

P.S.C. No. 1 - Gas  
Hamilton Municipal Utilities Commission  
Initial Effective Date: September 1, 2014

Statement Type: BRS  
Statement No: 1

**BOILER RATE STATEMENT**  
**CALCULATED IN COMPLIANCE WITH PSC ORDER IN CASE 13-G-0584, Issued and**  
**Effective April 24, 2014**

Commencing on the Commercial Operation Date Customer agrees to pay

Municipality for gas service provided hereunder the following rates and charges:

1. A Customer Charge of \$720,000 per year, payable at the rate of \$60,000 monthly.
2. A monthly Usage Charge, calculated pursuant to the following formula:

$$\frac{(RR - (CC + PGC + L/S CR))}{BFV} \times 1/12$$

Where:

RR = The total Annual Revenue Requirement for the Hamilton Municipal Utility Gas Department, which includes the following:

- i. Annual debt payment for principal and interest on any and all bonds, notes, loans or any other security instrument issued by the Village of Hamilton to finance the construction, operation, maintenance and management of the System.
- ii. Property taxes and/or payments made in lieu of taxes imposed on the Gas Department for System facilities.
- iii. Expenses for the operation and maintenance, supervision and engineering, customer accounting, and administration of the System.
- iv. Cost relating to the transmission of gas to the System, and the commodity cost of gas (including gas contract fees, spot gas purchases, transmission contract reservation fees, wages, salaries and/or contracting or arranging for the supply of gas).<sup>1</sup>

CC = The annual Customer Charge.

PGC = Anticipated annual revenues from the Purchased Gas Charge.

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<sup>1</sup> The gas rate year for revenue requirement purposes will commence September 1 and end August 31.

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- L/S CR = 50% of revenues projected to be received during the gas rate year through the Customer Charge and Usage Charge of the Large and Small Customer classes served by the Gas Department.
- BFV = Estimated annual gas volumes serving the metered accounts listed on Attachment A.
3. A Purchased Gas Charge, which will be equal to a Base Gas Charge plus or minus a Gas Adjustment Clause Charge, which will change monthly and will recover any difference between the Base Gas Charge and the Village's actual per Dekatherm Purchased Gas Cost, multiplied by monthly volumes measured for the metered accounts served under this Agreement. The effective Base Gas Charge for each year after the first year of this Agreement will be projected by October 31 of the year preceding the year in which it will be in effect. The projected Base Gas Charge for the initial year of the Agreement is set forth in Attachment "B" hereto.
  4. A "Realized Actual Net Revenue Credit" ("L/S CR"), which will be the difference between the previous year's actual Revenue Requirement and the actual revenues collected from all customer classes received in the previous year. The Revenue Credit will be collected or credited on a volumetric basis.

A. The Annual Revenue Requirement for Year 1 is as follows:

1. The Annual Debt Service on \$6 million in construction cost at 4% interest is \$441,491.
2. The Property taxes for Year 1 are zero
3. Operation and Maintenance expense is \$166,227.
4. Total cost of gas purchased is expected to be \$803,597 based on an estimated cost of \$8.61 per Dekatherm and sales of 93,333 Dekatherms. The Purchased Gas Charge ("PGC") consists of a Base Gas Charge of \$8.61 plus or minus a Gas Adjustment Charge, which will change monthly, but is currently estimated to be \$0.0 per Dekatherm. The PGC will be recovered on a volumetric basis.
5. First year sales are forecast to be made to the University Boiler, and Four Large Customers (Hamilton Hospital, Hamilton Central School, the Sanford Field House of Colgate University, the apartment complex located on Route 12B south of the Hospital, known as the Townhouses, and the

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Colgate Inn). There are no sales anticipated from the Small Customer Classes (Residential Small Commercial) in the first year of operation.

6. The total annual revenue requirement is therefore \$1,411,315.
  7. Estimated revenues from the customer charge and usage rate charge from the Large (*i.e.*, those customers listed in item 5, above) in Year 1 is anticipated to be \$71,401 on sales of 37,459 Dekatherms (based on usage rate of \$1.81/Dth.
  8. PGC revenue from the Boiler is expected to be \$481,075 on 55,874 Dekatherms of sales. The PGC revenues from the Large Class is \$322,522 on sales of 37,459 Dekatherms.
- B. Monthly Boiler Bill Levelized Example – Year #1 will be as follows:
1. Customer Charge ("CC") - \$60,000 (\$720,000 Annual)
  2. Purchased Gas Cost ("PGC") - \$40,090 (\$481,075 Annual)
  3. Unit Rate ("UR")
    - a. \$1,411,315 (Total Projected Rev. Req.)
    - b.  $\frac{- 720,000}{\$691,315}$  (Annual Boiler CC Revs.) Net
    - c.  $\frac{- 803,597}{(\$112,282)}$  (Total Projected PGC Revs.) Net
    - d.  $\frac{- 38,701}{(\$150,983)}$  (50% of Anticipated Net Revs. from Other Customers) Net
    - e.  $\frac{0}{(\$150,983)}$  (Actual Previous Year Deficiency or Half Previous Year Excess Revenue) Net
    - f.  $\frac{\div 12}{(\$12,582)}$  Unit Rate Credit
- |            |  |
|------------|--|
| Plus L. 1. | \$60,000                                   |
| Plus L. 2. | 40,090                                     |
| Plus L 3.  | (\$12,582)                                 |
| <hr/>      |  |
|            | \$87,508 Monthly Bill (\$1,050,092 Annual) |

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