

Chapter 13.25 Bulk Fuel Utility

13.25.010 Definitions.

The definitions in this section are applicable to the terms as used everywhere within this ordinance unless the context in which the term is used clearly indicates that another definition or meaning is intended:

“Accessible” means capable of being reached quickly for operation, removal or inspection without requiring those desiring access to climb ladders, to climb over or remove obstacles or to unlock doors.

“Applicant” means an entity or entities including individual natural persons, associations, companies, partnerships, joint ventures, corporations and public agencies who have applied for water service.

“Bulk Fuel” means petroleum products including, but not limited to: diesel, gasoline, heating oil, jet A, and propane.

“Bulk Fuel Utility” means the city-owned utility established for the storage, distribution, and sale of bulk fuel. The Bulk Fuel Utility may also be referred to as the “Utility.”

“City” means the City of Saint Paul, Alaska.

“City Manager” means the City Manager of the City of Saint Paul, Alaska, or his/her designee.

“Code of Ordinances” is the Code of Ordinances of the City of Saint Paul, Alaska, as lawfully enacted by the City Council.

“Compound meter” means a meter consisting of a combination of main line meter of the turbine type to measure high rates of flow and a bypass meter of the displacement type for measuring low rate of flow with an automatic valve mechanism for diverting low rates of flow through the bypass meter.

“Council” means the City Council of Saint Paul, Alaska.

“Customer” means an entity or entities including individual natural persons, associations, companies, partnerships, joint ventures, corporations and public agencies receiving water service from the City whether that service is commercial and industrial or residential as defined in these rules and regulations. A customer may also be referred to as a “user.”

“Normal business hours” means the hours between 8:00 a.m. and 4:30 p.m. on Monday through Friday, excluding City-recognized holidays.

“Service connection” means the pipe and appurtenances required to connect any individual lot or structure to the water system. It generally terminates at the property line or further extension of the system onto private property through the water extension. May also be referred to as “connection.”

“Type of service” means either “residential service” or “commercial or industrial service” as those terms are defined in this section.

“Unified billing” means the method of billing whereby the charges for two or more utility services are itemized and totaled on a single bill submitted to the customer.

“User” See “customer.”

"Utility Manager" means the individual appointed by the City Council to oversee the operations of the Bulk Fuel Utility.

“Utility” See “Bulk Fuel Utility.”

13.25.020 Establishment.

(a) The City of Saint Paul, Alaska hereby establishes the Bulk Fuel Utility to be operated as a City-owned utility.

(b) The Utility shall be responsible for the storage, distribution, and sale of bulk fuel within the city limits.

13.25.030 Authority for rules and regulations.

(a) *Adoption.* These rules and regulations have been adopted by the City, done in accordance with its charter as a second-class city of the State of Alaska.

(b) Copies of these rules and regulations, together with rate schedules and forms of application and contract, are on file for inspection at all offices of the Utility.

(c) *Applicability.* These rules and regulations apply to all services rendered by the utility except as otherwise provided in individual rate schedules or special contracts.

(d) *Effect of Rules and Regulations.* All bulk fuel services provided by the City are subject to the provisions of these rules and regulations. The provisions of these rules and regulations shall continue in full force and effect until superseded, modified, or otherwise altered in accordance with law. If one or more provisions of these rules and regulations are ruled void or unenforceable, the remainder of the rules and regulations shall remain in full force and effect.

(e) *Waiver and Modification of Regulations.* The provisions of these rules and regulations and any changes hereto shall apply uniformly to all Bulk Fuel Utility customers of the City. No officer, agent or employee of the City may waive, abandon, change or amend the provisions of these rules and regulations.

(f) *Enforcement of Rules and Regulations.* The City has the authority to seek civil penalties, injunctive relief or criminal sanctions pursuant to the Code of Ordinances and the laws of the State of Alaska for violations of this Chapter.

(g) In addition to the penalties provided by law, violation of these rules and regulations shall be sufficient cause for the City to discontinue Bulk Fuel service to any property where the violation has occurred, subject to the provisions of these rules and regulations regarding discontinuance of service. Criminal conviction or other judicial action is not a prerequisite of discontinuing service.

13.25.030 Management and operation.

(a) The Utility shall be managed and operated by the Utility Manager or designee in accordance with prevailing industry practices, general standards, and Utility operating procedures and processes.

(b) The Utility Manager shall be hired and managed by the Public Works Director or designee.

(c) *Financial Management.*

(1) The Utility shall operate as an enterprise fund within the City's financial system.

