

AN ORDINANCE **101819**

AUTHORIZING REVISIONS TO THE CPS ENERGY POLICIES FOR ELECTRIC LINE EXTENSIONS AND SERVICE CONNECTIONS AND GAS MAIN EXTENSIONS AND SERVICE CONNECTIONS, ADJUSTING FEES ACCORDINGLY AND PROVIDING FOR AN EFFECTIVE DATE OF JANUARY 1, 2006.

* * * * *

WHEREAS, CPS Energy (CPS) provides electric and gas service to the greater San Antonio metropolitan area, and provides areas of new growth with extensions of new electric and gas service in exchange for charges based on the costs of new service extensions and installations; and

WHEREAS, the majority of the charges for electric line extensions and service connections (installations) were last updated in 1986, by the CPS Board of Trustees, and the Policy for Gas Main Extensions and Service Connections was last updated by Ordinance No. 83126 on November 2, 1995; and

WHEREAS, in 2005, CPS reviewed the 1986 Policy for Electric Line Extensions and Service Connections and the 1995 Policy for Gas Main Extensions and Service Connections, and determined that the current charges were not fully recovering the costs of providing the services; and

WHEREAS, on May 23, 2005, the CPS Board of Trustees adopted a new Policy for Electric Line Extensions and Service Installations and a new Policy for Gas Main Extensions and Service Installations; and

WHEREAS, the new Policies and charges will allow CPS to recover the actual costs associated with electric line extensions and service installations, and gas main extensions and service installations; and

WHEREAS, the City finds that affordable housing units should not bear these increased fees for non-standard and upgraded line extensions and service installations; and

WHEREAS, the City Council has the final ratemaking authority regarding such proposed changes to the CPS Energy Policy for Miscellaneous Customer Charges and finds that said changes are fair and reasonable and, should be adopted as amended by this Ordinance and that the May 23, 2005 CPS Policy should be referred to the CPS Board of Trustees for modification and implementation consistent with this Ordinance; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The new charges as set forth in the CPS "Policy for Electric Line Extensions and Service Installations" incorporated as Attachment 1 to this Ordinance are authorized and approved, as amended by this Ordinance, and the new charges as set forth in the CPS "Policy for Gas Main Extensions and Service Installations" incorporated as Attachment 2 to this Ordinance are authorized and approved, as amended by this Ordinance.

SECTION 2. Units which meet the City's definition of affordable shall continue to pay the Line Extension and Service Installation fees which applied prior to January 1, 2006. All other Policies and charges approved by this Ordinance shall be effective for all CPS billings on or after January 1, 2006.

SECTION 3. The above Policies and charges have been adopted after a complete investigation of the facts bearing upon the Policies and charges, and based on such investigation, the City Council of the City of San Antonio finds and determines that said Policy and charges are fair, just and reasonable, are equal and uniform and non-discriminatory, and provide a reasonable and fair return upon the fair value of the electric and gas system's services.

SECTION 4. This ordinance shall be effective on the tenth (10th) day after passage.

PASSED AND APPROVED this 15th day of December 2005.


M A Y O R
PHIL HARDBERGER

ATTEST: 
City Clerk

APPROVED AS TO FORM: 
for City Attorney

Agenda Voting Results

Name: 6. *Main Motion*

Date: 12/15/05

Time: 11:05:59 AM

Vote Type: Multiple selection

Description: An Ordinance authorizing revisions to the CPS Energy Policies for Electric Line Extensions and Service Connections and Gas Main Extensions and Service Connections and adjusting fees accordingly and providing for an effective date of January 1, 2006. [Presented by Ben Gorzell, Jr., Director, Public Utilities; Melissa Byrne Vossmer, Assistant City Manager]

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
SHEILA D. MCNEIL	DISTRICT 2		x		
ROLAND GUTIERREZ	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5				x
DELICIA HERRERA	DISTRICT 6		x		
ELENA K. GUAJARDO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8		x		
KEVIN A. WOLFF	DISTRICT 9		x		
CHIP HAASS	DISTRICT_10		x		
MAYOR PHIL HARDBERGER	MAYOR		x		

Agenda Voting Results

Name: 6. Amendment as presented by CM Perez

Date: 12/15/05

Time: 11:05:43 AM

Vote Type: Multiple selection

(Fees to remain the same if it is for affordable housing)

Description:

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
SHEILA D. MCNEIL	DISTRICT 2		x		
ROLAND GUTIERREZ	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5				x
DELICIA HERRERA	DISTRICT 6		x		
ELENA K. GUAJARDO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8		x		
KEVIN A. WOLFF	DISTRICT 9		x		
CHIP HAASS	DISTRICT_10		x		
MAYOR PHIL HARDBERGER	MAYOR		x		

**ATTACHMENT I
Electric Policy**

	<u>Present</u>	<u>Proposed</u>
Meters	No Charge	No Charge
<u>Services</u>		
Overhead	\$16 + \$0.16 per ft.	0 to 100 ft. - No charge Over 100 ft. - Excess cost
Underground	\$35 + \$0.40 per ft. in dirt \$35 + \$1.60 per ft. in rock	trench/conduit costs plus excess costs over 100 ft OH equivalent
<u>Transformers</u>		
Overhead	No Charge	No Charge
Underground	\$25/cust.	Cost less OH equivalent cost
<u>Extensions</u>		
Overhead	\$2 per ft. + excess of poles set in rock	costs over \$767 per lot
Underground	\$3.65 per ft. in dirt \$4.95 per ft. in rock	trench/conduit costs plus excess costs over \$767 per lot

