

**ORDINANCE #6, 2023**

**AN AMENDED ORDINANCE REPEALING ORDINANCE NO. 3, 2016, AND  
INSERTING IN ITS PLACE A NEW SCHEDULE OF RATES AND CHARGES FOR  
SERVICE PROVIDED BY THE MUNICIPAL ELECTRIC  
UTILITY OF PERU, INDIANA**

**WHEREAS**, the City of Peru, Indiana owns a municipally owned electric utility for the purpose of generating and distributing electric energy in said city and areas adjacent thereto; and

**WHEREAS**, the City of Peru, Indiana, pursuant to I.C. 8-1.5-3-8 may by ordinance establish a just and equitable fee for the services rendered by the electric utility and provide the dates on which fees are due; and

**WHEREAS**, the municipally owned electric utilities in the Peru Municipal Electric Utility service area has been exempted from the jurisdiction of the Utility Regulatory Commission pursuant to I.C. §36-7-30-33; and

**WHEREAS**, the existing rates and charges for services provided by the utility do not produce revenues sufficient to maintain the utility property in a sound physical and financial condition and such the current rates and charges are not “reasonable and just” within the meaning of I.C. 8-1.5-3-8; and

**WHEREAS**, the City of Peru Utility Service Board commissioned a study to determine the amount of revenues required to operate the Peru Municipal Electric Utility in a reliable and efficient manner, determine how the revenues shall be collected from the various users of the Peru Electric utility and to design new rates and charges that reflect the results of said study; and

**WHEREAS**, the proposed rates and charges are in all respects reasonable and nondiscriminatory and will provide sufficient revenues to pay all the costs associated with the operation, maintenance and system improvements of said Peru Municipal Electric Department; and

**WHEREAS**, the City of Peru Utilities Service Board has passed Resolution #7, 2023 recommending certain rates and charges and service conditions; and

**WHEREAS**, this ordinance is introduced and pursuant to I.C. 8-1.5-3-8.1, a notice of a hearing setting forth a proposed schedule of fees has been published in accordance with I.C. 5-3-1; mailed to owners of vacant or unimproved property; and mailed to the users of the electric utility located outside of the City’s corporate boundaries; and

**WHEREAS**, the Common Council has held a public hearing pursuant to I.C. 8-1.5-3-8 at which users of the Peru Municipal Electric Utility, owners of property served or to be served by the utility, and other interested persons have been allowed to be heard concerning the proposed rates and charges. The Common Council finds the rates and charges described in Section 1 are nondiscriminatory, reasonable and just; and

**WHEREAS**, the Common Council also finds the rates and charges produce income sufficient to maintain the utility property in a sound physical and financial condition to render adequate and efficient service.

**NOW THEREFORE, BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF PERU, INDIANA, That:**

**Section 1:** All rates and charges collected pursuant to this ordinance shall be considered revenues of the Peru Municipal Electric Utility. The electric rates and charges shall be based on the quantity of the electric used on or in the property or premises subject to such rates and charges, as the same is measured by the electric meter there in use, plus a base charge, except as herein otherwise provided. For the purpose of billing and collecting the charges for electric services, the electric meters shall be read monthly (or period equaling a month), if the utility cannot access the meter remotely. The electric usage schedule on which the amount of said rates and charges shall be determined as set forth in "Exhibit A", attached hereto, and made a part hereof and incorporated herein by reference. Further, all ordinances and parts of ordinances in conflict herewith are hereby repealed.

**Section 2:** The rates and charges as set forth in "Exhibit A" shall be subject to review and adjustment using the process as set forth in "Exhibit B", attached hereto, made a part hereof and incorporated herein by reference.

- a. The review and adjustment shall be performed annually; and
- b. It shall be the responsibility of the Peru Utility Service Board to perform the review and adjustment calculations as required in this Section 2; and
- c. The adjusted rates and charges shall be submitted to the Peru Common Council for approval; and
- d. Rate increases implemented under this Section 2 shall not exceed 1.5% per year.

**Section 3: This Ordinance shall be in full force and effect beginning June 1, 2023.**

**PASSED AND ENACTED** by the Common Council, of the City of Peru, Indiana, in regular session assembled this \_\_\_\_\_ day of May 2023, by a vote of \_\_\_\_ ayes and \_\_\_\_ nays.

\_\_\_\_\_  
Miles Hewitt  
President of the Common Council

**ATTEST:**

\_\_\_\_\_  
Kurt Krauskopf  
Clerk-Treasurer, City of Peru

# "EXHIBIT A"

## PERU (INDIANA) MUNICIPAL ELECTRIC UTILITY

### SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

	Present Base Rates (1)	Tracker Roll - In	Effective Base Rates	Proposed Base Rates
<u>Schedule RS-1 (Residential Service)</u>				
Energy Charge, Per Month:				
First      300 KWH	\$0.078563	\$0.033388	\$0.111951	\$0.124825
Next      700 KWH	0.070040	0.033388	0.103428	0.115322
Above    1,000 KWH	0.066716	0.033388	0.100104	0.111616
Service Charge, Per Month:				
Service Within City Limits:	4.22			10.00
Service Outside City Limits:	6.41			15.00
Minimum Charge, Per Month:				
The monthly minimum charge shall be the applicable service charge.				
<u>Schedule GSA-1 (General Service)</u>				
Energy Charge, Per Month:				
First      500 KWH	0.087934	0.035698	0.123632	0.140199
Next      2,000 KWH	0.075389	0.035698	0.111087	0.125973
Next      2,500 KWH	0.069521	0.035698	0.105219	0.119318
Above    5,000 KWH	0.066996	0.035698	0.102694	0.116455
Service Charge Per Month:				
Service Within City Limits - Single Phase	5.12			12.00
Service Outside City Limits - Single Phase	7.28			17.00
Service Within City Limits - Three Phase	6.40			15.00
Service Outside City Limits - Three Phase	9.13			21.50
Minimum Charge, Per Month:				
The monthly minimum charge shall be the applicable service charge.				

