

How Would the Community Operate its Own Natural Gas Distribution System

-On August 2, 2011 voters in Pocahontas will go to the polls to determine if they would like to have a locally controlled natural gas distribution. This article presents some information on how the community would operate its own system.

1. Operation

-The City would create a merged gas and electric department. A new employee would be hired and the two electric linemen would be cross-trained to industry standards making a three man electric and natural gas department. The Community would always have at least one and sometimes three employees on-call 24/7 if an emergency arises. Operating a natural gas distribution system is similar to our water system in town. There are under ground mains that transport the gas around town. There are service laterals on people's properties, and gas meters on the house. Each month the City would read the meter just like our water department. If there are any large scale construction projects, the City could utilize personnel from other utility departments much as we do now.

2. Purchasing

-The City would contract with Clayton Energy of Wahoo, NE to purchase the natural gas used by our community. Natural gas purchasing differs greatly compare to electric purchasing. Currently we purchase electricity on long-term fixed price contracts from our two suppliers. Since natural gas is a highly traded commodity its prices fluctuate daily. Each day our gas broker would forecast, nominate, and purchase natural gas for our community based on a number of factors including time of year and forecasted weather. There are 22 companies in North America that produce and sell natural gas. We would purchase natural gas from these 22 companies on a daily basis just as Black Hills does.

3. Billing

-Instead of receiving a separate bill, your home's or business's natural gas purchases would be included on your city bill. Your gas charge would have 2 sections. The first would be natural gas which the cost we buy it for must be passed to the customer. The second section would be a base charge where the city recuperates the costs of operating the system (maintenance, salaries, billing, equipment, etc). The difference between the City and Black Hills is that we would not be making a profit off the gas customers in our community, the City if a nonprofit entity. Customers will be able to have budget billing just as Black Hills offers. If customers have questions about their bills they can come down to City Hall anytime to go over it.

4. Emergency Preparation and Response

-The Iowa Utilities Board which regulates municipal and for-profit utilities in the State has specific safety and emergency preparation guidelines that both categories of utilities are required to meet. The City must maintain an emergency response plan just as Black Hills Energy. If a large emergency hits our community we can call on our mutual aid program that we currently belong to where crews from other municipal utilities in the area would come to our community and help.

5. Appliance Repair

-Currently Black Hills operates an appliance repair program called Black Hills Cares. The City has made arrangements to offer the exact same program as Black Hills that we would call Pocahontas Cares. We have an agreement with a local appliance dealer to provide appliance repair to our customers who would sign up for the appliance repair program. This would help you keep the ease of mind of having a repair program plus it would keep the money in our community.

6. Local Control

-Currently our Community's natural gas system is operated by an out-of-state for-profit corporation whose primary objective is to make money off of our community. The decisions on the rates and operation of our local system are left to a board of directors in Rapid City, SD. With a locally operated system the decisions on rates and how to operate the system are up to the local residents in our community. Local residents elect the City Council and the City Council sets the policy direction for all of our community's utility systems. With a municipal natural gas distribution system you dollars and the decision making process stay within the community.

Submitted by Pocahontas Municipal Utilities