



**CITY OF TYLER
CITY COUNCIL COMMUNICATION**

Agenda Number: H-1

Date: March 28, 2007

Subject: Request that the City Council conduct a public hearing and approve an ordinance establishing water service rates and tariffs for Southern Utilities Company applicable to citizens of the City of Tyler.

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Item Reference: City Council Agenda Item H-1, 03/07/07.

On December 31, 2006, Southern Utilities Company filed a Rate/Tariff Change Application with the City of Tyler, Texas. The City of Tyler City Council has original jurisdiction over the Southern Utilities Company rates as they pertain to approximately 300 customers within the City of Tyler city limits.

On January 23, 2007 the application was administratively suspended due to failure to comply with the Texas Water Code §13.187(a), which requires that customers be provided sixty (60) days notice prior to implementing a rate increase. Southern Utilities Company promptly re-issued notification on January 30, 2007 with an effective date of April 2, 2007, which complies with the Texas Water Code requirements.

Since December 31st, the City of Tyler received seven (7) letters of protest, of which five (5) came from property owners located in the Irish Meadows Subdivision. However, on March 14, 2007 the 228 Southern Utilities Company customers in the Irish Meadows Subdivision were transferred to the Tyler Water Utilities system and are no longer affected by the proposed rate increase.

On March 7, 2007, the City Council held a Public Hearing to receive public input regarding the proposed rate increase. Mr. Michael Farrell, General Manager and Mr. Mike Smith, Comptroller represented Southern Utilities Company. No one spoke in opposition to the increase.

Today it is requested that City Council hold a public hearing to receive public comment regarding the Rate/Tariff Change Application and approve the attached ordinance establishing a rate for Southern Utilities Company customers applicable to City of Tyler customers within the jurisdiction of the City of Tyler.

Agenda Number: H-1

RECOMMENDATION:

It is recommended that the City Council conduct a public hearing and approve an ordinance establishing water service rates and tariffs for Southern Utilities Company applicable to citizens of the City of Tyler.

Drafted/Recommended By:
Department Leader

A handwritten signature in black ink, appearing to read 'G. Morgan', with a long horizontal flourish extending to the right.

Greg Morgan

Edited/Submitted By:
City Manager

Bob Turner

ORDINANCE NO. 0-2007-26

AN ORDINANCE RELATING TO THE WATER RATES / TARRIFFS OF SOUTHERN UTILITIES COMPANY WITHIN THE CITY OF TYLER, TEXAS; DETERMINING JUST AND REASONABLE RATES / TARRIFFS TO BE OBSERVED WITHIN THE CITY OF TYLER, TEXAS; FIXING THE RATES / TARRIFFS THAT SHALL CONSTITUTE LEGAL RATES UNTIL CHANGED; PROVIDING FOR FILING OF RATE SCHEDULES AND TARIFFS; PROVIDING FOR A REPEAL OF CONFLICTING ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Tyler City Council has original jurisdiction over Southern Utilities Company rates and tariffs as they pertain to approximately seventy (72) customers within the City of Tyler;

WHEREAS, on December 31, 2006, Southern Utilities Company filed a Rate/Tariff Change Application with the City of Tyler, which was administratively suspended for failing to comply with sixty (60) days notice in accordance with Texas Water Code §13.187(a);

WHEREAS, on January 23, 2007, Southern Utilities Company re-notified customers of the proposed Rate/Tariff Change Application establishing an effective date of April 2, 2007;

WHEREAS, the January 23, 2007 notice complied with the Texas Water Code requirement for sixty (60) days notice;

WHEREAS, Tyler finds that all legal notices, hearings, procedures, and publishing requirements for this Ordinance have been performed and completed as required by law; and

WHEREAS, Tyler has determined that Southern Utilities Company Rates/Tariffs Change Application does support the rates requested therein and Tyler has determined that the requested rates/tariffs are just and reasonable rates to be observed and in force within Tyler;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TYLER, TEXAS THAT:

PART 1: The findings set forth above are incorporated in the body of this Ordinance as if fully set forth herein.

PART 2: The rates/tariffs proposed to be charged by Southern Utilities Company are reasonable and are adequately supported by the application submitted by Southern Utilities Company.

PART 3: Southern Utilities Company rates in Tyler shall be as outlined as follows:

NOTICE OF PROPOSED RATE CHANGE -WATER (Cont.)

