

	<h1>POLICY</h1>	<u>Policy No:</u> XX
<u>Policy Title:</u> GAS SUPPLY RATES <u>Policy Type:</u> COUNCIL <u>Category:</u> Finance <u>Sub-Category:</u> Acquisitions & Dispositions <u>Author:</u> Manager, Gas Supply and Engineering <u>Dept/Div:</u> Infrastructure Services/Gas and Water Utilities	<u>Approval Date:</u> Click here to enter a date. <u>Reviewed Date:</u> September 2024 <u>Next Review Date:</u> September 2029 <u>Reviewed Date:</u> Click here to enter text. <u>Last Amended:</u> Click here to enter a date. <u>Replaces:</u> Click here to enter text. <u>Repealed:</u> Click here to enter a date. <u>Replaced by:</u> Click here to enter text.	
<u>Related Policies, Procedures and/or Guidelines: FIN-ACQ-560 and FIN-RES-770</u>		

1. POLICY PURPOSE:

The purpose of this policy is to define the process to review and approve the change to natural gas supply rates for Kitchener Utilities System Gas customers.

2. DEFINITIONS:

- Council: City of Kitchener Council.
- Gas Supply Program: The program responsible for the purchase of the gas commodity and transportation of natural gas to Kitchener Utilities System Gas customers. It is a pass-through cost program.
 - Gas Commodity Purchase: the cost of purchasing the natural gas volumes.
 - Gas Transportation: the cost to move the gas from production location to storage facilities in Ontario.
- Gas Supply Rate: Kitchener Utilities volumetric rate to recover the costs of the Gas Supply Program in Canadian dollars per cubic meter.
- Kitchener Utilities System Gas Customers: Customers who purchase their gas from Kitchener Utilities at the defined gas supply rate.
- KU: Kitchener Utilities.
- OEB: Ontario Energy Board.

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- Pass-Through program: a non-profit program where the costs are passed directly to customers without markups or subsidies. For the gas supply program, only costs related to the purchase and transportation of gas are included in the program and passed through to customers.
- Staff: Kitchener Utilities Staff.
- Stabilization Reserve: The gas supply stabilization reserve is a financial reserve where budget variances are accumulated or withdrawn. Supply stabilization reserve is governed by City of Kitchener financial policy FIN-RES-770

3. SCOPE:

POLICY APPLIES TO THE FOLLOWING:	
<input type="checkbox"/> All Employees	
<input type="checkbox"/> All Full-Time Employees	<input type="checkbox"/> All Union
<input type="checkbox"/> Management	<input type="checkbox"/> C.U.P.E. 68 Civic
<input type="checkbox"/> Non Union	<input type="checkbox"/> C.U.P.E. 68 Mechanics
<input type="checkbox"/> Temporary	<input type="checkbox"/> C.U.P.E. 791
<input type="checkbox"/> Student	<input type="checkbox"/> I.B.E.W. 636
<input type="checkbox"/> Part-Time Employees	<input type="checkbox"/> K.P.F.F.A.
<input type="checkbox"/> Specified Positions only:	<input type="checkbox"/> Other:
<input checked="" type="checkbox"/> Council	<input type="checkbox"/> Local Boards & Advisory Committees

This policy applies to the Natural Gas Supply Program and the setting of Natural Gas Supply Rate for Kitchener Utilities System Gas customers.

4. POLICY CONTENT:

1. Kitchener Utilities (KU) staff shall follow the Council endorsed Gas Purchase Policy # FIN-ACQ-560 for the procurement of natural gas.
2. Staff would review the forward market prices provided by the consultant and the impact on projected stabilization reserve balance every quarter.
3. Staff shall recommend supply rate adjustments based on the projected stabilization reserve balance by the end of the fiscal year. The supply rate adjustment shall ensure that the projected stabilization reserve balance remains within the defined thresholds.
4. Rates would be adjusted on 1st January, 1st April, 1st July, and 1st October.
5. Proposed rates shall be approved by Council through delegated authority.
6. City of Kitchener Chief Financial Officer (CFO) or designates will approve the rates on behalf of the Council.

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7. Staff shall notify the Council by e-mail at least two weeks prior to effective rate change date.
8. An information report will be brought forward annually during the budget process summarizing supply rates from the previous year and include projections for potential rate changes for the upcoming year.
9. Staff shall advise KU customers through regular communication options such as KU website, public notice, and bill message.
10. Staff shall inform OEB with proposed rate.

5. **HISTORY OF POLICY CHANGES**

NA