Residential Rate R-1 with Rate R-2 deleted

Exhibit B-1: Proposed Small Commercial Rate C

Exhibit C-1: Proposed Large Commercial/Industrial Rate

Exhibit D-1: Proposed Fuel Adjustment

Exhibit E: Summary of Current and Proposed Rate Schedules

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Clarksville, Arkansas that:

Section 1. The Clarksville City Council hereby determines that the following electric rate schedules are just and reasonable, and hereby directs Clarksville Connected Utilities to charge and collect such rates from customers for services provided as soon as administratively practical, but no later than October 1, 2021:

- A. The Residential Rate Schedule(s) shown on Exhibit A-1.
- B. The Small Commercial Rate Schedules shown on Exhibit B-1.
- C. The Large Commercial/Industrial Rate Schedule shown on Exhibit C-1.
- D. The Fuel Adjustment calculation shown on Exhibit D-1.

Section 2. Until such time that the rate schedules and Fuel Adjustment Calculation described in Section 1 are implemented, Clarksville Connected Utilities shall continue to charge and collect rates according to rate schedules that were effective immediately prior to the adoption of this ordinance.

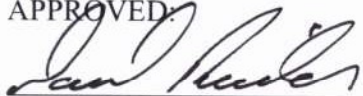
Section 3. Upon implementation of the rate schedules and Fuel Adjustment calculation described in Section 1, all previously approved versions of electric rate schedules Residential R-1, Residential R-2, Small Commercial C, and Large Commercial/Industrial P shall be repealed and superseded by the rate schedules shown in Section 1. Additionally, all previously approved versions of the Fuel Adjustment calculation shall be repealed and superseded by the Fuel Adjustment Calculation shown in Section 1.

Section 4. The provisions of this ordinance are declared to be severable and, if any part of this ordinance is declared to be unlawful or unenforceable, the remainder of this ordinance shall continue to be effective.

Section 5. All ordinances and parts of ordinances in conflict herewith are repealed to the extent of the conflict.

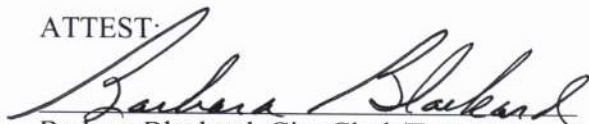
Passed this 9 day of August, 2021.

APPROVED:



David Rieder, Mayor

ATTEST:


Barbara Blackard, City Clerk/Treasurer

RESIDENTIAL RATE SCHEDULE R-1 (EXISTING RATE)

EXHIBIT A-x (pg 1)
Existing Residential Rates

Availability: At any point on the Company's distributing system.

Application: For residential service to single residences or individual family apartments supplied through one (1) meter, including incidental family use on the appurtenant premises. The rate schedule is not applicable to commercial type use on the appurtenant premises such as chicken brooding. Where a portion of the residence premises, not separately metered, is used for nonresidential purposes, the predominant use of the service, as determined by the Company, shall determine the rate schedule applicable to all service. Service is for the use of the customer and may not be shared and may not be resold to others. Not applicable to standby or supplementary service.

Character of Service: Service will normally be single-phase sixty (60) cycle, at approximately 120/240 volts. However, three- phase service may be furnished if approved by the Clarksville Connected Utilities.

Net Monthly Rate: for consumption beginning with April billing cycle meter readings each year

Base/Customer Charge	\$7.50/month
First 265 KWH	\$0.0608/KWH
All Additional KWH	\$0.0442/KWH

Base/Customer Charge Monthly Bill: A base charge of ten dollars (\$7.50) will be charged on a monthly basis regardless of consumption quantity.

Fuel Adjustment: The above energy charges will be increased or decreased to reflect the charge in the cost of fuel and purchased power incurred by the Company for the supply of service here-under, as prescribed in Fuel Adjustment Clause.

Taxes: The net monthly bill is subject to the addition of all taxes levied on power bills.

Payment: Payment shall be due fifteen (15) days from the billing date and if not paid on or before the fifteenth (15th) day following the billing date, a late charge of ten percent (10%) may be added to the bill.

Contract Period: Month to month except as otherwise required by a line extension agreement.

