

UTILITY COMMITTEE MINUTES

December 19, 1997

The Utility Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on December 19, 1997 at 10:08 a.m.

COMMITTEE PRESENT

Dennis Kavanaugh,
Chairman
Pat Gilbert
Joan Payne

COMMITTEE ABSENT

None

STAFF PRESENT

C.K. Luster
Linda Crocker
Mike Hutchinson
Barbara Jones
Harry Kent
Sandy Mason
Tom Remes
Jenny Sheppard
Others

OTHERS PRESENT

Others

1. Consider modifications to the terms and conditions for the sale of utilities.

Assistant City Manager Mike Hutchinson briefly highlighted a list of proposed modifications to the terms and conditions for the sale of utilities (attached) and noted that staff is recommending (1) establishing a Landlord Agreement Clause, to allow qualified landlords the ability to receive automatic continuation of service in the landlords' names when a tenant requests disconnection of service; and (2) amending the paragraph referencing Unauthorized Use of Utilities to include an alternative penalty and the option for charging parties to protest assessments with a designated City of Mesa Hearing Officer.

It was moved by Committeemember Gilbert, seconded by Committeemember Payne, to recommend to Council that staff's proposed modifications to the terms and conditions for the sale of utilities be approved.

Carried unanimously.

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2. Adjournment.

It was moved by Committeemember Gilbert, seconded by Committeemember Payne, that the Utility Committee Meeting adjourn at 10:09 a.m. (The Council then reconvened an Executive Session.)

Carried unanimously.

Attachment

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Utility Committee Meeting of the City of Mesa, Arizona, held on the 19th day of December 1997. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 30th day of January 1998

BARBARA JONES, CITY CLERK

AGENDA

UTILITY COMMITTEE

December 19, 1997
Lower Level Conference Room - Council Chambers
8:00 A.M.

1. Consider modifications to the terms and conditions for the sale of utilities.

attachment

Council Report

Date: December 16, 1997

To: City Council

Through: C. K. Luster

From: Jenny Sheppard

Subject: Authorize modifications to The Terms and Conditions for the Sale of Utilities

Purpose and Recommendation

The purpose of this report is to suggest additions and/or changes to The Terms and Conditions for the Sale of Utilities.

1. It is being recommended that the City modify the Terms and Conditions for the Sale of Utilities by establishing a Landlord Agreement Clause. This section will allow a qualified landlord the ability for automatic continuation of service in the landlord's name when a tenant requests disconnection of service. Included in this recommendation is that the utility administrative service charge be waived for those customers with landlord agreements in which the City of Mesa is the retail supplier of electric, gas or water service.
2. Recommend changes to the paragraph referencing Unauthorized Use of Utilities to include an alternative penalty and the option for charged parties to protest the assessment with a designated City of Mesa Hearing Officer.

Background

Landlord Agreement Clause - Qualified landlords may now submit a letter requesting that the responsibility of the utility services at their properties automatically revert back to themselves after their tenant requests disconnection, but a utility administrative service charge is assessed each time the account is reestablished in their name. Blanket deposits are required for those customers that have not established a satisfactory credit history with the City of Mesa.

Stan Hughes, the City's Natural Gas Marketing Coordinator, has been approached by a developer/management company for a large apartment complex that feels that our policy to charge an administrative service charge each time they reestablish the account in their name is a disincentive to use City of Mesa gas and, in the near future, City of Mesa electric. His complaint is not with the initial administrative service charge, but with the subsequent service charges that may add up for a business that sometimes realizes up to 80% yearly resident turnover.

Unauthorized Use of Utilities - Our current ordinance requires a service charge of \$1000.00 to be assessed for each unauthorized occurrence for commercial, multi-family and construction customers/accounts. This service charge was increased from \$100.00 to \$1000.00 last January when it was determined that it was more costly to comply with our meter requirement than to be assessed a penalty for diverting the water, gas or electric service. The fees to obtain a water hydrant meter run between \$300.00 to \$560.00. It now appears that the \$1000.00 service charge may be too harsh of a penalty for some commercial users that have been detected using Mesa water under unusual circumstances.

Discussion

Landlord Agreement Clause

In this era of deregulation of the gas and electric industries, the City should be evaluating the need for more competitive policies and practices for the sale of its utilities. The unbundling of products and services will eventually require restructuring our Terms and Conditions for the Sale of Utilities to create a more flexible environment to meet customers' needs. Needed will be value added services, which are products and services that add value from a customer's viewpoint over and above basic electric or gas service.

Other gas and electric suppliers in the Valley, such as A.P.S., Southwest Gas and S.R.P. are already offering waiving the service charge as an advantage to their customers.

