

**CITY OF SAN ANTONIO
PUBLIC UTILITIES DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council

FROM: Ben Gorzell Jr. CPA, Director, Public Utilities Department

SUBJECT: An Ordinance Authorizing Revisions to the CPS Energy Policy for Miscellaneous Customer Charges

DATE: December 15, 2005

SUMMARY AND RECOMMENDATION

This Ordinance authorizes revisions to the CPS Energy (CPS) Policy for Miscellaneous Customer Charges; authorizes the establishment of four new fees; provides for an effective date of April 1, 2006 for the proposed revisions to the reconnect/disconnect fees and field notification charge; and provides for an effective date of January 1, 2006 for the other proposed miscellaneous fees and charges.

Staff recommends approval of the proposed Ordinance.

BACKGROUND INFORMATION

The Policy for Miscellaneous Customer Charges (PMCC) details charges for a variety of discretionary services. These services are described as discretionary because, in most cases, customers can choose whether to have these services provided by CPS or a private sector company. Generally, these services are offered in response to customers' requests, or imposed as revenue protection measures to recover costs related to enforcement of customer service policies.

In proposing the recommended update to the Policy, CPS adheres to a philosophy that services which are used by a limited number of customers should be charged directly to those customers. The practice of not subsidizing the cost of delivering services is consistent with practices of other utilities and limits the need to increase base rate revenues.

CPS has maintained a schedule of charges, which have remained unchanged since their inception in 1986, except for some new charges that were implemented in 1995 and 2000 for additional services. Most of the fees were set so as to recover the full cost for such services in the mid-1980s and were competitive with similar fees or charges levied by other utilities at the time. Due to inflation, existing fees no longer cover the costs of providing these services. The main objective of the proposed Policy is to assure an equitable recovery of costs from customers who use special services.

Earlier this year, CPS staff undertook a comprehensive cost of service study with the purpose of evaluating current costs for providing existing services, and identifying additional services that should now be made available to customers. The proposed Ordinance will increase fees and charges to more accurately reflect CPS' cost of providing these services. Attachment I reflects the proposed miscellaneous fees and charges.

As reflected in Attachment I, in addition to updating existing charges, CPS proposes to assess fees for providing four types of new services. First, a meter read verification charge, will compensate CPS for the costs associated with special trips to re-read meters when requested by a customer. Currently, CPS does not charge for this service. Second, the Credit/Debit Card Transaction Fee, will allow CPS to offer new options for receiving customer payments via credit or debit cards, and allow CPS to recover the costs associated with offering these payment options.

The third item, the Meter Access Charge, will compensate CPS for having to install special equipment (meters that can be read remotely) for those customers who continually deny CPS access to read their meter(s). This is a fair and equitable solution for those customers who do not comply with CPS access rules, which require that CPS be afforded access to the meter. This charge can also be used for customers who voluntarily want to install this equipment thereby minimizing the need for CPS to enter their property on a monthly basis to read their meter(s). The fourth item, Miscellaneous Fees and Charges, will give CPS the flexibility to charge customers the actual cost for services that may be requested by customers, which would not be covered by other fees or charges in the Policy or in other CPS policies. These Miscellaneous Fees and Charges would be determined on a case-by-case basis, and would recover costs associated with providing the requested service.

The proposed miscellaneous fees and charges are based on the lower of current CPS service cost estimates or market, which is based on comparisons with other utilities. Current revenues from miscellaneous fees and charges are approximately \$1.4 million per year. The proposed changes would raise that annual recovery to an estimated \$3.6 million (a \$2.2 million increase) requiring those who directly benefit from the services pay the actual cost associated with the service received.

POLICY ANALYSIS

The majority of the proposed miscellaneous fees and charges are to become effective January 1, 2006. In order to minimize the impact of these proposed changes in light of natural gas prices and their projected impact on customer bills this winter, the reconnect/disconnect fees and field notification charge are proposed to become effective April 1, 2006. Additionally, staff has recommended to CPS that the gas furnace lighting charge be removed from the proposed update to miscellaneous fees and charges in order to allow for further analysis. After further analysis,

proposed changes to the gas lighting furnace charge can be reconsidered in conjunction with the anticipated consideration of a proposed gas rate adjustment next spring/summer.

