



# Approval to Amend Tariff and Business Rules – Fee Schedule

Natalia Mack | Rates Manager

David L. Thompson | VP of Markets

# 2020 Rate Plan Recommendation – Fee Review

From the 2020 Rate Plan approved by Board 12.13.2019

## 8. Fee Schedule Review -

GDS, our consultant, is reviewing the below items listed. Tariff language amendments will be brought to the Board in August 2020 as Draft, and September 2020 as Final. Changes effective January 2021.

1. Review all existing fees for affirmation, change, or removal.
2. Review need for New Fee additions.
3. Create fee book with equations and explanations for each.

# Fee Review Process

- Review the process and costs associated with each fee in PEC's Tariff
- Reasons fees may be recommended to change
  - Process changes (i.e. software improvements etc.)
  - Labor and Labor overhead costs changes
  - Fee no longer needed
  - New fee is required
- GDS additionally benchmarked with like and neighboring utilities where able
- Recommendations were created and reviewed with
  - Fee owners
  - Finance department

FEE	AMOUNT	SECTION
Open Records Fee – Staff research time	\$ 40.00 per hour	300.4
Open Records Fee – Copies	\$ 0.25 cents per page for any pages in excess of 10 pages	300.4
Open Records Fee – Other materials and services not included in research time and copies.	Actual cost	300.4
Subpoena Response Service Fee	\$ 40.00 / hour	300.4.1
Easement Release Fee	\$ 100.00	300.4.2
Membership Fee	\$ 50.00	300.8.12
Establishment/Transfer Fee	\$ 50.00	300.8.13
Same Day Service Fee	\$ 125.00 – (8 AM to 5 PM on Business Days) \$ 175.00 – All other times	300.9.16
Late Payment Processing Fee	10 percent of unpaid amount	300.11.4
Non-Payment Disconnect/Reconnect Fee	\$ 75.00	300.11.9
Loan Late Fee	The greater of \$ 7.50 or 7 percent	300.11.5
Return Check/Denied Bank Draft Fee	\$ 30.00	300.11.6
Meter Test Fee	\$ 100.00	300.13.3
Advanced Metering Opt Out Program – Meter Exchange Fee	\$ 150.00	300.13.6
Advanced Meter Opt Out Program – Non-Payment Disconnect/Reconnect Fee	\$ 200.00	300.13.6
Advanced Metering Opt Out Program – Monthly Meter Reading Fee	\$ 30.00, additional \$ 3.50 / mile charge for service locations further than thirty (30) miles from nearest area office	300.13.6
Advanced Metering Opt Out Program – Quarterly Meter Reading Fee	\$ 45.00, additional \$ 1 / mile charge for service locations further than twenty (20) miles from nearest area office	300.13.6
Meter Tampering Fee	\$ 500.00	300.13.7
System Impact Fee	\$ 200.00	400.15
Planning Re-Design Fee	\$ 500.00 or actual cost, whichever greater	400.16
After Hours Service Fee	At cost	400.17

# Fees Recommended to Change

FEE	AMOUNT	SECTION
Easement Release Fee	\$ 300.00	300.4.2
Establishment Fee	\$ 75.00	300.8.13
Same Day Service Fee	\$ 250.00	300.9.16
Reconnection Fee (for non-payment)	\$ 100.00	300.9.9
Collection Fee	\$ 75.00	300.11.9
Late Payment Processing Fee	\$ 20.00 for residential accounts	300.11.4
	\$ 20.00 or 6 percent of the unpaid balance, whichever is greater for non-residential accounts, except state agencies	
Meter Test Fee	\$ 55.00	300.13.3
Advanced Metering Opt Out Program – Meter Exchange Fee	\$ 75.00	300.13.6
Advanced Metering Opt Out Program – Monthly Meter Readings Fee	\$ 30.00, additional \$1 / mile charge for service locations further than 20 miles from nearest area office	300.13.6
Advanced Metering Opt Out Program – Quarterly Meter Readings Fee	\$ 45.00, additional \$1 / mile charge for service locations further than 20 miles from nearest area office	300.13.6

# Fees Recommended to Change – Easement Release

## Current Fee:

FEE	AMOUNT	SECTION
Easement Release	\$ 300.00	300.4.2

## Process Overview:

Process is initiated when Member calls or provides an Application for Easement Release. After the initial call, if the property is deemed to be releasable, Member is sent an Application for Easement Release along with payment. The release is reviewed by PEC, including a review of the survey or a field check by the Realty Specialist or Distribution Designer if the survey does not match records. Once approved for release, the Easement Release is signed by the Planning Manager in respective district and is notarized to be sent to the Member. Entire process typically takes between thirty minutes up to an hour per easement release.

## Proposed Fee Changes:

The cost basis for this rate with the current process is \$100. No part of this fee is recommended to be a behavioral deterrent. Also, recommend adding fee to the name to align with other fees.

FEE	AMOUNT
Easement Release Fee	\$ 100.00

## Other considerations:

None

# Fees Recommended to Change – Establishment

## Current Fee:

FEE	AMOUNT	SECTION
Establishment Fee	\$ 75.00	300.8.13

## Process Overview:

Covers the cost of connecting or transferring service for a new account at the same time as the Membership Deposit and any System Impact Fee.

## Proposed Fee Changes:

This fee was designed to recover the costs of a truck roll and significant manual work in the billing system. If the Member is in a location that does not have a meter with remote connection capability, the Establishment Fee was designed to recover the cost of a lineman to establish connection. A truck roll is not always required. Additionally, confusion can be caused for Members transferring service to a new location as an existing PEC Member. The cost basis for this rate with the current process is \$50. No part of this fee is recommended to be a behavioral deterrent. Also, recommend changing the name to include Transfer Fee as shown below.