(1) Present rates and charges effective April 11, 2016 per Peru Utilities website.

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# "EXHIBIT A"

## PERU (INDIANA) MUNICIPAL ELECTRIC UTILITY

(Cont'd)

### SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

	Present Base Rates (1)	Tracker Roll - In	Effective Base Rates	Proposed Base Rates
<u>Schedule PS (Power Service)</u>				
Charge Per KWH, Per Month - Primary	\$0.043298	\$0.036762	\$0.080060	\$0.092370
Charge Per KWH, Per Month - Secondary	0.047061	0.036762	0.083823	0.098229
Charge Per KW, Per Month - Primary	5.43			6.26
Charge Per KW, Per Month - Secondary	5.90			6.91
Minimum Charge, Per Month - Secondary	295.00			345.70
The monthly minimum charge shall be the demand charge.				
<u>Schedule SL-1 (Security Lighting Service)</u>				
Charge Per Type of Lamp, Per Month				
175 watt mercury vapor	7.67			11.08
400 watt mercury vapor	11.53			16.65
100 watt sodium vapor	5.39			7.78
250 watt sodium vapor	10.35			14.95
<u>Schedule TL (Traffic Signal Service)</u>				
Charge Per KWH, Per Month	0.066098	0.015940	0.082038	0.128623
<u>Schedule MSL-1 (Municipal Street Lighting Service)</u>				
Charge Per KWH, Per Month	0.081716	0.012699	0.094415	0.137977

(1) Present rates and charges effective April 11, 2016 per Peru Utilities website.

**Note: On June 1 of each year, beginning in 2024, an inflationary adjustment shall be added to the previous years' rates and charges based on the Indiana Utility Regulatory Commission's annual inflation adjustment.**

## "EXHIBIT A"

# Bill Comparison – Non-Recurring Charges

	Current Charge	Proposed Charge
NSF Check	\$25.00	\$35.00
Meter Test	15.00	50.00
Reconnect/Disconnect Remote Meter	25.00	25.00
Reconnect/Disconnect On-Site	-	50.00
Reconnect/Disconnect Overtime Remote Meter	-	50.00
Reconnect/Disconnect Overtime On-Site	50.00	100.00
Reconnect/Disconnect Pole Cut (During Hours)	50.00	100.00
Reconnect/Disconnect Pole Cut (After Hours)	100.00	200.00



# "EXHIBIT A"

## Bill Comparison – Non-Recurring Charges (Cont'd.)

	Current Charge	Proposed Charge
Meter Tampering (1st Offense)	Actual cost of parts, labor and overhead plus estimated service used	Actual cost of parts, labor and overhead plus estimated service used, or not less than \$125
Meter Tampering (2nd Offense)	Actual cost of parts, labor and overhead plus estimated service used	Actual cost of parts, labor and overhead plus estimated service used, or not less than \$225
Meter Tampering (3rd Offense)	Actual cost of parts, labor and overhead plus estimated service used, and disconnect of service	Actual cost of parts, labor and overhead plus estimated service used, and disconnect of service, and \$500
Penalty for Late Payment	3%	3%
Residential Meter Deposit (All Electric or Electric Heat)	140.00	300.00
Residential Meter Deposit (Other than Electric Heat)	100.00	200.00
Non-Residential Meter Deposit	2 months' estimated bill	Average bill times two, minimum \$200
New Item	N/A	\$50.00 per meter box when signing up for service. First 200 kW included, all usage beyond 200 kW charged at current rates.
Event or Temporary Use Meter	N/A	\$150.00 maximum event cost for 3 or more meter boxes. First 600 kW included, all usage beyond 600 kW charged at current rates.



## **“EXHIBIT B”**

### **CALCULATION OF CITY OF PERU MUNICIPAL ELECTRIC UTILITY LOCATED IN THE PERU MUNICIPAL ELECTRIC UTILITY SERVICE AREA ADJUSTMENT**

**Eligible Expenses** – Shall be only those expenses shown as Operations and Maintenance Expenses and Payment in Lieu of Taxes for the Pro Forma Year as contained in the Baker Tilly Municipal Advisors, LLC Peru Municipal Electric Utility of the Peru Municipal Electric Utility Service Area-Cost of Service Study dated February 15, 2023, appropriate excerpts of which are attached and made a part of this “Exhibit B”.

**Annual Cost Index** – Shall be the Annual Cost Index as published by the Indiana Utility Regulatory Commission.

**Revenue Requirement Adjustment** – Shall be the product of the Pro Forma Operations and Maintenance expenses and Payment in Lieu of Taxes from the Study plus the total of all previous revenue Requirement Adjustment times the current Annual Cost Index.

**Percentage Increase Adjustment Calculation** – Shall be the quotient of the Revenue Requirement Adjustment calculation divided by the previous 12-months total revenue, expressed as a percentage, which shall then be applied equally across the rate schedules, not to exceed a gross increase of 1.5%. This does not apply to Nonrecurring Charges.