FISCAL IMPACT

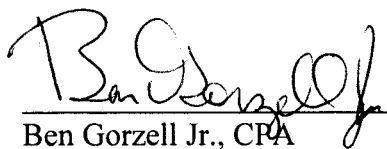
Currently, revenues from miscellaneous fees and charges are approximately \$1.4 million per year. The proposed changes at full implementation, exclusive of the gas furnace light charge, are estimated to produce revenues of approximately \$3.6 million annually, an increase of \$2.2 million. The City receives 14% of CPS gross revenues which would equate to approximately \$300,000 in additional revenue for a full twelve months. For fiscal year 2005-2006 the impact with the proposed changes in implementation are estimated to be an additional \$200,000.

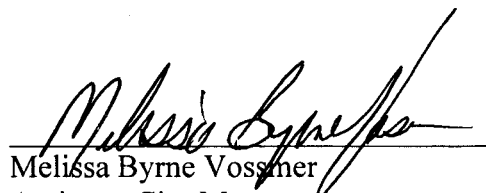
COORDINATION

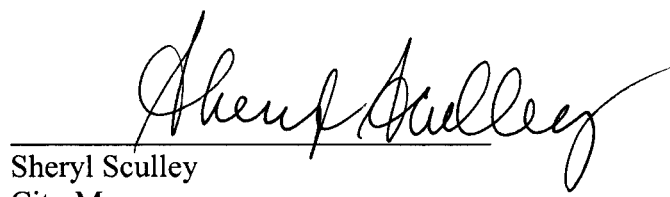
The proposed Policy for Miscellaneous Customer Charges was approved by the CPS Energy Board of Trustees, reviewed by the CPS Energy Citizens Advisory Committee, and was coordinated with the City Attorney's Office. The City Council Intergovernmental Relations Committee was briefed on November 16, 2005.

SUPPLEMENTARY COMMENTS

The disclosure requirements of the City's Ethics Ordinance are not applicable.


Ben Gorzell Jr., CPA
Director of Public Utilities


Melissa Byrne Vossmer
Assistant City Manager


Sheryl Sculley
City Manager

Attachment I
CPS Miscellaneous Customer Charges

							Current	Proposed
Charge or Fee							Charge	Charge
Returned Payment Fee							\$20.00	\$25.00
Electric Service Reconnect @ Meter, Regular Work Hours							\$15.00	\$24.00
Electric Service Reconnect @ Meter, Premium Work Hours							\$18.00	\$30.00
Gas Service Reconnect @ Meter, Regular Work Hours							\$20.00	\$36.00
Gas Service Reconnect @ Meter, Premium Work Hours							\$25.00	\$47.00
Electric & Gas Service Reconnect @ Meter, Regular Work Hours							\$22.00	\$53.00
Electric & Gas Service Reconnect @ Meter, Premium Work Hours							\$28.00	\$69.00
Electric Service Reconnect @ Pole, Regular Work Hours							\$40.00	\$60.00
Electric Service Reconnect @ Pole, Premium Work Hours							\$45.00	\$120.00
Electric Service Reconnect @ UG Transformer, Regular Work Hours							\$55.00	\$60.00
Electric Service Reconnect @ UG Transformer, Premium Work Hours							\$55.00	\$120.00
Gas Service Reconnect @ Gas Main, Regular Work Hours							\$280.00	\$400.00
Gas Service Reconnect @ Gas Main, Premium Work Hours							\$280.00	\$600.00
Customer Sales Tax History Request Charge, For 12-Month's Data							\$11.00	\$36.00
Customer Gas or Electric Use-Bill History Request Charge (12-Mo)							\$33.00	\$36.00
Customer Electric Meter Accuracy Test Charge **							\$15.00	\$25.00
Customer Gas Meter Accuracy Test Charge **							\$15.00	\$25.00
Repeat Gas or Electric Service Call Charge, Regular Work Hours							\$8.00	\$20.00
Repeat Gas or Electric Service Call Charge, Premium Work Hours							\$8.00	\$30.00
Rescheduled OH Electric Service Connection							\$15.00	\$58.00
Rescheduled UG Electric Service Connection							\$45.00	\$58.00
Field Notification Charge							\$3.00	\$12.00
Meter ID Survery (First Meter), Regular Work Hours							\$19.00	\$21.00
Meter ID Survery (Per Additional Meter), Regular Work Hours							\$8.00	\$8.00
Meter ID Survery (First Meter), Premium Work Hours							\$19.00	\$27.00
Meter ID Survery (Per Additional Meter), Premium Work Hours							\$8.00	\$10.00