Unauthorized Use of Utilities

Change ordinance to allow that subsequent fees **paid** for the appropriate required meters may be subtracted from the \$1000.00 penalty service charge. Also, include provision for those assessed with this penalty service charge to request a hearing to be held by a designated City of Mesa Hearing Officer. Variance of the penalty service charge may be made by the Hearing Officer.

Fiscal Impact

Landlord Agreement Clause

Loss of revenue is approximately \$125,000 for this fiscal year. The City's **monthly revenue** from the administrative service charge varies from an average of \$50,000, with the high range being \$75,000. While we do not account for landlord connection charges separately, my guess is that one-third of that revenue can be attributed to reestablishing of landlord accounts.

Unauthorized Use of Utilities

It can be assumed that there will be reduced service charges collected in conjunction with the proposed changes, the amount of which cannot be predetermined.

Concurrence

Staff Originator

Assistant City Manager

City Manager

TERMS AND CONDITIONS FOR THE SALE OF UTILITIES

The following terms and conditions shall be considered a part of all of the City's rate schedule for the sale of utilities, except where specifically changed by written agreement.

1. Service Rendered Under Special Agreement:

Utility services will be supplied in accordance with these terms and conditions and such applicable rates as may from time to time be authorized by the City Council. However, in the case of Customers whose service requirements are of unusual size or characteristics, special rate agreements may be required and authorized by the City Council.

2. Continuity of Service:

The City will use reasonable diligence to supply steady and continuous service, but does not guarantee the service against fluctuations or interruptions. The City will not be liable to the Customer for any damages occasioned by fluctuations or interruptions, or by failure to begin supplying service from causes beyond the City's reasonable control. The City may, without incurring any liability therefore, suspend service for periods reasonably necessary to accomplish repairs to or changes in any of the City's facilities.

3. Service and Min Connections and Charges:

Each parcel of land will be served from a main line and separate connection directly adjacent to the property receiving service. Each such parcel shall have frontage on a dedicated public or private street meeting the requirements of the Agency having jurisdiction. The minimum width of such frontage shall be the minimum required by the applicable zoning classification. No group of structures may be served by one (1) meter unless situated on the same parcel, under one (1) ownership, unless approved by the City. When the City requires a main line extension to make the utility adjacent to a parcel requesting connection, the owner or developer will extend the main line across the frontage of the parcel unless otherwise approved.

No sale of transfer of service from one property ownership to another shall be permitted. In the event that any parcel with utility service is subdivided and any portion of that land is subsequently sold to another party, a main extension and/or meter relocation will be required as necessary to make service directly adjacent to each parcel of land.

All meters will be supplied by the City of Mesa. Charges for installing new services and/or meters will be in accordance with the current schedule of Charges for Utility Related Services.

Buy-ins for the right to use certain utility main lines will be in accordance with the private line agreement on file with the City or as determined by the City for a specific utility main.

All monies must normally be paid at the time service is requested.

As a prerequisite to receiving potable water and/or sanitary sewer utility service, any single-parcel/unsubdivided N.S.F.R.(new single family residence) that does have existing and adequate

public utility mainline(s) directly adjacent to its *entire* frontage shall be required to execute a formal Development Agreement identifying the terms and conditions of receiving utility service. As a prerequisite to receiving potable water and/or sanitary sewer utility service, any single-parcel/unsubdivided N. S. F. R. (new single family residence) that *does not* have an existing and adequate public mainline(s) directly adjacent to its *entire* frontage shall be required to execute a formal Development Agreement identifying the terms and conditions of receiving said utility service, extend the appropriately sized public utility mainline(s) across its *entire* frontage in a dedicated public or private street, and may be required to receive Utility Committee approval.

4. Access To Customer Premises:

Authorized representatives of the City are to have access at all reasonable hours to the Customer's premises for the purpose of meter reading or operating and maintaining the City's facilities up to the point of delivery.

The Customer, at his expense, will give permission or an easement, when necessary, to the City for the purpose of constructing and maintaining the City's service facilities required on the Customer's premises up to the point of delivery.

5. Authority To Connect or Disconnect Service:

The City will not install and maintain any lines and equipment on the Customer's side of the point of delivery. For the mutual protection of the Customer and the City, only authorized employees of the City are permitted to make or turn on the connection between the City's service and the Customer's service. Where new services are to be connected, a satisfactory final inspection by the City Building Inspection Office will normally be required prior to turning on the gas or electrical service.

6. Termination of Service:

The City may disconnect service to any customer when necessary for the Utility to comply with an order of any Governmental Agency having such jurisdiction.

