

# VORYS

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December 21, 2016

Ms. Barcy F. McNeal, Secretary  
Public Utilities Commission of Ohio  
180 E. Broad Street, 11th Floor  
Columbus, OH 43215-3793

Re: Case No. 89-8018-GA-TRF  
Glenwood Energy of Oxford, Inc.  
City of Oxford Ordinance No. 3387

Dear Ms. McNeal:

I am filing a copy of City of Oxford Ordinance No. 3387 which amends Ordinance No. 3298 which regulates the rates and charges to be charged for natural gas service by Glenwood Energy of Oxford, Inc. during the period ending February 28, 2018. Ordinance No. 3387 allows Glenwood Energy of Oxford, Inc. to adjust the base distribution rate of \$3.03 per mcf of gas delivered to all General Service customers to recognize the impact on consumption of the difference between the BTU content of the gas delivered to customers and the BTU content of the gas volumes used to calculate the \$3.03 per mcf General Service Rate for purposes of Ordinance No. 3298.

City of Oxford Ordinance No. 3387 was passed by Oxford City Council on December 6, 2016 and was accepted by Glenwood Energy of Oxford, Inc. within thirty days after its passage. City of Oxford Ordinance No. 3387 will go into effect on January 5, 2017.

Thank you in advance for your cooperation.

Sincerely yours,



Stephen M. Howard  
Attorneys for Glenwood Energy of Oxford, Inc.

SMH/jaw  
Enclosures

cc: Barth Royer  
Rich Perkins

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December 19, 2016

**VIA U.S. MAIL AND EMAIL**

Ms. Mary Ann Eaton  
Clerk of Council  
City of Oxford Municipal Building  
101 E. High Street  
Oxford, OH 45056  
[maeaton@cityofoxford.org](mailto:maeaton@cityofoxford.org)

Re: Ordinance No. 3387 Acceptance by Glenwood Energy of Oxford, Inc.

Dear Ms. Eaton:

Pursuant to Section 8 of the attached Ordinance No. 3387, I am authorized to communicate to you that Glenwood Energy of Oxford, Inc., accepts Ordinance No. 3387 which was adopted on December 6, 2016. Glenwood Energy of Oxford, Inc. sincerely appreciates the opportunity to work with the city and to provide natural gas service to its citizens.

Sincerely yours,



Stephen M. Howard  
Attorney for Glenwood Energy of Oxford, Inc.

SMH/lhr  
Enclosure

cc: Barth Royer  
Rich Perkins

## ORDINANCE NO. 3387

AN ORDINANCE TO AMEND ORDINANCE NO. 3298 REGULATING THE RATES AND CHARGES TO BE CHARGED AND COLLECTED AND THE SERVICES TO BE RENDERED BY GLENWOOD ENERGY OF OXFORD, INC., ITS SUCCESSORS AND ASSIGNS, FOR GAS AND GAS SERVICE FURNISHED TO ALL OF ITS CUSTOMERS WITHIN THE CORPORATE LIMITS OF THE CITY OF OXFORD DURING THE PERIOD ENDING FEBRUARY 28, 2018 BY AUTHORIZING GLENWOOD ENERGY OF OXFORD, INC. TO IMPLEMENT AN ADJUSTMENT TO THE GENERAL SERVICE RATE AUTHORIZED BY ORDINANCE NO. 3298 TO RECOGNIZE THE IMPACT ON REVENUES OF A CHANGE IN THE HEATING VALUE OF THE NATURAL GAS FURNISHED TO CUSTOMERS SUBSEQUENT TO THE ADOPTION OF SAID ORDINANCE.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF OXFORD, BUTLER COUNTY, STATE OF OHIO, THAT:

SECTION I: On January 6, 2015, Council of the City of Oxford adopted Ordinance No. 3298 regulating the rates and charges to be charged and collected by Glenwood Energy of Oxford, Inc. (the "Company") for gas service furnished to customers within the City of Oxford for the period ending February 28, 2018.

SECTION 2: During the 2014-2015 winter, the wholesale supplier from which the Company purchases natural gas for delivery to its customers changed the source of the gas transported to the Company via interstate pipelines from the Gulf of Mexico to shale deposits in Ohio and Pennsylvania.

SECTION 3: As a result of this change in the source of supply, the British Thermal Unit ("BTU") content of the gas that is now being delivered to Glenwood by its wholesale supplier is significantly higher than the heating value of the gas volumes that were used to develop the per-Mcf General Service Rate ("GSR") set forth in Section I.2.b. of Ordinance No. 3298. The higher BTU content of this gas means that the Company's customers require fewer Mcf of gas to meet their requirements than were assumed when the GSR was established, which, in turn, means that the GSR is not generating the level of revenue necessary to satisfy the authorized annual pro forma revenue target that the GSR was designed to achieve.

