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Subject: Press Release: Safety/Service Director rescinds proclamation adopting new electric rates, and orders customer credit.

The City of Amherst, Ohio has prided itself on providing excellent services to its' citizens and residents while being fiscally responsible. On rare occasion, the City has found itself needing to increase rates for City owned utilities like Electricity and Water. The costs of operating the Electrical Department of the City have steadily increased. Recognizing the likelihood of future account insecurity, the City was advised by its long-standing utility rate consultant, John Courtney, that a rate increase was needed. The results of an electric rate study were presented to City Council on Sept 5, 2017. After further consultation with John Courtney, the City determined to increase its electric rates. Under the Ohio Revised Code and the Ohio Constitution, The Safety Service Director may increase the electric rates without councilmanic action. The Safety/Service Director of the City of Amherst, Ohio issued a proclamation establishing new electric rate schedules for the city. The new rates were first reflected in the April, 2018 bills.

The City received many statements of concern from residents, including those who attended City Council meetings. Some questions asked pertained to the City's rights to increase rates and whether the City could increase the rates, under Amherst Codified Ordinance 919.05, beyond 5% without council approval. Amherst Codified Ordinance 919.05 states that the Electric Department shall not have less than \$350,000.00 in its accounts. Upon that account dropping under the \$350,000.00, the Safety Service Director is mandated to increase rates to stabilize the Department. These rates were not to be increased beyond 5% without councilmanic action.

The ordinance does not address the need to increase or decrease rates for other reasons beyond the department account dropping below \$350,000.00.

In response to these questions, the Mayor's Office, along with the Law Director's Office, agreed to investigate the residents' questions and concerns. The City has determined that the City is within its Constitutional rights and duties to increase city-owned utility rates. However, the existence of 919.05 causes the City some pause when considering its recent rate increase.

The City could not operate its department with only \$350,000.00. Waiting for the account to drop below \$350,000.00 before it raises rates would be financially irresponsible and likely lead to the shuttering of the department. Simply put, the ordinance is antiquated and does not meet the present day requirements of the department. The ordinance needs revision if not a complete overhaul.

Despite the right of the City to increase its rates, the Mayor's Office and the Law Department believe that the increase was not in the spirit of the ordinance. Amherst Codified Ordinance 919.05 needs to be amended and rate increases are drastically needed to keep the City Electric Department healthy.

In the interest of avoiding any doubt, The City Administration has decided to rescind the 2018 electric rate increase immediately, and credit all the City's electric customers any increased charges resulting from the 2018 electric rate proclamation. A residential customer averaging 750 KW per month, for those 8 months could see an estimated onetime credit of \$45.00.

The Administration, City Council and Mr. Courtney will now be tasked to devise a better ordinance, as well as a mechanism to increase rates. The city will need to reassess the electric rates and make adjustments and when doing so will make adjustments in a more incremental manner.

Mayor Mark Costilow stated that "We were unaware of the ordinance adopted in 1999, so we are going to rescind the new electric rates and credit any additional charges resulting from them. Customers could see credits on the bills they receive in January. After the first of the year, we will reassess the electric rates and determine a future course of action."