(2) The Utility Manager shall create an annual budget for the Utility, which shall be subject to approval by the Council.

(3) The Utility Manager shall provide monthly financial reports to the Council detailing the revenues, expenditures, and financial status of the Utility.

(4) No part of the funds of the Utility may inure to the benefit of, or be distributed to, its employees, officers, council members, or any private individual.

(5) Upon dissolution of the Utility, any assets of the Utility remaining after the Utility satisfies its obligations will be distributed to the City or to an instrumentality of the City for a public purpose.

(6) Private individuals or entities are prohibited from receiving any of the Utility's assets upon its dissolution.

13.25.040 Products and services offered.

(a) The Utility may provide the following products:

(1) *Diesel.* Number two ultra-low Sulphur diesel (#2 ULSD).

(2) *Gasoline.* Eighty-seven (87) octane unleaded gasoline.

(3) *Jet A.* Aviation fuel.

(4) *Propane.* Propane gas.

(b) The Utility shall provide the following services to deliver the products above:

(1) *Auto Delivery of Heating Fuel.* The Utility shall provide auto delivery of ULSD for use as heating fuel. The auto delivery may be on request by the customer based on the following delivery schedule:

(i) Monthly

(ii) Bi-weekly

(iii) Weekly

(iv) Twice a week

(2) *Call Out of Heating Fuel.* The Utility shall provide call out delivery of ULSD for use as heating fuel. The call out delivery shall be subject to a call out fee in accordance with Section 13.25.100.

(3) *Dispensing station.* The Utility may provide ULSD, gasoline, and/or propane at a dispensing station, which shall be available to the general public. The operating hours of the dispensing station shall be publicly posted.

(4) *Equipment.* The Utility shall provide call out delivery of ULSD for use in heavy equipment. The call out delivery shall be subject to a call out fee in accordance with Section 13.25.100.

(5) *Scheduled Marine Sales.* The Utility shall provide ULSD and gasoline to marine vessels at the City's South Dock or other location within the Saint Paul Harbor that is deemed appropriate. The operating hours of the scheduled marine sales shall be publicly posted

(6) *Call Out Marine Sales.* The Utility shall provide ULSD and gasoline to marine vessels at the City's South Dock or other location within the Saint Paul Harbor that is deemed appropriate. The call out delivery shall be subject to a call out fee in accordance with Section 13.25.100.

(c) The Utility shall, unless otherwise provided, construct, operate, and maintain the facilities necessary to deliver the above products to the customer. The responsibility for design, construction, operation, maintenance and relocation or removal of the Utility's facilities shall rest with the Utility.

13.25.050 Technical provisions.

(a) *Determination of Use.* The quantity of bulk fuel shall be determined by Utility Manager and City administration

(b) *Inspection.* The customer is responsible for installing and maintaining fuel storage containers/tanks for heating fuel and for heavy equipment and vehicles.

(c) *Undesirable Characteristics.* The Utility may refuse its service to any installations which in the judgment of the Utility will injuriously affect the operation of the Utility or its service to other customers or create a hazard.

13.25.060 Service conditions.

(a) In the absence of a signed agreement or applications for service, the delivery of service by the utility and its acceptance by the consumer shall be deemed to constitute an agreement, and acceptance of the utility's service policies.

(b) *Access to Premises.* Any properly identified employee of the Utility shall have access to the premises of the customer's fuel storage containers/tanks for heating fuel at all reasonable times for the purpose of providing products and services provided by the Utility.

(c) *Establishment of Credit.* Each new customer will be required to establish and maintain credit satisfactory to the Utility as a condition of receiving service. A customer may be required to deposit with the Utility a minimum amount equal to the Utility's estimate of the customer's bill for one billing period. The deposit shall be deemed as security for the payment of unpaid bills upon termination of service and shall not impair any right of the Utility to terminate service as provided by these rules and regulations.

(d) *Former Indebtedness Paid.* If a former customer who is indebted to the Utility attempts by some agency, relationship, or otherwise, to obtain service, the utility reserves the right to refuse service until payment is made by him of all money due from him to the Utility.

(e) *Resale of Fuel.* The customer shall not sell to others any of the products furnished by the Utility unless the customer holds a valid certificate or license to sell such product.

13.25.070 Billing, collection, and delinquent accounts.

(a) *Rendition of Bill.* Bills shall be deemed rendered, and other notices duly given, when delivered to the customer personally or when mailed to him at the premises supplied, or at the last known address of the customer, or when left at either of such places. Failure to receive such a bill or notice from the Utility will not entitle the customer to any delay in the settlement of each month's account.