7. Metering Provisions

The Customer will provide, in accordance with the City's current service standards and free of expense to the City, a sufficient and proper space in an approved location for the installation of the meter. The readings of the City's meter will be conclusive as to the amount of consumption used by the Customer, unless upon test, the City's meter is found to be in error by more than 3%. If a meter is found in error by more than 3%, the City will compute the consumption based on the error percentage and/or applicable history. If the Customer requests an accuracy test and the meter proves to be not more than 3% in error, a service charge to cover the vehicle expense, driving time and labor expense for meter exchange and testing will be made as follows:

Water:	3/4"	\$35.00	Gas:	200 and 300 Class	\$25.00
	1" & 1 ½"	40.00		400 Class	30.00
	2"	60.00		800 Class or larger	Actual Cost
	3" or larger	Actual Cost			

Electric: All meters \$15.00

8. Cooling Tower/Subtractive Metering:

For a commercial customer with cooling towers, the City may allow the Customer to have influent and effluent meters installed to properly meter the amount of water discharged to the wastewater system. The Customer shall be responsible for all costs associated with the purchase and installation of City approved meters and must provide City approved ground level meter readout devices in an approved location.

9. Customer Account Deposit:

Residential homeowners will not be required to make a deposit as security for payment of service bills unless a the customer has established a history of delinquency with the City of Mesa or has an unpaid City of Mesa utility closing bill. All homeowners must provide the City with their escrow number and name of the title company or the docket and page number of the deed to their property. All other Customers may be required to make a deposit. For dwelling units with individual service meters, the deposits are as follows:

Electric with evaporative cooling only	\$ 85.00
Electric with refrigeration unit	\$100.00
Gas	\$ 50.00
Water	\$ 50.00

The deposit amount also includes security for wastewater, solid waste, and irrigation charges, when applicable. Except for commercial solid waste customers, all new commercial customers may be required to make a deposit or establish a trust fund with an approved institution in an amount equal to the estimated total of utility bills covering a two and one-half month high billing period. Commercial solid waste customers will be required to make a deposit equal to the cost of one month of service. Commercial and/or multi-unit customers may have their deposits waived with pre-approved low risk credit rating verification from DUN AND BRADSTREET or EQUIFAX or similar credit rating service deemed acceptable by City of Mesa.

Residential Customers may, upon request, have their account's deposit refunded after a period of one year, providing they have no more than one delinquent utility bill during the period. Commercial customers may have their account's deposit released after a period of three years, providing they have no more than one delinquent utility payment per year. Subsequently, if an account shows a history of delinquency, either a new deposit or an additional deposit amount may be required. The City has the right to suspend utility services to enforce payment of utility bills, collection charges, service charges, meter test charges, or deposit amounts.

10. Utility Service, Collection, and/or Late Fee Charges:

A utility administrative service charge of \$17.00 will be assessed to establish a utility service account. If it is necessary to establish gas, water, or electric service after 5:00 P.M., Monday through Friday, or weekend and holiday service, \$35.00 will be assessed.

A late fee equal to 1.5 percent of the unpaid balance will be assessed to all accounts with an amount owing in arrears at the time of billing. There is a minimum late fee of \$0.25; calculated amounts under \$0.25 will not be billed a late fee.

If a non-payment disconnection notice must subsequently be produced and mailed, an additional \$3.00 charge will be billed to defray the cost of producing and mailing this notice. In the event that a utility field representative must be dispatched to a service address to either collect a delinquent bill and/or disconnect service, or re-establish service which has been disconnected, a \$15.00 charge will be assessed to defray the

cost of each field trip. Service after 5:00 P.M., Monday through Friday, plus weekend and holiday service, will be assessed a collection charge of \$35.00.

Should it become necessary to remove a meter or regulator, or to disconnect service wires to enforce payment, additional service charges will be made, including charges for damages to utility meters or meter locking devices according to the City's current schedule of Fees and Charges.

City and State Privilege tax will be assessed on all charges as applicable.

11. Change To Optional Rate Schedule:

Where optional rate schedules are available to a Customer, only one change will be allowed in any 12-month period.

12. Payment of Utility Bills:

Utility bills shall be rendered monthly, and are due and payable upon presentation and are past due 30 calendar days after reading date. The City reserves the right to suspend or terminate any or all of the Customer's services for non-payment of bills past due or for utility payment checks returned by a financial institution unpaid. Payment is effective upon receipt in hand of the full balance due at a City of Mesa Utility Payment Center.

