

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

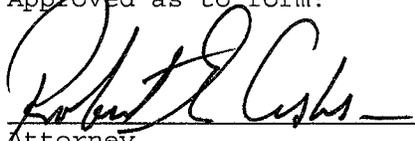
13-0468R

RESOLUTION VETOING DPUC RESOLUTION 13PUC-006  
ESTABLISHING NATURAL GAS RATES EFFECTIVE AFTER SEPTEMBER  
30, 2013.

BY COUNCILOR STAUBER:

RESOLVED, that pursuant to Section 2-187 of the Duluth City Code, 1959, as amended, Resolution 13PUC-006 establishing natural gas rates effective for meter readings after September 30, 2013 approved by the Duluth Public Utilities Commission on August 20, 2013 is hereby vetoed.

Approved as to form:

  
\_\_\_\_\_  
Attorney

CCREQ/ATTY REA:cjh 8/29/2013

STATEMENT OF PURPOSE: The purpose of this resolution is to veto the natural gas rate resolution approved by the DPUC on August 20<sup>th</sup>.

This veto expresses the desire of the council to not raise both the fixed monthly rates and the volumetric rates as set forth in the DPUC resolution.

When the rate increase proposal contained in 13PUC 006 was originally developed, it was intended to help the utility meet operating costs and to allow it to build up a reserve over a 5 year period of approximately \$5 Million. At the time it was developed it was anticipated that, without a rate increase, the utility would have a negative cash balance by the end of 2014 of \$1.7 Million after making annual bond payments of \$1.1 Million per year.

Because of a cold spring resulting in higher than normal gas sales and other factors, it is now anticipated that the gas fund will have a positive cash balance at the end of 2013 of \$1.1 Million after annual debt service payments.