CURRENT RATES

Monthly base rate including 0 gallons

Meter Size:

Residential & Commercial

5/8" x 3/4"	\$ 13.25
3/4"	\$ -
1"	\$ 33.13
1 1/2"	\$ 66.25
2"	\$ 106.00
3" - C	\$ 212.00
3" - T	\$ 212.00
4" - C	\$ 331.25
4" - T	\$ 331.25
6" - C	\$ 662.50
6" - T	\$ 662.50

Gallonge Charge:

\$ 1.65 For each 1,000 gallons

Miscellaneous Fees

Tap fee

5/8" x 3/4" Meter	\$ 500.00
1" Meter	\$ 720.00
1 1/2" Meter	\$ 920.00
2" Meter	\$ 1,120.00
All larger meters	Actual cost

Reconnection fee
Non-payment
(Maximum - \$25.00) \$ 25.00

Customer's request \$ 30.00

Transfer fee \$ 30.00

Late charge \$ 5.00

Returned check charge \$ 15.00

Deposit \$ 50.00

Meter test fee \$ 25.00

PROPOSED RATES

Monthly base rate including 0 gallons

Meter Size:

Residential & Commercial

5/8" x 3/4"	\$ 14.07
3/4"	\$ -
1"	\$ 35.18
1 1/2"	\$ 70.35
2"	\$ 112.56
3" - C	\$ 225.12
3" - T	\$ 246.23
4" - C	\$ 351.75
4" - T	\$ 422.10
6" - C	\$ 703.50
6" - T	\$ 879.38

Gallonge Charge:

\$ 1.75 First 10,000 gallons

\$ 2.50 11,000 gallons to 30,000 gallons

\$ 4.50 Over 30,000 gallons ①

\$ 2.50 All 3" and larger meters - all gallons

Miscellaneous Fees

Tap fee

5/8" x 3/4" Meter	\$ 500.00
1" Meter	\$ 720.00
1 1/2" Meter	\$ 920.00
2" Meter	\$ 1,120.00
All larger meters	Actual cost

Reconnection fee
Non-payment
(Maximum - \$25.00) \$ 25.00

Customer's request \$ 30.00

Transfer fee \$ 30.00

Late charge (Indicate either \$5.00 or 10%) \$ 5.00

Returned check charge \$ 25.00

Deposit (Maximum \$50.00) \$ 50.00

Meter test fee \$ 25.00

Regulatory Assessment of 1% is added to base rate and gallonge charges

① Includes \$ 2.00 conservation rate

NOTICE OF PROPOSED RATE CHANGE -WATER (Cont.)

Road Bores:

Any road boring required for individual meter service to be done at actual cost.

Other:

All other unique cost recoverable under TCEQ rules associated with individual meters shall be charged at actual cost.

Seasonal Reconnection Fee:

Base rate for meter size times number of months off the system not to exceed six months when leave and return is within a twelve-month period.

Meter Relocation Fee: Actual cost to relocate that meter.

Meter Conversion Fee: Actual cost to convert that meter.

Temporary Water Rate:

Unless otherwise superceded by TCEQ order or rule, if the Utility is ordered by a court or government body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its approved gallonage charge according the formula:

$$TGC = cgc + (prr)(cgc)(r)/(1.0-r)$$

Where:

TCG = temporary gallonage charge

cgc = current gallonage charge

r = water use reduction expressed as a decimal fraction (pumping restriction)

prr = percentage of revenues to be recovered

To implement the Temporary Water Rate, the Utility must comply with all notice and other requirements of 30 T.A.C. 291.21 (I).

Purchased Water and/or District Fee Pass Through Clause:

Charges in fee imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$AG = G+B/(1-L), \text{ where}$$

AG = ajusted gallonage charge, rounded to the nearest one cent

G = approved gallonage charge per (per 1,000 gallons)

B = change in purchased water/district gallonage charge (per 1,000 gallons)

L = system average line loss for preceding 12 months not to exceed 0.15

Deposits for Temporary or Seasonal Service and for Weekend or Seasonal Residence:

Applicants for service of short periods of time of 1 month or less will be required to pay the minimum rate established by this Tariff, in advance, for the minimum of water, but no deposit will be required.

PART 4: The rate changes ordered herein become effective for billing on April 2, 2007.

PART 5: This Ordinance shall be served on Southern Utilities Company by U.S. Mail addressed to Southern Utilities Company's authorized representatives as set out in Southern Utilities Company's application.

PART 6: All provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent that they are in conflict; but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation occurring prior to the repeal of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

PART 7: That if any provision or section of this Ordinance shall be held to be void or unconstitutional, such holding shall in no way affect the validity of the remaining provisions or sections of this Ordinance, which shall remain in full force and effect.

PART 8: This Ordinance shall become effective upon its approval.

PASSED AND APPROVED this 28th day of March, A.D., 2007.

JOSEPH O. SEEBER, MAYOR
OF THE CITY OF TYLER, TEXAS

ATTEST:

APPROVED:

CASSANDRA BRAGER, CITY CLERK

CITY ATTORNEY