(b) *Bill Due.* Bills of the Utility are due when rendered and are payable (without discount) at the office of the Utility or to any authorized collector. Any bill not paid within 30 days of rendition will be considered delinquent. After the notice procedure described below has been followed, the utility may then disconnect the service, apply any deposits against the delinquent bill or take any other appropriate measure to collect the delinquent account.

(c) *Bills are due on rendition.* If not paid in 30 days they will be considered delinquent. Delinquent bills may result in disconnection of service in accordance with Section 13.25.080.

(d) *Delinquent Accounts.* The Utility shall deliver or supply customers with bills on or before the tenth day of each month. For the purposes of collections, the Utility shall start counting for the number of days an account is delinquent based on the actual date of the bill, regardless of the date the bill is delivered.

The utility will use the following schedule in addressing delinquent accounts:

| Delinquency | Action |
|--------------------|--|
| 30 days | Past due on or with bill/statement |
| 31 days | Final notice reminders will be sent to the customer. The date and approximate time of discontinuation of service will be stated on bill/statement. |
| 45 days | Discontinuation of service |
| 46 days | Notification to customer of intent to turn account over to collection agency if payment, or payment plan in accordance with subsection (e) of this section is not received |
| 70 days | Delinquent, unpaid account will be turned over to collection agency. |

(e) *Utility Collection and Agreement Program.* The Utility will adopt a utility collection and agreement program which will allow delinquent customers to continue to receive service upon the execution of a payment plan satisfactory to the Utility. The payment plan may require the customer

to pledge or assign to the Utility future sources of income. If the customer fails to abide by the payment plan provisions, service discontinued in accordance this section and Section 13.25.080.

(f) *Billing Period.* Any actual billing period may vary from the optimum period because of weekends, holidays, and workload; no adjustment in bills will be made for such variation.

(g) *Continuation of Service After Discontinuance for Nonpayment.* Where a customer's service is discontinued for nonpayment of bills, the Utility reserves the right to refuse to furnish service to said customer at the same or any other location until all charges including other monies due the Utility and/or the City have been paid and satisfactory assurance given to the Utility that future bills will be paid promptly. Satisfactory assurance that future bills will be paid promptly may be accomplished by placing on deposit with the Utility an amount equal to two months' billing based on the Utility's estimate of usage.

(h) *Adjustment of Errors.* The Utility will make adjustment for errors caused by its staff or equipment. Any adjustments shall be made on the next billing cycle accordingly.

(i) *Change of Occupancy.* Bills are rendered in the name of the person or entity shown in the Utility's records as the party responsible for fuel consumption at the specified location. Any change in account responsibility must be reported to the Utility's office in writing during office hours by requesting a discontinuance of service in their name. The new consumer assuming account responsibility is to apply for service under his name.

(j) The Utility shall take all reasonable efforts to educate its customers regarding energy conservation practices to assist its customers in reducing the high cost of fuel. The Utility shall participate in reasonably available programs which will aid its customers in conservation practices.

13.25.080 Discontinuance of service.

(a) Utility services may be discontinued for delinquent accounts, a period of vacancy, or for any other reason upon written request received by the Utility, or oral notice given at the City Cashier Office, by customers authorized to give such a notice on the account in question.

(b) A customer-initiated service discontinuation notice shall be received by the Utility at least five (5) days before the effective date of discontinuation of service.

(1) The Utility reserves the right to refuse discontinuation of service in the event it deems that such action may make the Utility liable in damages to the customer as a result of the discontinuation of service.

(2) The date of the discontinuation of service must be a business day when a representative of the Utility is available to receive payment from the customer.

(c) *Limitations on Discontinuance of Service.* No service provided by the Utility shall be discontinued unless the utility has delivered, to the service address, or to the address of any party who to the knowledge of the Utility has undertaken responsibility to pay the bill, written notice of the proposed discontinuation of service.

(d) *Utility-Initiated.* At least two (2) days prior to the proposed discontinuation of service, the Utility must make a good faith effort to make personal contact by using a telephone, certified mail, or other methods designed to reasonably notify the customer of proposed discontinuation of service if contact has not been made previously.

(1) The service discontinuation notice should be conspicuous and distinguishable from the past bill for service and include the following information:

- (i) The earliest date for the proposed discontinuation of service.
- (ii) The amount due and the reason for the proposed discontinuation of service.
- (iii) A telephone number which the affected consumer may call for information about the proposed discontinuation of service.
- (iv) The procedure for preventing discontinuation of service.
- (v) Information known to the Utility that may assist the consumer in paying the bill.