Attachment I - Continued
CPS Miscellaneous Customer Charges

Charge or Fee	Current Charge	Proposed Charge
Unauthorized Service Diversion Correction-Regular Work Hours	\$85.00	\$120.00
Unauthorized Service Diversion Correction-Premium Work Hours	\$85.00	\$160.00
Unauthorized Meter Hookup (Meter Lock) - Regular Work Hours	\$35.00	\$80.00
Unauthorized Meter Hookup (Meter Lock) - Premium Work Hours	\$35.00	\$100.00
Stolen/Damaged Meter Correction - Regular Work Hours	\$70.00	\$165.00
Stolen/Damaged Meter Correction - Premium Work Hours	\$70.00	\$190.00
Meter Tampering Charge - All Hours	\$20.00	\$40.00
Temporary OH Electric Service - Regular Work Hours	\$90.00	\$150.00
Temporary OH Electric Service - Premium Work Hours	\$90.00	\$225.00
Temporary UG Electric Service - Regular Work Hours	\$60.00	\$150.00
Temporary UG Electric Service - Premium Work Hours	\$60.00	\$225.00
Temporary Transformer (25 KVA or Less) - Regular Work Hours	\$250.00	\$550.00
Temporary Transformer (25 KVA or Less) - Premium Work Hours	\$250.00	\$700.00
Monthly Load Profile Data, E-Mail Copy, First Recorder	\$22.00	\$22.00
Monthly Load Profile Data, E-Mail Copy, Per Additional Recorder	\$11.00	\$11.00
Monthly Load Profile Data, Paper Copy, First Recorder	\$28.00	\$28.00
Monthly Load Profile Data, Paper Copy, Per Additional Recorder	\$9.00	\$9.00
Monthly Load Profile Data, Diskette Copy, First Recorder	\$28.00	\$28.00
Monthly Load Profile Data, Diskette Copy, Per Additional Recorder	\$13.00	\$13.00
Monthly Load Profile Data, Paper & Disk Copy, First Recorder	\$51.00	\$51.00
Monthly Load Profile Data, Paper & Disk Copy, Per Added Recorder	\$21.00	\$21.00
Meter Read Verification Charge ***	\$0.00	\$7.00
Credit/Debit Card Transaction Fee ***	\$0.00	N/A
Meter Access Charges (Residential Electric Only) *	\$0.00	\$75.00
Meter Access Charges (Residential Electric & Gas Only) *	\$0.00	\$175.00
Miscellaneous Fees & Charges	\$0.00	\$0.00
* Currently a \$7 charge is assessed only durring Oct. - Jan.		
** Free Test Every 4 Years, or If Meter Is Found To Be Inaccurate		
*** New Charges Not included in Existing Policy Effective May 2, 2000		

Policy For Miscellaneous Customer Charges

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Proposed Changes

- Update charges/fees for existing discretionary services
 - Disconnect/Reconnect
 - Returned Check Fees
 - Etc.
- Implement new charges/fees for additional services
 - Meter Read Verification Charge
 - Credit/Debit Card Transaction Fee
 - Meter Access Charges
 - Miscellaneous Fees
- Updated charges/fees are based on cost of service taking into consideration market comparisons with other utilities