**ATTACHMENT II
Gas Policy**

	<u>Present</u>	<u>Proposed</u>
Meters	No Charge	No Charge
Services	Cost less: 100 ft.	Cost less: footage allowance per appliance
Extensions	Cost less: \$17 per annual MCF [\$850]	same as present

CPS Energy Extension Policies

Item No. 3
City Council
December 15, 2005

Background

- Line Extension is defined as construction of new facilities or upgrade of existing facilities to provide energy delivery service to a retail electric or gas customer
 - Primarily to serve growth
 - Cost of standard facilities for line extensions are funded through general monthly rates
 - A portion of line extension costs are paid by developers
 - Does not impact general monthly rates

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Background

- Policy for Electric Line Extensions and Service Connections has been in place since 1986
- Policy for Gas Main Extensions and Service Connections last updated and approved in 1995
 - Revisions were driven at that time by competitive pressures from other gas distribution utilities

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CPS' Goals/Objectives

- Update line extension charges
- Fairness and equity between existing and new customers
- Simplify process for ease of administration
- Allow flexibility in application of policy to accommodate competitive and changing environment

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CPS' Approach/Philosophy

- Growth pays for itself (New load pays its own way)
- Costs of most standard facilities, overhead, necessary to serve a new customer should be recovered through general rates (monthly rates)
 - Includes metering and standard transformer costs

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CPS' Approach/Philosophy

- New customer through line extension charges should pay excess costs for non-standard facilities (trenching, conduit, additional facilities, etc.)
- Costs for oversized facilities and system improvements as a result of CPS planning should be recovered through general rates

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Proposed Changes

- Instead of a schedule of fixed charges for underground extensions and services, proposal reflects market based prices for trenching and conduit installation
 - Flexibility to recover more of actual costs
 - Allows developers or builders the option to perform their own trenching and conduit installation

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Proposed Changes

- CPS will continue to inspect contractors work to ensure adherence to CPS construction standards
- CPS will continue to perform the critical installation of electrical cabling
- Gas service allowance is based on number and types of gas appliances

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Overall Summary of Cost Recovery
(\$ millions)

Electric					
	Total Costs	Contributions			Total
		Extensions	Transformers	Services	
Current Policy (CPS cost)	\$26.0	\$2.7	\$0.25	\$1.2	\$4.2
<u>Proposed Policy</u>					
Mkt trench & conduit ~ 100%	\$22.2	\$3.4	\$4.0	\$4.0	\$11.4
Gas					
	Total Costs	Contributions			Total
		Extensions	Services	Total	
Current Policy (CPS cost)	\$3.0	\$0.024	\$0.0	\$0.024	
<u>Proposed Policy</u>					
Substitute Mkt trench	\$2.1	\$0.0	\$0.0	\$0.0	

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Customer Contributions per Year - Electric System
(\$ millions)

	Extensions	Transformers	Sub-total		Total
			Extensions	Services	
Present	\$2.68	\$0.25	\$2.93	\$1.22	\$4.15
<u>Proposed</u>					
CY 2006	\$2.68	\$0.25	\$2.93	\$1.99	\$4.92
CY 2007	\$3.02	\$1.01	\$4.03	\$2.98	\$7.01
CY 2008	\$3.36	\$3.02	\$6.38	\$3.97	\$10.35
CY 2009	\$3.36	\$4.02	\$7.38	\$3.97	\$11.35

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Phase - In

- Phase-in mechanism will not adversely impact CPS Energy's financial position
 - Annual Revenue (Excl. Fuel): \$1 Billion
 - Extension Policy Contributions \$11.4 Million
 - % of Annual Revenue 1%
- CPS Energy and affected parties have reached agreement on phase-in methodology
- Must have pre-construction meeting within 2 years of plat date or move to the full rate

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Community Outreach

- Met with key Community Leaders
- Conducted Developer/Builder Focus Groups
- Conducted Citizens Advisory Committee work-session
- Conducted Board work-session
- Met with Community Housing Development Organizations to obtain feedback with alternative option under consideration
- Briefed Intergovernmental Relations City Council Committee

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CPS Energy Extension Policies

Item No. 3
City Council
December 15, 2005



DO NOT TYPE IN THIS SPACE		CITY OF SAN ANTONIO	Consent <input type="checkbox"/> Individual <input type="checkbox"/> Item No. 6 Ord. No.
Approval		Request For Ordinance/Resolution	
Finance	Budget		
Legal Lisa Biediger 207-8969	Coordinator		

Date: December 15, 2005	Department: Public Utilities	Contact Person/Phone #: Ben Gorzell 207-8652
Date Council Consideration December 15, 2005	Deadline for Action: N/A	Dept. Head Signature <i>Ben Gorzell</i>

SUMMARY OF ORDINANCE

An Ordinance Authorizing Revisions to the CPS Energy Policies for Electric Line Extensions and Service Connections and Gas Main Extensions and Service Connections and provides for an effective date of January 1, 2006.

Council Memorandum Must be Attached To Original

Other Depts., Boards, Committees Involved (please specify):
 This item has been approved by the CPS Energy Board of Trustees and the CPS Energy Citizens Advisory Committee and has been coordinated with CPS Staff and the City Attorney's Office. The City Council Intergovernmental Relations Committee was briefed on September 21, 2005 and on November 16, 2005.

Contract signed by other party Yes No

FISCAL DATA (If Applicable)		
Amount Expended	n/a	
Fund	n/a	n/a
	SAP GL Account	
*Cost Center	n/a	
*Internal Order No.	n/a	n/a
	*WBS (Capital Proj.)	
*(Fill out only the field that is appropriate to your council action.)		

Funds/Staffing Budgeted	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Positions Currently Authorized	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Impact on future O & M	n/a	
If positions added, specify Class and Job No.		

Comments: 	Please submit 3 copies with your original
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