RESIDENTIAL RATE SCHEDULE R-2 (EXISTING ALL ELECTRIC)

Availability: At any point on the Company's distribution system

Application: For residential service to single residences or individual family apartments supplied through one (1) meter, including incidental family use on the appurtenant premises where such electric service is in the primary source for heating the entire residence or apartment dwelling unit (including the water heater). The rate schedule is not applicable to commercial type use on the appurtenant premises, such as chicken brooding. Where a portion of the residence premises, not separately metered, is used for nonresidential purposes, the predominant use of the service, as determined by the Company, shall determine the rate schedule applicable to all service. Service is for the use of the customer and may not be shared and may not be resold to others. No applicable to standby or supplementary service.

Character of Service: Service will normally be single-phase sixty (60) cycle, at approximately 120/240 volts. However, three-phase service may be furnished if approved by the Clarksville Connected.

Net Monthly Rate:

For meter readings in the months of June, July, August, September and October.

Base/Customer Charge	\$7.50/month
First 265 KWH	\$0.0608/KWH
All additional KWH	\$0.0442/KWH

2. For meter readings in the months of November, December, January, February, March, April and May:

Base/Customer Charge	\$7.50/month
First 265 KWH	\$0.0608/KWH
All additional KWH	\$0.0342/KWH

Base/ Customer Charge Monthly Bill: A base charge of seven dollars and fifty cents (\$7.50) will be charged on a monthly basis regardless of consumption quantity.

Fuel Adjustment: The above energy charges will be increased or decreased to reflect the charge in the cost of fuel and purchased power incurred by the Company for the supply of service hereunder, as prescribed in Fuel Adjustment Clause.

Taxes: The net monthly bill is subject to the addition of all taxes levied on power bills.

Payment: Payment shall be due fifteen (15) days from the billing date and if not paid on or before the fifteenth (15th) day following the billing date; a late charge of ten percent (10%) may be added to the bill.

Contract Period: Month to month except as otherwise required by a line extension agreement.

SMALL COMMERCIAL SCHEDULE C (EXISTING)

EXHIBIT B-x
Existing Small Commercial Rates

Availability: At any point on the Company's distributing system.

Application: For small commercial for lighting and power purposes supplied through one (1) point of delivery. Available to multi-residential dwellings when metered through one (1) supply point. Not applicable to resale, shared, standby or supplementary service.

Character of Service: Single or three-phase, sixty (60) cycles and at one (1) standard delivery voltage required by customer and available at customer's service location where service is delivered and metered at voltages less than 12,500y/7,200 with a maximum demand not to exceed fifty (50) KW. Notwithstanding the voltage and maximum demand limitations will not apply to educational institutions (public schools, universities, etc.).

Net Monthly Rate (for consumption beginning with April billing cycle meter readings each year):

Base/Customer Charge	\$10.00/month
First 1000 KWH	\$0.0597/KWH
For all additional KWH	\$0.0518/KWH

Base/Customer Charge Monthly Bill: A fixed charge of ten dollars (\$10) will be charged on a monthly basis regardless of consumption quantity.

Three-Phase Service: When three-phase service is supplied, a monthly charge of Thirty Dollars (\$30) will be added to the net monthly charges applicable to single-phase service. In the event a primary line extension is necessary, customer will reimburse company for the excess construction cost of the three phase primary line, either in cash or under a service facilities contract.

Fuel Adjustment: The above energy charges will be increased or decreased to reflect the charge in the cost of fuel and purchased power incurred by the Company for the supply of service hereunder, as prescribed in Fuel Adjustment Clause.

Taxes: The net monthly bill is subject to the addition of all taxes levied on power bills.

Payment: Payment shall be due fifteen (15) days from the billing date and if not paid on or before the fifteenth (15th) day following the billing date, a late charge of ten percent (10%) may be added to the bill.

Contract Period: Month to month except as otherwise required by a line extension agreement.

LARGE COMMERCIAL / INDUSTRIAL RATE SCHEDULE P (EXISTING)

Availability: At any point on the existing facilities having adequate capacity and suitable voltage for delivery of service from the Company's distribution system.

Application: For electric service required by customer on the premises supplied through one (1) point of delivery. Not applicable to resale, shared, standby or supplementary service.

Character of Service: Single-phase or three-phase sixty (60) cycle and at one (1) standard delivery voltage required by customer and available at customer's service location where service is delivered and metered.

Net Monthly Rate: For consumption beginning with April billing cycle meter readings each year.

Base/Customer Charge	\$100.00
Per KW demand charge	\$3.50
First 100 hrs. of use of billing demand	\$0.0276
Next 260 hrs. of use of billing demand	\$0.0233
All additional KWH	\$0.0215

Base/Customer Charge Monthly Bill: A fixed charge of one hundred dollars (\$100) will be charged on a monthly basis regardless of consumption quantity plus the demand charge as computed under the above schedule; or such amount as may be required by the Company when necessary to justify the investment required to provide the service.