Electric & Gas Service Reconnection Charges*

	<u>Current Regular/Premium**</u>	<u>Proposed Regular/Premium**</u>
@ CPS electric meter	\$15 / \$18	\$24 / \$30
@ CPS gas meter	\$20 / \$25	\$36 / \$47
@ CPS electric & gas meter	\$22 / \$28	\$53 / \$69
@ CPS electric pole	\$40 / \$45	\$60 / \$120
@ CPS electric ground transformer	\$55 / \$55	\$60 / \$120
@ CPS gas main	\$280 / \$280	\$400 / \$600

* These charges are designed to recover costs of service disconnections and subsequent service reconnections.

** Premium Pay Work Hours are specified in currently effective CPS labor contracts.

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Standard Temporary Service Charges

	<u>Current Regular/Premium</u>	<u>Proposed Regular/Premium</u>
Temporary electric overhead service	\$90	\$150 / \$225
Temporary electric underground service	\$60	\$150 / \$225
Temporary electric transformer (25 kva or less)	\$250	\$550 / \$700

*Standard temporary charges are mostly for new construction sites or facility renovation projects.

*Non-standard temporary electric and/or temporary gas services are subject to higher charges.

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Other Customer Requested Services

	Current <u>Regular/Premium</u>	Proposed <u>Regular/Premium</u>
Furnace Lighting Fees – 1st Unit	\$7	\$24
Per Additional Unit Lighted	\$0	\$7
(Current Fees are for Oct – Jan only; Proposed Fees are year-round)		
Data Request – Electric Usage/Bill History	\$33	\$36
Data Request – Gas Usage/Bill History	\$33	\$36
Data Request – Sales Tax History	\$11	\$36
(Charges are for 1 year of data history - no charge for latest 12 months of data)		
Meter Test Fee – Electric	\$15	\$25
Meter Test Fee – Gas	\$15	\$25
(No charge if meter registers inaccurately)		
Rescheduled Svc Connection – OH* Elec	\$15	\$58
Rescheduled Svc Connection – UG* Elec	\$45	\$58
*OH - Overhead UG - Underground		
Meter ID Survey – 1st Meter	\$19	\$21 / \$27
Meter ID Survey – per Added Meter	\$8	\$ 8 / \$10 ⁵

Other Miscellaneous Customer Charges & Fees

	Current <u>Regular/Premium</u>	Proposed <u>Regular/Premium</u>
Returned Payment Fee	\$20	\$25
Repeat Service Call Charge	\$8	\$20 / \$30
Field Notification Charge	\$3	\$12
Service Diversion Fee	\$85	\$120 / \$160
Meter Lock Installed Fee	\$35	\$80 / \$100
Meter Stolen/Damaged Fee	\$70	\$165 / \$190
Meter Tampering Fee	\$20	\$40

"New"* Proposed Customer Charges & Fees

	<u>Proposed</u>
Meter Read Verification Charge	\$7
Credit/Debit Card Transaction Fee	Calc.
Meter Access Charge (elec. / elec. & gas)	\$75 / \$170
Miscellaneous Fees	Calc.

* Currently CPS does not assess these "New" charges & fees.

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Estimated Revenue Impact* of Proposed Policy Charges & Fees

Current Policy revenues	\$1.4 million per year
Proposed Policy estimated revenues	\$3.6 million per year
Estimated revenue increase	\$2.2 million per year

* Revenues are from 12 months ended September 2003 at full implementation, excluding the Gas Furnace Light Charge.

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Proposed Changes To Implementation Dates

- Defer effective date of reconnect/disconnect fees to April 1, 2006
- Defer effective date of field notification charge to April 1, 2006
- Bring gas furnace lighting charge back with proposed gas rate increase next spring/summer

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