

ORDINANCE NO.

AN ORDINANCE CONCERNING AN INCREASE TO THE RATES FOR ELECTRIC SERVICE, REPEALING AND REPLACING TITLE 8 CHAPTER 6 SECTION 6 OF THE MUNICIPAL CODE OF THE CITY OF GALLUP IN ITS ENTIRETY

WHEREAS, there is an urgent need to increase the rates and fees within the electric utility to meet operations and maintenance costs and future system replacement and upgrade needs and costs.

NOW THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF GALLUP, NEW

MEXICO, that:

The rates, fees and other charges charged for electric service to residential, non-residential (general service small and general service medium), outdoor area lighting, metered street and highway lighting, municipal (service to the City of Gallup) and all others customers of the City of Gallup, whose rates, fees and other charges are not established by contract in conformance with Title 8, Chapter 6 Section 6 (D) of the City Code, shall be increased by an average of 6.15 percent. Section 8-6-6 of the Gallup Municipal Code shall be replaced in its entirety with the following new Section 8-6-6:

8-6-6: ELECTRICAL RATES

The charges for all electricity consumed shall be at the following rates:

A. Residential Service Rate: Applicable to electric service to single-family dwellings, individual farm units, individual apartments, or separate living quarters where the major use of electricity is for domestic purposes such as lighting, household appliances, and the personal comfort and convenience of those residing therein.

Energy Charge:

First 50 kWh:	Included in minimum service charge of \$7.66
Thereafter all kWh	\$0.1277 per kWh

B. General Service-Small (Non-Residential) Rate: Available for single and three-phase service for non-residential service. This rate applies to customers whose consumption is **less than 40,000 kWh** per month or whose demand is **less than 100kW**.

If the demand is over 100kW per month for three or more consecutive months within any twelve month period, or consumption is equal to or greater than 40,000 kWh, **service will not be provided under this rate.**

Energy Charge:

First 100 kWh:	Included in min. service charge of \$15.35
Thereafter all kWh	\$0.1365 per kWh

C. General Service-Medium (Non-Residential) Rate: Available for single and three-phase service for non-residential service to customers whose monthly energy consumption is **greater than or equal to 40,000 kWh** or whose demand is 100 kW per month for three consecutive months within any twelve month period.

Demand is the highest 15-minute average load measured in kW during the monthly reading period.

Demand Charge:

First 100 kW or less:	Included in min. service charge of \$1,674.86
Additional Demand:	\$14.31 per kW

Energy Charge:

All kWh at:	\$0.0871 per kWh
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D. Industrial Contract Rate: An industrial rate is available to customers whose demand exceeds one thousand five hundred (1,500) kW of capacity per month. Service shall be metered at the city's available distribution voltage of thirteen thousand two hundred (13,200) volts (primary metered). Additionally, time of use rates may be made available to those customers whose monthly demand exceeds five hundred (500) kW per month for three (3) consecutive months in any calendar year. Industrial and/or time of use rates will be determined on a case by case basis, when after consideration and

review of all circumstances, good cause exists, and such rates are fair, just and reasonable, and are not preferential or discriminatory to existing or future customers. Some factors that will influence these rates are as follows:

1. Economic Development: Reduced rates may be negotiated with a large industrial user for a period of up to five (5) years to promote economic development in the city.
2. Load Factor: Load factor is defined as the ratio of the average demand to peak demand during the monthly billing period and will be a major consideration in determining the rate.
3. Power Factor: Rate will provide an incentive for desirable power factor (ratio of kVAr/kW). The City is required to maintain a system-wide power factor between 0.97 lagging and 0.99 leading.
4. Capital Outlay: Capital outlay required by the city to extend service to the customer.
5. Time Of Use: Rate based on time-of-day that energy is consumed.
6. Negotiations: Negotiations with the City's electric supplier

E. Municipal Service (Service to the City of Gallup) Rate: Available to all facilities owned and or operated by the City of Gallup:

Energy Charge:

All kWh at: \$0.0632 per kWh

F. Municipal Service Utilities Rate: Available to City of Gallup utilities and facilities operated by the City or operated by City under contract with a third party:

Energy Charge:

All kWh at: \$0.0883 per kWh

G. Outdoor Area Lighting: The following charge shall apply to rental rates for outdoor area lighting:

A minimum charge is imposed on all rental lighting rates equal to twelve (12) months' service at the applicable rate.

City-owned and operated fixtures:

150 Watt	\$7.63 per month
250 Watt	\$17.48 per month
400 Watt	\$21.88 per month

Privately-owned and operated un-metered fixtures:

150 Watt	\$6.74 per month
250 Watt	\$15.40 per month
400 Watt	\$19.28 per month

NOTE: No new services will be added under this rate (Privately-owned and operated un-metered fixtures).

H. Metered Street and Highway Lighting:

Energy Charge:

All kWh at: \$0.1208 per kWh

I. Effective Date of Rates: The rates, fees and other charges for electric service applicable to all customers of the City of Gallup not established by contract shall be effective for service rendered on and after July 1, 2019.

J. Taxes: The following shall apply to all rates contained in this section: Billings under these schedules shall be increased by an amount equal to the sum of the taxes payable under the New Mexico gross receipts tax act and of all other taxes, fees or charges (exclusive of ad valorem, state and federal income taxes), payable by the city and levied or assessed by any governmental authority on the electrical service rendered or on the right or privilege of

rendering the service, or on any object or event incidental to the rendition of the service. (Ord. C93-9, 5-11-1993)

- K. Consecutive Rate Increases:** The energy and demand charge for electric service as set forth in this section shall be increased as follows:

Effective Date of Rate Change	Rate Increase
July 1, 2020	6.15%
July 1, 2021	6.15%
July 1, 2022	5.00%
July 1, 2023	5.00%
July 1, 2024	2.50%
July 1, 2025	2.50%

- L. Charges Subject To Change:** The charges for electric service shall be subject to change as may be recommended by an independent and professional cost of service based rate study as authorized by City Council. (Ord. C2004-5, 4-13-2004)

This ordinance shall become effective July 1, 2019.

PASSED, APPROVED AND ADOPTED this _____ day of _____, 20____.

CITY OF GALLUP, NM

By: _____
Jackie McKinney, Mayor

ATTEST:

Alfred Abeita, City Clerk