Determination of Maximum Demand: The customer's maximum demand shall be the maximum rate at which energy is used for any period of thirty (30) consecutive minutes of the month for which the bill is rendered as shown by the Company's demand meter, but shall not be considered to be less than fifty (50) KWH.

Determination of Billing Demand: The billing demand upon which the demand charge is based shall be the maximum demand as determined above corrected for power factor as set forth under Power Factor Clause, provided that no billing demand shall be considered as less than the highest billing demand previously determined during a twelve (12) month period ending with the current month.

Power Factor Clause: The consumer shall at all times take and use power in such a manner that the power factor shall be as nearly one hundred percent (100%) as possible, but when the average power factor as determined by continuous measurement of lagging reactive kilovolt ampere hours is less than ninety-five percent (95%) the billing demand shall be determined by multiplying the maximum demand, measured by the demand meter for the billing period by ninety-five percent (95%) and dividing the product thus obtained by the actual average power factor expressed in percent. The company may, at its option, use for adjustment the power factor as determined by test during periods of normal operation of the consumer's equipment instead of the average power factor.

Primary Service Discount: When all of the following conditions are met, a discount of five percent (5%) of the net monthly bill computed will be allowed:

1. The customer takes service at 12,500v/7.200 volts.
2. The customer owns, maintains, and operates all equipment on customer's side of point of delivery.

When the customer qualifies and elects to take primary service, but the company chooses to meter on the load side of the customer's transformers, the five percent (5%) discount shall be allowed, but the KWH billed shall be increased by the amount of the transformer losses computed as follows:

One percent (1%) of the total KVA rating of the customer's transformers times seven hundred thirty (730) hours.

Secondary Service/Primary Metering Discount: When the customer does not qualify for the five percent (5%) primary service discount and the Company chooses to meter on the supply side of the Company's transformers, the five percent (5%) primary service discount will not be allowed, but the KWH shall be decreased by the amount of the transformer losses computed as follows:

One percent (1%) of the total KVA rating of the Company's transformers times seven hundred thirty (730) hours. The decrease in KWH shall not exceed five percent (5%) of metered KWH.

Fuel Adjustment: The above energy charges will be increased or decreased to reflect the charge in the cost of fuel and purchased power incurred by the Company for the supply of service hereunder, as prescribed in Fuel Adjustment Clause.

Taxes: The net monthly bill is subject to the addition of all taxes levied on power bills.

Payment: Payment shall be due fifteen (15) days from the billing date and if not paid on or before the fifteenth (15th) day following the billing date, a late charge of ten percent (10%) may be added to the bill.

Contract Period: Contracts under this schedule shall be for not less than one (1) year, but longer contracts (subject also to special minimum guarantees) may be necessary in cases warranted by special circumstances or unusually large investments by the Company.

Fuel Adjustment (CURRENT)

EXHIBIT D-x
Existing Calculation

Fuel Adjustment Clause: The fuel adjustment clause shall be made monthly based on a six (6) month period ending with the preceding month. The base cost for a six (6) month period is \$0.0294745 per KWH after adjusting for transmission and distributing system losses. The current cost per KWH is calculated by dividing the "total power cost" by the "total KWH sold" (using power cost and KWH sold for a six (6) month period ending with the previous month). "Total power cost" includes fees and other charges made by the wholesale power suppliers to the Company as well as company owned generation costs.

The adjustment is found by subtracting the "base energy cost" from the "current energy cost." The adjustment is applied to all KWH as determined under each rate schedule. The adjustment is not applied to Rate Schedule L, Security Light Service. (Ordinance No. 04-488-A, Sec. 1.)

RESIDENTIAL SCHEDULE R-1

EXHIBIT A-1
Proposed Residential Rates

Availability: At any point on the Company's distributing system.

Application: For residential service to single residences or individual family apartments supplied through one (1) meter, including incidental family use on the appurtenant premises. The rate schedule is not applicable to commercial type use on the appurtenant premises such as chicken brooding. Where a portion of the residence premises, not separately metered, is used for nonresidential purposes, the predominant use of the service, as determined by the Company, shall determine the rate schedule applicable to all service. Service is for the use of the customer and may not be shared and may not be resold to others. Not applicable to standby or supplementary service.

Character of Service: Service will normally be single-phase sixty (60) cycle, at approximately 120/240 volts. However, three- phase service may be furnished if approved by the Clarksville Connected Utilities.