SECTION 4: Although the recovery of the actual cost of gas through the Gas Cost Recovery Rate ("GCR") authorized in Section I.3 of Ordinance No. 3298 is unaffected by the change in the source of supply, the Company's customers have realized a savings of approximately \$125,000 due to the fact that the transportation cost component of the cost of gas is now lower than when the source of gas was the Gulf of Mexico.

SECTION 5: Under these circumstances, it is reasonable to authorize the Company to recover the amount of the GSR revenue shortfall resulting from the change in the BTU content of the gas furnished to its customers in accordance with the terms and conditions set forth below.

SECTION 6: Ordinance No. 3298 shall be amended by removing existing Section 1.2.b and replacing it with the following provision:

General Service Rate. The Company shall charge a base distribution rate of \$3.03 per Mcf of gas delivered to all general service customers, subject to an adjustment to recognize the impact on consumption of the difference between the BTU content of the gas volumes now being delivered to customers and the BTU content of the gas volumes used to calculate the \$3.03 per-Mcf GSR for purposes of Ordinance No. 3298 (the "BTU Adjustment"). The BTU Adjustment shall consist of two separate components, a Variable Component to recognize, going forward, the revenue impact of the difference between the BTU content of gas volumes currently being delivered to customers and the BTU content of the gas volumes that were used to calculate the \$3.03 per-Mcf GSR, and a Fixed Component designed to recover the pro forma revenue shortfall experienced to date by the Company as a result of the change in the source of gas supplied to customers.

i. BTU Adjustment – Variable Component. The Variable Component of the BTU Adjustment shall be an estimate of the revenue impact of the change in source of gas determined by comparing the per-Mcf BTU value of the gas volumes used to calculate the GSR rate of purposes of Ordinance No. 3298 of 1.0170 BTU/Mcf to the average monthly per-MCF BTU value of the gas delivered to customers for the most recent six (6) months for which data is available, which, as of the effective date of this ordinance, is 1.0701 BTU/Mcf, and which produces an initial Variable Component of \$0.2012 per MCF. The Variable Component shall be trued up every six (6) months to reflect the difference, plus or minus, between the estimated average monthly per-Mcf BTU value used to calculate the Variable Component then in effect and the actual average monthly BTU/Mcf value of the gas delivered to customers over the preceding six months. The Company shall provide documentation supporting the calculation of the revised Variable Component to the City Manager for review and approval no later than five (5) business days before including the revised Variable Component on customer bills.

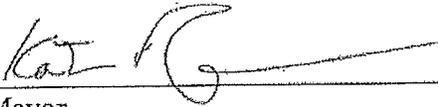
ii. BTU Adjustment – Fixed Component. The cumulative revenue shortfall of \$182,709 attributable to the change in the source of gas supplied to customers for the period January 2015 through December 2016 shall be amortized over forty-eight (48) months and shall be recovered through the Fixed Component of the BTU Adjustment at a rate of \$0.1218 per Mcf. The Fixed Component shall be eliminated from customer bills in the month following the month in which the total amount of the cumulative revenue shortfall has been recovered. The Company shall provide documentation to the City Manager of the amount recovered through the Fixed Component no less frequently than once every six (6) months during the period the Fixed Component remains in effect.

The Variable Component and the Fixed Component of the BTU Adjustment shall be effective on a bills-rendered basis commencing with the first monthly billing following the effective date of this ordinance.

SECTION 7: The amendment adopted by this ordinance shall have no effect on any other provisions of Ordinance No. 3298, all of which shall remain in force and effect.

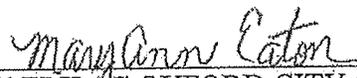
SECTION 8: If the Company accepts this ordinance, the Company shall file a written acceptance of this ordinance with the Clerk of the City within thirty (30) days after its passage by Council and this ordinance shall constitute a contract between the City and the Company. If the Company does not accept this ordinance, the Company shall file a complaint and appeal from this ordinance with the PUCO pursuant to Section 4909.34, ORC, within (30) days after its passage. If the Company does not file a written acceptance of this ordinance with the Clerk of the City within thirty (30) days after its passage and does not file a complaint and appeal from this ordinance with the PUCO within (30) days after its passage by Council, the Company shall be deemed to have accepted this ordinance and shall be bound by its terms as if it had filed a written acceptance.

SECTION 9: This ordinance shall take effect at the earliest time allowed by law.

  
\_\_\_\_\_  
Mayor

ADOPTED: December 6, 2016

ATTEST:

  
\_\_\_\_\_  
CLERK OF OXFORD CITY COUNCIL

INTRODUCED BY: KATE ROUSMANIERE

PREPARED BY: LAW (STAFF)

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**12/21/2016 3:47:43 PM**

**in**

**Case No(s). 89-8018-GA-TRF**

Summary: Correspondence regarding City of Oxford Ordinance No. 3387 electronically filed by Mr. Stephen M Howard on behalf of Glenwood Energy of Oxford, Inc.