

ELECTRIC DEPARTMENT MEMORANDUM
11-03

DATE: February 4, 2011

To: Mark Watson, City Manager

From: Jack L. Suggs, Electrical Director

SUBJECT: RESOLUTION SETTING CHARGES FOR UTILITY SERVICES

Attached is a resolution establishing a range of fees for services provided in accordance with the City's utility services. The new schedule of fees replaces those adopted in December of 2000 and can become effective on March 17, 2011, along with the new ordinance.

As was discussed in Electric Memo 11-01, the current deposit amounts do not protect the citizens of Oak Ridge against loss from those who leave the City. Staff has studied both the average losses incurred by the City as well as the deposits charged by other utilities in our area. We also consulted with Chris Mitchel, a consultant known to you, and requested his recommendation. Mr. Mitchel recommended a residential electric deposit of \$300 and maintaining our current commercial policy. This amount, though much higher than the residential deposit charged now, is charged by five of the 16 distributors surveyed in our area.

As has been described, the residential deposit amount could be reduced for a specific customer based on that customer's calculated risk of not paying their bills. Discounts will be developed and implemented in a formal policy, but at present the best risk customers will pay no deposit, medium risk customers will pay 50% of the deposit and only those with over a 25% chance of defaulting on their bill will be charged the full amount of the deposit.

Note that existing customers who keep their bill current would not be subject to the new, higher deposits. Customers who receive multiple cutoff notices, however, would have to increase their deposit with the City.

Deposits are not refunded over time, but interest is paid on the accounts on a yearly basis. On a final note, the water and sewer deposits, currently set at \$20.00 have not been changed. It is staff's intent to monitor the impact of the new deposit program and make changes as deemed necessary over time.

Several other minor charges have been modified or added to the schedule. The only new charge is for re-reading of meters. Currently a customer can request his meter be re-read

for no charge. Although this is good customer service, some customers request a re-read every single month. This causes undue hardship on the staff, who must not only travel back to re-read the meter, but also calculate the reasonable change in meter reading to be expected between the first and second reading. As proposed, each customer would be entitled to two free re-reads per twelve month period, after which there would be a fee of \$15.00. Should the re-read indicate that the initial reading was incorrect, of course, the charge would be waived.

Other changes have been made to clarify our current charges and make the fee schedule more closely match the terms of the ordinance.

The complete list of fees, which would become effective March 17, 2011, is as follows:

Residential Standard Electric Deposit:	\$300.00
Connection Charges for Electric, Water and/or Sewer (One charge regardless of the number of services):	\$25.00
Inspection fee for Broken Meter Seal:	\$100.00
Meter Testing Fee (if meter is accurate):	\$25.00
Verify accurate meter reading after two in twelve months:	\$15.00
Residential Service Charge for non-pay service visits:	\$15.00
Residential After-Hours Service Charge for non-pay service visits:	\$50.00
Commercial Service Charge non-pay on-site notice only:	\$15.00
Commercial Service Charge non-pay service visit:	\$50.00
Commercial After-hours service charge for non-pay service visit:	\$250.00

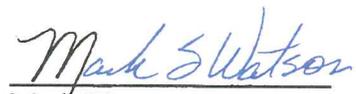
Staff has reviewed these items and recommends approval of the attached resolution.



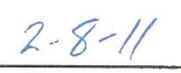
Jack L. Suggs
Electric Director

City Manager's Comments:

I have reviewed the above issue and recommend Council action as outlined in this document.



Mark Watson



Date

RESOLUTION

A RESOLUTION TO ESTABLISH NEW UTILITY FEES, EFFECTIVE MARCH 17, 2011, IN ACCORDANCE WITH THE PROPOSED NEW RULES AND REGULATIONS GOVERNING ELECTRIC POWER DISTRIBUTION.

WHEREAS, the City of Oak Ridge operates an Electrical Distribution system, which system distributes power and conducts business based on Rules and Regulations approved by the Tennessee Valley Authority and adopted by ordinance of the City of Oak Ridge; and

WHEREAS, on March 7, 2011, City Council is scheduled to adopt an ordinance establishing a new set of Rules and Regulations Governing Electric Power Distribution, which rules will become effective on March 17, 2011; and

WHEREAS, fees are established in various sections of the new Rules and Regulations Governing Electric Power Distribution, which fees are to be set by resolution of City Council; and

WHEREAS, the City Manager recommends approval of the proposed fees as listed below.

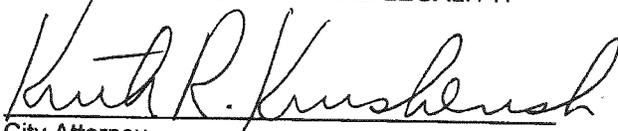
NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

That the recommendation of the City Manager is approved and the following fees are hereby established as of March 17, 2011:

Residential Standard Electric Deposits:	\$300.00
Connection Charges for Electric, Water and/or Sewer (One charge regardless of the number of services)	\$ 25.00
Inspection fee for Broken Meter Seal	\$100.00
Meter Testing Fee (if meter is accurate)	\$ 25.00
Verify accurate meter reading after two in twelve months	\$ 15.00
Residential Service Charge for non-pay service visits	\$ 15.00
Residential After Hours Service Charge for non-pay service visits	\$ 50.00
Commercial Service Charge non-pay on -site notice only	\$ 15.00
Commercial Service Charge non-pay service visit	\$ 50.00
Commercial After-hours service charge for non-pay service visit	\$250.00

This the 14th day of February 2011.

APPROVED AS TO FORM AND LEGALITY:



 City Attorney

 Mayor

 City Clerk