

ORDINANCE 65-2016

ORDINANCE OF THE BOROUGH OF MADISON AMENDING CHAPTER 94 OF THE BOROUGH CODE ENTITLED "ELECTRIC UTILITY" TO AMEND THE RULES AND REGULATIONS OF THE ELECTRIC UTILITY DEPARTMENT AND SET FORTH THE REQUIREMENTS TO ESTABLISH AN ANNUAL CUSTOMER COST ADJUSTMENT PROGRAM

WHEREAS, the Borough Administrator has recommended amending the Electric Utility Rules and Regulations in order to include a new section establishing an annual electric utility customer cost adjustment program; and

WHEREAS, the Madison Borough Attorney has recommended that the amended Rules and Regulations be adopted by ordinance and incorporated into Chapter 94, as Section 94-1 (E).

NOW, THEREFORE, BE IT ORDAINED by the Council of the Borough of Madison, in the County of Morris and State of New Jersey as follows:

SECTION 1: Section 94-1 of the Borough Code entitled "Schedule of rates" shall have the following paragraph added:

E. An annual electric customer cost adjustment program is hereby established as follows: The Chief Financial Officer (CFO) will provide a written report to the governing body in January of the financial results of the electric utility for the preceding calendar year. The report will include a detailed accounting of all monetary inflows and outflows. Costs will include utility operational costs, employee compensation and benefits, transmission costs, capacity/demand charges, commodity costs, physical plant and equipment charges, appropriations for the Electric Utility Capital Improvement Fund, operating reserves, contingency, transfers of electric surplus to the municipal budget for tax relief, debt service, municipal operating support and general capital improvements, a minimum free balance of at least \$1,000,000, line loss and such other financial factors as deemed appropriate and prudent by the CFO and governing body. To the extent there are funds remaining after all items cited above have been subtracted from the total electric utility revenue, the CFO, with the Council's approval, may annually recommend a prospective cost adjustment credit be applied to each kilowatt-hour (KWH) supplied under all rate schedules and tariffs. This adjustment, if any, will be set to the nearest \$0.0001 via resolution and applied to all kilowatt-hours supplied during subsequent billing periods until the next annual financial analysis in January of the following year by

the CFO and governing body of the operating results and performance of the Electric Utility. The cost adjustment credit factor may be revised during the course of any calendar year period by the governing body via resolution upon a showing of good cause.

SECTION 2: This Ordinance shall take effect on January 1, 2017.

ADOPTED AND APPROVED

ROBERT H. CONLEY, Mayor

Attest:

ELIZABETH OSBORNE, Borough Clerk