

DATE: December 1, 2017

TO: Linda McCrea, Interim Director of Utilities

FROM: Chris Robinson, Power Superintendent
Scott Dewhirst, Water Superintendent

SUBJECT: Fixed Charge Proration

Tacoma Water and Tacoma Power recommend amending the necessary documents and policies to support the proration of fixed charges. Under current billing practice, Tacoma Water and Tacoma Power customers pay the following fixed rates in full, even when they receive service for only a portion of a month:

- Customer Charge (Tacoma Power)
- Fire Hydrant Service Fee (Tacoma Water)
- Franchise Hydrant Service Fee (Tacoma Water)
- Ready to Serve Charge (Tacoma Water)

BACKGROUND:

For Tacoma Water and Tacoma Power customers, fixed charges (as defined in Tacoma Municipal Code) are applied in full at the start of each billing month. Consider a residential customer with the following Water and Power rate schedules:

	Water	Power	Total
Rate, City, Year	5/8" Meter, Tacoma, 2017	Residential A-1, Tacoma, 2017	
Fixed Charges	Ready to Serve: \$21.20 Hydrant Service: \$2.38	Customer Charge: \$13.50	
Total	\$23.58	\$13.50	\$37.08

Currently, if this customer moves four days into a billing month they incur fixed charges in the amount of \$37.08 for only four days of water and power services. If this customer subsequently moves into a residence within the same service territories, they incur fixed charges in the amount of \$37.08 for a second time in the same billing month.

Should this recommendation be implemented, Tacoma Water and Tacoma Power customers will incur fixed charges based on days of service. For example, if a customer moves four days into a billing month, that customer will incur a customer charge in the amount of \$4.94.

It should be noted that all three Environmental Services utilities (Surface Water, Solid Waste, and Wastewater) prorate fixed charges. See Exhibit 1 for an example of a five-service bill for a partial month of service. On this bill, non-prorated Tacoma Water and Tacoma Power fixed charges and prorated Environmental Services fixed charges are observed.

RECOMMENDATION:

Tacoma Water and Tacoma Power recommend the following documents be modified to support fixed charge proration: (1) Tacoma Municipal Code (TMC), (2) Tacoma Power's Customer Service Policies, (3) Tacoma Water's Customer Service Policies, and (4) Customer Services Division's Customer Services Policies.

TACOMA MUNICIPAL CODE

- 12.06 Electric Energy – Regulations and Rates
Each Tacoma Power Customer Charge is defined as a specified rate applied “per month, or any fraction thereof.” The proposed amendments strike “or any fraction thereof” and prepend the statement “calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies,” to customer charge definitions in the following chapter sections:
 - 12.06.160 Residential service
 - 12.06.170 Small general service
 - 12.06.215 General service
 - 12.06.225 High voltage general service
 - 12.06.260 Contract industrial service
 - 12.06.290 Street lighting and traffic signal service

- 12.10 Water – Regulations and Rates
Proposed amendments add a statement identical to that proposed in chapter 12.06 and affect the following chapter sections:
 - 12.10.301 Fire hydrant services fee (inside City of Tacoma)
 - 12.10.303 Franchise hydrant service fee
 - 12.10.400 Rates – Inside and outside City limits

It should be noted, in chapter section 12.10.301, the fire hydrant service fee (inside City of Tacoma) closes with a statement the proposed chapter 12.06 amendments are modeled after: “The inside City of Tacoma customer portion of the fire hydrant service fee shall be calculated on a monthly basis, invoiced and collected pursuant to the applicable customer service policies.” Proposed language introduces only a comma to this instance.

TACOMA WATER CUSTOMER SERVICE POLICIES

Section 8.0 – Billing

Existing language references Customer Services Policies of the Customer Services Division and the TMC 12.10.400. This language allows the proposed proration policy to be outlined in the Customer Services Policies of the Customer Services Division.

TACOMA POWER CUSTOMER SERVICE POLICIES

Currently, the Tacoma Power Customer Service Policy makes no mention of billing practices. Proposed language adds a “Billing” section to the Tacoma Power Customer Service Policies, in the same fashion as the Tacoma Water Customer Service Policies Section 8.0 (A).

CUSTOMER SERVICES DIVISION CUSTOMER SERVICES POLICIES

Proposed language modifies section 4.2 of the existing document by adding the following statements:

“The Tacoma Water monthly hydrant service fee and the ready to serve charge, as set forth in TMC, may be prorated when service is furnished for any portion of a billing period.”

“Tacoma Power customer charges, as set forth in TMC, may be prorated when service is furnished for any portion of a billing period.”

Tacoma Power and Tacoma Water recommends the Public Utility Board approve fixed charge proration and policy documents amendments effective 04/01/2017.

SEE ATTACHMENTS:

- Five-Service Bill for a Partial Month of Service
- Redlined TMC
- Redlined Tacoma Power Customer Service Policies
- Redlined Customer Services Division Customer Services Policies

APPROVED:

Linda McCrea
Interim Director of Utilities