Net Monthly Rate: for consumption for each monthly meter reading cycle

Base/Customer Charge	\$15.00/month
Energy Charge	\$0.078/KWH

Base/Customer Charge Monthly Bill: A base charge of fifteen dollars (\$15.00) will be charged on a monthly basis regardless of consumption quantity.

Fuel Adjustment: The above energy charges will be increased or decreased to reflect the charge in the cost of fuel and purchased power incurred by the Company for the supply of service here-under, as prescribed in Fuel Adjustment Clause.

Taxes: The net monthly bill is subject to the addition of all taxes levied on power bills.

Payment: Payment shall be due fifteen (15) days from the billing date and if not paid on or before the fifteenth (15th) day following the billing date, a late charge of ten percent (10%) may be added to the bill.

Contract Period: Month to month except as otherwise required by a line extension agreement.

THE RESIDENTIAL RATE SCHEDULE R-2 (REVISED 2002) is hereby repealed.

SMALL COMMERCIAL RATE SCHEDULE C

EXHIBIT B-1
Small Commercial Rates

Availability: At any point on the Company's distributing system.

Application: For small commercial for lighting and power purposes supplied through one (1) point of delivery. Available to multi-residential dwellings when metered through one (1) supply point. Not applicable to resale, shared, standby or supplementary service.

Character of Service: Single or three-phase, sixty (60) cycles and at one (1) standard delivery voltage required by customer and available at customer's service location where service is delivered and metered at voltages less than 12,500y/7,200 with a maximum demand not to exceed fifty (50) KW. Notwithstanding the voltage and maximum demand limitations will not apply to educational institutions (public schools, universities, etc.).

Net Monthly Rate for consumption for each monthly meter reading cycle

Base/Customer Charge	\$20.00/month
Energy Charge	\$0.0775/KWH

Base/Customer Charge Monthly Bill: A fixed charge of twenty dollars (\$20) will be charged on a monthly basis regardless of consumption quantity.

Three-Phase Service: When three-phase service is supplied, a monthly charge of Thirty Dollars (\$30) will be added to the net monthly charges applicable to single-phase service. In the event a primary line extension is necessary, customer will reimburse company for the excess construction cost of the three phase primary line, either in cash or under a service facilities contract.

Fuel Adjustment: The above energy charges will be increased or decreased to reflect the charge in the cost of fuel and purchased power incurred by the Company for the supply of service hereunder, as prescribed in Fuel Adjustment Clause.

Taxes: The net monthly bill is subject to the addition of all taxes levied on power bills.

Payment: Payment shall be due fifteen (15) days from the billing date and if not paid on or before the fifteenth (15th) day following the billing date, a late charge of ten percent (10%) may be added to the bill.

Contract Period: Month to month except as otherwise required by a line extension agreement.

LARGE COMMERCIAL / INDUSTRIAL RATE SCHEDULE P

EXHIBIT C-1
Large Comm./Ind. Rates

Availability: At any point on the existing facilities having adequate capacity and suitable voltage for delivery of service from the Company's distribution system.

Application: For electric service required by customer on the premises supplied through one (1) point of delivery. Not applicable to resale, shared, standby or supplementary service.

Character of Service: Single-phase or three-phase sixty (60) cycle and at one (1) standard delivery voltage required by customer and available at customer's service location where service is delivered and metered.

Net Monthly Rate: for consumption for each monthly meter reading cycle

Base/Customer Charge	\$250.00/month
Demand Charge	\$4.00/KW
Energy Charge	\$0.0415/KWH

Base/Customer Charge Monthly Bill: A fixed charge of two hundred and fifty dollars (\$250) will be charged on a monthly basis regardless of consumption quantity plus the demand charge as computed under the above schedule; or such amount as may be required by the Company when necessary to justify the investment required to provide the service.

Determination of Maximum Demand: The customer's maximum demand shall be the maximum rate at which energy is used for any period of thirty (30) consecutive minutes of the month for which the bill is rendered as shown by the Company's demand meter, but shall not be considered to be less than fifty (50) KWH.

Determination of Billing Demand: The billing demand upon which the demand charge is based shall be the maximum demand as determined above corrected for power factor as set forth under Power Factor Clause, provided that no billing demand shall be considered as less than the highest billing demand previously determined during a twelve (12) month period ending with the current month.

