



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: February 22, 2023

AGENDA ITEM: Ancillary Services and Fees Discussion

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

Ancillary services are commonly defined in the electric industry as a collection of secondary services offered to help insure the reliability and availability of energy to consumers. Ancillary services defined in other industries refers to subordinate or supporting something and not a primary service.

If GRPU defines primary services as providing electric, water, wastewater collection and treatment services to customers in which the price for these primary services are included in a rate study or negotiated directly with the consumer; then the secondary services offered by GRPU for electric, water, wastewater collection and treatment are considered ancillary.

The fee or pricing of the ancillary services should cover the direct and indirect cost of providing the service. If the ancillary service price is in the form of a credit to encourage a certain outcome which furthers the mission of the GRPU through safety, reliability, customer service, or environmental then the price should be determined based on the dollar value to encourage that determined outcome.

Sometimes GRPU provides services or assists other governmental units with equipment and labor as part of a mutual aid concept defined as a reciprocal exchange of resource and services for mutual benefit to serve the greater community. This type of service or assistance fee is priced to cover the direct and indirect costs of the service provided.

Ancillary services and fees should be reviewed on an annual basis in conjunction with GRPU primary services and rates. A rate is the amount charged regularly for a certain service and a fee is the amount charged each time the service is performed.

Managers and key team members have reviewed and discussed the Ancillary Services and Fee schedule being presented. The GM has also reviewed the Ancillary Services and Fee schedule

and governance role for the GRPU Commission to discuss some of the specific services to determine whether GRPU should provide these services. Based on the internal team review and input, I am suggesting several changes to the previously approved ancillary charges for electric (last revised December 19, 2018) and water and sewer ancillary charges (last revised April 13, 2022). Some of the changes include (1) deleting rates, fees, or credits in operations policy and incorporating these into the ancillary fee schedule, (2) adding fees which have been in place yet not written in the rates or fee schedules, (3) new fees for services previously provided without an approved fee, or (4) deleting fees for services no longer performed.

Ancillary Services and Fees Suggested Changes

Deletion of electric and water meter testing services and fee. With the smart meters and water nodes the GRPU does not have the capacity for testing. GRPU process is to replace the smart meter or water node and work with the vendor to determine issue and discuss replacement and costs or warranty.

Formatting - all utility ancillary services and fees are on one schedule and include electric, water, wastewater collection and treatment.

Electric

- Separate meter shut off and restoration for non-payment and seasonal.
- Added – electric temporary use meter fee. Has been in effect for some time needed to be included on ancillary services and fees schedule.
- Increase meter shut off and restoration fee for non-payment to cover the costs of providing this service.
- Question – should GRPU provide meter shut off and restoration outside of normal work hours?
- Added and increased – electric credit for customer request from overhead to underground. Increase from \$950 credit to \$1,000 credit to all new and current customers who request new underground service or change from overhead to underground.
- Solar interconnection – part of rates (in rate study).
- EV – part of rates (in rate study).
- Transformer increase – part of rates (in rate study increase transformation charge)

Water

- New – irrigation fee. Discussed with Dave Berg, rate consultant, for best practices and suggesting the top commercial rate tier for residential and commercial with separate meters for irrigation. GRPU already charges a monthly service fee for this second meter.
- Increase shut off and restoration fee for non-payment to cover the costs of providing the service.
- Increase seasonal shut off and restoration fee (greater than one per year) to cover the costs of providing the service.
- Question – should GRPU provide shut off and restoration outside normal work hours?
- New – hydrant temporary use fee for a garden hose hookup 1” meter only.
- New – frozen meter fee to cover cost of providing this service.

Wastewater Collection and Treatment

- New - one fee for liquid hauled waste. Delete two rates septage and holding tank.
- Delete language related to proportionate costs to permit holders and add language to the application.

Administration

- Delete – non-sufficient funds check return. Language in customer service policy.
- Delete – photocopies.
- New – language. Authorizing the GM to approve a fee for a service not listed as primary or secondary services of the GRPU. The fee should cover all direct and indirect costs of providing this service.

RECOMMENDATION:

Review and discussion.