A lien for unpaid utility account balances and the cost of preparing, processing and releasing a lien may be placed on the property, lot or tract of land to which service was rendered.

An unpaid utility account balance may be transferred to another City of Mesa utility account with the same customer.

13. Unauthorized Use of Utilities:

Unauthorized use of utilities shall mean:

The taking of a utility service by, (1) by turning the service on without authority, or (2) by bypassing the meter, connecting directly into the service or a hydrant without a meter, or (3) willfully modifying the meter or service apparatus so as to cause loss or reduction of registration.

If unauthorized use of a utility occurs, the City shall charge:

Single family residential customers for an estimated usage according to the applicable rate plus a service charge of \$100.00 for each occurrence.

Commercial, multi-family and construction customers/accounts for an estimated usage according to applicable rates plus a service charge of \$1000.00 for each occurrence. **Subsequent fees paid for the appropriate required meters may be subtracted from the \$1000.00 service charge. Upon request, a protest of the assessed service charge may be scheduled with a designated City of Mesa Hearing Officer.**

14. High Pressure Gas Service:

Gas is normally supplied by the City at low pressure from a main or service regulator normally operating at a pressure equivalent to six inches of water pressure. Where, in the City's opinion, gas is available at high

pressure, it will be supplied subject to the following provisions:

- A. Gas will be delivered at a higher than normal pressure to non-residential Customers only. Such higher delivery pressure shall be agreed upon by the City and the Customer, and supplied within the range of accuracy provided by a standard service regulator.
- B. For billing purposes, the volume of gas registered in cubic feet by the meter at a pressure in excess of six inches of water pressure shall be corrected to a basis of four ounces (0.25 pounds) per square inch above an assumed atmospheric pressure of 14.12 pounds per square inch, or 14.37 pounds per square inch absolute pressure; the City reserves the right to correct gas deliveries to a temperature standard of 60 F., and to apply deviation factors for super-compressibility.

15. Unauthorized Use of Gas:

Unauthorized use of gas shall mean:

- A. The taking of gas by any Customer by bypassing the meter or willfully modifying the gas meter so as to cause loss or reduction of registration.
- B. For an Interruptible Gas Service Customer, the taking of gas on any day in excess of the maximum daily contract quantity specified in the gas service contract between the City and the Customer.
- C. For any Customer subjected to curtailment during a curtailment period, the taking of gas in excess of a daily variable entitlement specified by the City and based upon the Customer's priority class (see the City of Mesa's Curtailment Ordinance) and the curtailment imposed upon the City by its general gas supplier, El Paso Natural Gas Company.
- D. For any Customer with a maximum monthly quantity specified in the gas service contract between the City and the Customer, the taking of gas in any billing period in excess of the maximum monthly quantity.

If unauthorized use of gas occurs, the City shall charge the Customer, and the Customer shall pay in addition to the regular charges of the rate, \$1.00 for each therm of unauthorized use of gas. Payment of the additional charge for unauthorized use of gas shall not, under any circumstances, give the Customer the right to use gas in excess of the maximum quantity nor shall such payment exclude the City's right to discontinue service to the Customer for failure to stay within the authorized quantity.

Except as specified above, all other provisions of the rate shall apply.

16. Landlord Agreements

A landlord agreement is defined herein as an agreement between the City of Mesa and a qualified landlord which allows for the automatic continuation of service in the landlord's name when a tenant requests disconnection of service. A qualified landlord is a rental property owner that has established a satisfactory credit status of no more than one delinquent utility payment per year or has a utility deposit on-hand with the City of Mesa Utility Customer Accounts Section.

- A. The landlord agreement shall not apply when a tenant is disconnected for nonpayment of utilities.**
- B. Disputes regarding effective dates of service shall be resolved between the tenant and the landlord.**
- C. The utility administrative service charge may be waived for landlord agreement customers in which the City of Mesa is the retail supplier of the account's electric, gas or water service, whichever service is applicable to the account being activated, when that service under the landlord agreement automatically reverts to the landlord's account, but shall apply when a new tenant requests service at that location.**
- D. The landlord agreement may be terminated by the landlord or the City of Mesa at any time with 30 days' written notice.**

17. Violation; Penalty:

Among other penalties that may apply, any person, firm, or corporation that violates any provision of this Ordinance shall be guilty of a misdemeanor. Upon conviction, persons shall be punished by a fine not to exceed \$2,500, or by imprisonment for a period not to exceed six (6) months, or by such fine and imprisonment. Upon conviction, firms or corporations shall be punished by a fine not to exceed \$20,000. Each instance of violation continued shall be a separate offense, punishable as described above.