(e) *Exceptions to Discontinuation of Service.*

(1) *Winter Conditions.* The Utility shall not discontinue service to a residential customer between October 1st and May 30th if the forecasted local temperature is below 32 degrees Fahrenheit for a 24-hour period beginning at 8:00 a.m. on the date of the proposed disconnection. The customer must agree in writing to pay the past due balance including customer charges in equal installments beginning with the first billing period after May 30th and ending before October 1st. The customer must also agree in writing to pay all bills for current service by the due date.

(2) *Serious Illness.* The Utility shall not discontinue service for nonpayment of a bill to a residential customer who has a serious illness which would be aggravated by the disconnection; provided, that the customer:

- (i) Notifies the Utility of this condition in writing. The customer can notify the Utility orally but must send the Utility a written notice within five days of the oral notification.
- (ii) Within five days of providing initial notice to the Utility, a written statement from a physician, hospital or clinic identifying the illness, its expected duration, and certifying that the illness would be aggravated by such disconnection must be received by the Utility.

13.25.090 Safety and environmental compliance

(a) The Bulk Fuel Utility shall comply with all applicable safety and environmental regulations, including but not limited to:

- (1) Federal and state environmental protection laws.
- (2) Occupational safety and health regulations.
- (3) Local fire codes and safety standards.

(b) The Utility Manager shall develop and implement safety and emergency response plans to address potential fuel spills, leaks, and other hazards.

13.25.100 Rate, fees, and charges

(a) The following rates, fees, and charges shall apply to Utility products and services:

- (1) *Purchase price.* Is the price per unit the Utility purchases products from a supplier.

(2) *Interest rate.* Is the rate interest charged to the Utility by the State of Alaska Bulk Fuel Loan Program or a commercial lending institution.

(3) *Surcharge.* Is the rate established by the Utility and approved by the Council as set forth in 13.25.100 (c) that is added to the purchase price to allow the Utility to pass on the cost of management and operation of the Utility to its customers. The surcharge can be established as a fixed fee or per unit rate.

(4) *Capital/maintenance fee.* Is the fee established by the Utility and approved by the Council as set forth in 13.25.100 (c) that is added to the purchase price to allow the Utility to pass on the cost of maintenance and capital improvement of the Utility to its customers. The capital/maintenance fee can be established as a fixed fee or per unit rate.

(5) *Call Out Fee.* Is the fee established by the Utility and approved by the Council as set forth in 13.25.100 (c) that is added to the purchase price to allow the Utility to pass on the cost unscheduled services. The call out fee can be established as a fixed fee or per unit rate

(6) *After Hours Charge.* Is the charge established by the Utility and approved by the Council as set forth in 13.25.100 (c) that is added to a customer's bill for services provided by the Utility outside of established business hours of the Utility and/or City. The capital/maintenance fee can be established as a fixed charge or per unit rate

(b) Rates, fees, and charges shall be reviewed and adjusted annually and/or upon the receipt of a new supply of bulk fuel to ensure the financial sustainability of the Utility.

(c) Rates, fees, and charges (*other than the purchase price and interest rate*) for the Utility shall be recommended by the City Manager in consultation with the Utility Manager and approved by the Council by resolution. Approval of the resolution shall require two readings of the Council. The new rates, fees, and charges will be added to the City master rate schedule and posted for the public.

13.25.110 Liability of the Utility.

(a) *For Irregularities or Failure of Service.* The Utility will endeavor at all times to provide a regular and uninterrupted supply of products and service, but in case the supply of products service shall be interrupted or irregular or defective or fail from causes beyond its control (including, without limiting the generality of the foregoing, executive or administrative rules or orders issued from time to time by State or Federal officers, or bodies having jurisdiction), the Utility will not be liable therefor unless it has failed to exercise reasonable diligence.

(b) *For Consumer's Equipment.* Neither by inspection nor nonrejection, nor in any other way, does the Utility give any warranty expressed or implied as to adequacy, safety or other characteristics of any structures, equipment, appliances, or devices owned, installed, or maintained by the customer, or leased by the customer from a third party.

13.25.120 Complaint procedure against the utility.

(a) Complaints against the utility shall be made first to the utility. They must be in writing stating the nature of the complaint.

(b) If the person aggrieved is not satisfied with the disposition of his complaint, he may bring the complaint to the City Council for binding resolution.

13.25.130 Severability

If any provision of this ordinance is found to be invalid or unconstitutional by a court of competent jurisdiction, such finding shall not affect the validity of the remaining provisions of this ordinance.