



TO: Elizabeth Pauli, City Manager
FROM: Jackie Flowers, Director of Utilities, Tacoma Public Utilities
COPY: City Council and City Clerk
SUBJECT: Proposed Rate Ordinance –revise TMC Chapters 12.01 and 12.06A regarding electric inspection, permitting, and pole reconnection fees
DATE: November 19, 2024

SUMMARY AND PURPOSE:

Tacoma Power requests approval by the City Council to revise Tacoma Municipal Code (TMC) Chapters 12.01 Utility Charges and 12.06A Electrical Code, effective on April 1, 2025.

BACKGROUND:

This Department's Recommendation is Based On: TMC 12.01.010 covers disconnection/reconnection of utility service and fees. TMC Chapter 12.06A covers Tacoma Power's rates, terms, and conditions on electric installation, inspection, and permits. In particular, TMC 12.06A.250 specifies fees for inspections and permits under various circumstances for different types of customers. Tacoma Power proposes revisions to the reconnection fees and the inspection and permit fees to reflect the increased cost of providing these services.

Permit and Inspection fees address costs associated with permit processing, plan review, and physical inspection of customer work. These fees were last revised in 2022. Since then, the cost to provide this service has increased due to general wage inflation, vehicle costs and the addition of one full-time inspection employee to enable more timely response to inspection requests. Tacoma Power proposes an \$8 base increase for residential fees and a 5% increase for commercial fees. The residential fee structure is currently \$55 per inspection and will increase to \$63 per inspection. For example, a new service for a typical single-family home or mobile home, service changes or service upgrades with overheard service will increase from \$110 to \$126 for up to two inspections. Inspection fees for low voltage control panels and devices like alarm systems or HVAC systems, which require a single inspection, will increase from \$55 to \$63. Commercial inspections are based on the value of the electrical portion of construction costs. For example, the permit fees for electrical construction valued at between \$5,001 and \$50,000 currently start at \$273 for the first \$5,001 in construction value and \$2.10 for each additional \$100 or fraction thereof above \$5,001. With the proposed fee updates, the commercial inspection fee will start at \$286 and \$2.20 for each additional \$100 in construction value. As an example, the inspection fee for a \$10,000 construction project will increase from \$378 to \$396.

Disconnection/reconnection fees address costs for crew time and equipment expense to perform work related to disconnection and reconnection of electrical services. These fees were last revised in 2022. Tacoma Power proposes a 13% increase in disconnection/reconnection fees to recover increased costs and is harmonizing different sections of 12.01, which have different fees for the same service. In addition, Tacoma Power is changing the fee structure to reflect disconnection or reconnection, as opposed to lumping the fees together. Under-recovery of disconnection/reconnection fees can lead to cross-subsidization by other retail customers.



This modification is consistent with the cost-causation principle in rate making.

If the proposed fee increases are not approved, the increased cost of providing these services will have to be borne by other retail customers.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Tacoma Power has presented overviews and proposal related to the fees in TMC 12.01 and TMC 12.06A to the Public Utility Board on July 10 and September 11, Government Performance Finance Committee on September 17, and Joint Public Utility Board and City Council on October 8 in the development of this specific recommendation.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Continue the current inspection, permitting, and reconnection fees.	No action is needed.	Electric customers who do not use the service will end up subsidizing customers who use the services.
2.		
3.		

EVALUATION AND FOLLOW UP:

Tacoma Power will continue to evaluate the cost of providing the specific inspection and permitting activities. The updated cost evaluation will be incorporated in the next rate-setting process.

STAFF/SPONSOR RECOMMENDATION:

Tacoma Power requests approval by the City Council to revise Tacoma Municipal Code Chapters 12.01 Utility Charges and 12.06A Electrical Code, effective on April 1, 2025.

FISCAL IMPACT:

Tacoma Power will receive approximately \$205,000 annually from increased disconnection/reconnection, inspection, and permitting fees. This will result in approximately \$410,000 over the course of the rates years (April 2025 through March 2027).

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. 4700-Power			\$205,000
2.			
TOTAL			\$205,000



What Funding is being used to support the expense?

N/A

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

YES

Both expense and the revenue from inspection, permitting and reconnection fees are included in this biennium's budget. The update of fees will result in a better match between revenues and expenses for these services.

Are there financial costs or other impacts of not implementing the legislation?

YES

Not implementing this legislation means that costs that are not fully recovered by the revenue for permitting, inspection, and disconnection/reconnection will be charged to other ratepayers of the utility.

Will the legislation have an ongoing/recurring fiscal impact?

YES

If adopted, the fees will be an ongoing revenue source.

Will the legislation change the City's FTE/personnel counts?

NO

No additional personnel needed.

ATTACHMENTS:

- Proposed Amendments to Chapter 12.01 and 12.06A