Power Factor Clause: The consumer shall at all times take and use power in such a manner that the power factor shall be as nearly one hundred percent (100%) as possible, but when the average power factor as determined by continuous measurement of lagging reactive kilovolt ampere hours is less than ninety-five percent (95%) the billing demand shall be determined by multiplying the maximum demand, measured by the demand meter for the billing period by ninety-five percent (95%) and dividing the product thus obtained by the actual average power factor expressed in percent. The company may, at its option, use for adjustment the power factor as determined by test during periods of normal operation of the consumer's equipment instead of the average power factor.

Primary Service Discount: When all of the following conditions are met, a discount of five percent (5%) of the net monthly bill computed will be allowed:

1. The customer takes service at 12,500y/7.200 volts.
2. The customer owns, maintains, and operates all equipment on customer's side of point of delivery.

When the customer qualifies and elects to take primary service, but the company chooses to meter on the load side of the customer's transformers, the five percent (5%) discount shall be allowed, but the KWH billed shall be increased by the amount of the transformer losses computed as follows:

One percent (1%) of the total KVA rating of the customer's transformers times seven hundred thirty (730) hours.

Secondary Service/Primary Metering Discount: When the customer does not qualify for the five percent (5%) primary service discount and the Company chooses to meter on the supply side of the Company's transformers, the five percent (5%) primary service discount will not be allowed, but the KWH shall be decreased by the amount of the transformer losses computed as follows:

One percent (1%) of the total KVA rating of the Company's transformers times seven hundred thirty (730) hours. The decrease in KWH shall not exceed five percent (5%) of metered KWH.

Fuel Adjustment: The above energy charges will be increased or decreased to reflect the charge in the cost of fuel and purchased power incurred by the Company for the supply of service hereunder, as prescribed in Fuel Adjustment Clause.

Taxes: The net monthly bill is subject to the addition of all taxes levied on power bills.

Payment: Payment shall be due fifteen (15) days from the billing date and if not paid on or before the fifteenth (15th) day following the billing date, a late charge of ten percent (10%) may be added to the bill.

Contract Period: Contracts under this schedule shall be for not less than one (1) year, but longer contracts (subject also to special minimum guarantees) may be necessary in cases warranted by special circumstances or unusually large investments by the Company.

EXHIBIT D-1

Proposed Calculation

Fuel Adjustment

Fuel Adjustment Clause: The fuel adjustment clause shall be made monthly based on the preceding month billing period. The base for the total power cost for a one (1) month period is \$0.055 per KWH after adjusting for transmission, distributing system losses, city used energy, utility energy, and street lighting. The current cost per KWH is calculated by dividing the "total power cost" by the "total KWH sold" (using power cost and KWH sold each preceding month). "Total power cost" includes fees and other charges made by the wholesale power suppliers to the Company, cost for equity transfer for city energy, debt service associated by Company owned power generation, as well as company owned generation fuel and labor costs.

The adjustment is found by subtracting the "base energy cost" from the "current energy cost." The adjustment is applied to all KWH as determined under each rate schedule. The adjustment is not applied to Rate Schedule L, Security Light Service. (Ordinance No. 04-488-A, Sec. 1.)

EXHIBIT E
Comparison of Current
and Proposed Rates

SCHEDULE	CURRENT	PROPOSED
Residential R-1	\$7.50/month + \$0.0608/KWH for first 265 KWH + \$0.0442/KWH for all other energy + Fuel Adjustment	
Residential R-1 JUN, JUL, AUG, SEP	\$7.50/month + \$0.0608/KWH for first 265 KWH + \$0.0442/KWH for all other energy + Fuel Adjustment	\$15.00/month + \$0.078/KWH + Fuel Adjustment
Residential R-2 ALL OTHER MONTHS	\$7.50/month + \$0.0608/KWH for first 265 KWH + \$0.0342/KWH for all other energy + Fuel Adjustment	
Small Commercial C	\$10.00/month + \$0.0597/KWH for first 1000 KWH + \$0.0518/KWH for all other energy + Fuel Adjustment	\$20.00/month + \$0.0775/KWH + Fuel Adjustment
Large Ind/Comm P	\$100.00/month + \$3.50/KW + \$0.0276/KWH for first 100 hrs of billing demand + \$0.0233/KWH for next 260 hrs. of billing demand + \$0.0215/KWH for all additional energy + Fuel Adjustment	\$250/month + \$4.00/KW + \$0.0415/KWH + Fuel Adjustment
Fuel Adjustment	Rolling 6 month average. Cost of power above \$0.0294745/KWH is added to each bill.	Month-to-month. Cost of power and losses above \$0.055/KWH is added to each bill.