

INTRODUCED: April 11, 2022

AN ORDINANCE No. 2022-108

To amend Ord. No. 2021-049, adopted May 24, 2021, which adopted the Fiscal Year 2021-2022 Gas Utility Budget and appropriated the estimated revenues of the gas utility, by increasing estimated revenues from an increase in rates paid by gas utility customers and the amount appropriated for the gas utility by \$65,000,000.00, for the purpose of reflecting increased costs in natural gas commodity prices.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: APR 25 2022 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Ordinance No. 2021-049, adopted May 24, 2021, which adopted the Gas Utility Budget for the fiscal year commencing July 1, 2021, and ending June 30, 2022, is hereby amended by increasing the estimated revenues of the gas utility from an increase in rates paid by gas utility customers and the amount appropriated for expenditures of the gas utility by \$65,000,000.00 for the purpose of reflecting increased costs in natural gas commodity prices.

§ 2. This ordinance shall be in force and effect upon adoption.

A TRUE COPY:
TESTE:
Carolin D. Reed
City Clerk

AYES: 8 NOES: 0 ABSTAIN: _____

ADOPTED: APR 25 2022 REJECTED: _____ STRICKEN: _____



City of Richmond

Intracity Correspondence

O&R REQUEST

DATE: March 7, 2022

EDITION: 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg, Deputy City Administrator Finance and Administration

THROUGH: Jason May, Director Budget

THROUGH: Robert C. Steidel, Deputy City Administrator, Operations

THROUGH: April Bingham, Director Department of Public Utilities

FROM: John Vaughan, Deputy Departmental Director, Senior, DPU

RE: Increase to Gas Utility Operating Budget

ORD. OR RES. No. _____

PURPOSE: This O&R request is to amend the FY2022 Gas Utility Operating budget, as adopted in Ordinance 2021-049, and to appropriate an additional \$65,000,000.00 from the estimated receipts of the gas utility for additional cost due to increases in natural gas commodity prices to increase the FY2022 Gas Utility Operating budget from \$171,006,927.00 to \$236,006,927.00.

REASON: For the FY2022 budget, natural gas commodity prices were forecasted to remain within the range we had seen during calendar year 2021. During that time, Henry Hub prices ranged from \$1.63 (June 2021) to \$2.61 (November 2021) and averaged \$2.04 for the year. Beginning in June of 2021 prices began to increase and reached a high of \$5.51 for September 2021. Currently Henry Hub future prices for April delivery are trading at \$4.83 and because of these increases in commodity prices, the Gas Utility is forecasted to exceed its FY2022 natural gas cost budget and gas cost revenue estimate by \$65,000,000.00.

RECOMMENDATION: Approval of the ordinance.

FISCAL IMPACT / COST: None. Since natural gas commodity cost are passed along to customers, the net impact/cost to the city is \$0.

FISCAL IMPLICATIONS: \$65,000,000.00 increase to FY2022 budget.

BUDGET AMENDMENT NECESSARY: Yes, to increase the FY2022 budget and to appropriate \$65,000,000.00 to the Department of Public Utilities.

REVENUE TO CITY: \$65,000,000.00

DESIRED EFFECTIVE DATE: On approval.

REQUESTED INTRODUCTION DATE: April 11, 2022

CITY COUNCIL PUBLIC HEARING DATE: April 25, 2022

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance

AFFECTED AGENCIES: DPU

RELATIONSHIP TO EXISTING ORD. OR RES.: None

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS:

- None

STAFF: John Vaughan, Deputy Departmental Director, Senior, DPU, 646-5232