FEE	AMOUNT
Establishment Fee / Transfer Fee	\$ 50.00

Other considerations: None

# Fees Recommended to Change – Same Day Service

## Current Fee:

FEE	AMOUNT	SECTION
Same Day Service Fee	\$ 250.00	300.9.16

## Process Overview:

Fee was designed to cover the cost of connecting a meter to the system the same day service is requested, and is collected in addition to the Membership Fee and deposits. The current process is that the meter is added to an automated process that activates service.

## Proposed Fee Changes:

Fee was designed when truck roll and significant manual work was required. The current fee covers the cost of truck roll and labor time to connect the meter to the system. As a Cooperative, the fee is determined by the average cost, therefore, partial cost of a truck roll will still be required, as well as a deterrent charge, as the fee is for prioritizing service.

The cost basis for this rate with the current process is slightly less than \$75 during business hours and \$100 outside of business hours. A portion of this fee is appropriate to be a behavioral deterrent, and that is covered in the below recommended amounts. Also, splitting the fee into two, separating business hours from non-business hours as below shown, is recommended for clarity.

FEE	AMOUNT
Same Day Service Fee – Business Hours	\$ 125.00
Same Day Service Fee – Outside Business Hours	\$ 175.00

## Other considerations:

None

# Fees Recommended to Change – Meter Test

## Current Fee:

FEE	AMOUNT	SECTION
Meter Test Fee	\$ 55.00	300.13.3

## Process Overview:

Currently, Members may receive a meter test every two years at no charge. Fee is intended to recover the cost of any additional testing requested by a Member. This ensures conforming to ANSI Standard C12 that includes a truck roll. If the meter is found out of compliance with accuracy standards, no charge is assessed. At this time, this fee is rarely if ever charged to Members.

## Proposed Fee Changes:

The current fee does not recover the cost for PEC to perform the meter test and truck roll. Additionally, Public Utility Commission of Texas (PUCT) rules have changed lengthening the time period for testing requirements to once every four (4) years. Recommendation is that the current meter testing fee be increased to \$100 in order to recover PEC's costs. We also recommend free testing be provided every four (4) years in line with the rules set forth by the PUCT for investor owned utilities. We will ensure that the timeline resets when changing out a new working meter and/or if a new AMI meter is put in place.

FEE	AMOUNT
Meter Test Fee	\$ 100.00

## Other considerations:

None



# Fees Recommended to Change – Late Payment

## Current Fees:

FEE	AMOUNT	SECTION
Late Payment Processing Fee	\$ 20.00 for residential accounts	300.11.4
	\$ 20.00 or 6 percent of the unpaid balance, whichever is greater for non-residential accounts, except state agencies	

## Process Overview:

Late Payment Processing Fees are currently assessed on accounts not paid by the due date of a bill, which is \$20.00 for Residential Members or the greater of \$20.00, or 6% for Commercial Members. Currently, the late payment fee is charged every billing period that there is an outstanding balance, so the charge could become duplicative. This fee is currently waived if the outstanding balance is less than \$50. Notice to Members of missed payments is made through a robocall on the due date of the bill and via regular and electronic mail two days after payment is due. Another robocall is made the day before service is disconnected; those charges are collected through the Collections Fee.

## Proposed Fee Changes:

Late Payment Fees must be set at a level that discourages Members from missing payments and recovers the additional administrative costs of late payments, as well as any other costs incurred to the Cooperative. PEC's current fees are mostly higher than neighboring cooperatives and municipals. Recommendation is to move to a 10% assessment on past due balances and structure at all service levels. This is more equitable and more closely aligns with our cost while providing some disincentive to Members with lower bill amounts.

FEE	AMOUNT
Late Payment Processing Fee	10% of past due balance

## Other considerations:

For larger Members charged 6%, this will increase the Late Fee, so notice is required for non-residential accounts.

For residential Members with outstanding balances greater than \$200.00, the 10% is an increase from the current \$20.00 fee, so a notice may be required to all residential Members.

# Fees Recommended to Change – Reconnect/Collection

## Current Fees:

FEE	AMOUNT	SECTION
Reconnection Fee (for non-payment)	\$ 100.00	300.11.9
Collection Fee	\$ 75.00	300.11.9

## Process Overview:

The Cooperative's Tariff currently includes a \$100.00 Reconnection Fee for reconnection of service after non-payment, regardless of meter type (AMI or electromechanical). However, in practice the Reconnection Fee has not been charged to disconnected Members who are connected after payment of the Collection Fee. The Collection Fee is intended to recover the cost of contacting a Member and collecting delinquent payment. The current process is mostly completed through robocalls, emails, and mailed notices to the Member.

## Proposed Fee Changes:

Recommend combining the Collection Fee and the Reconnection Fee, clarifying the name, and separating the Reconnection Fee for Advanced Meter opt-out Members. The Collection Fee is not meant as a behavioral deterrent, the Late Payment Processing Fee contains the behavioral deterrent.

FEE	AMOUNT
Non-Payment Disconnect / Reconnect Fee	\$ 75.00

## Other considerations:

None

# Fees Recommended to Change – AM Opt-Out

## Current Fee:

FEE	AMOUNT	SECTION
Advanced Metering Opt Out Program – Meter Exchange	\$ 75.00	300.13.6
Advanced Metering Opt Out Program – Monthly Meter Readings	\$ 30.00, additional \$1 / mile charge for service locations further than 20 miles from nearest area office	300.13.6
Advanced Metering Opt Out Program – Quarterly Meter Readings	\$ 45.00, additional \$1 / mile charge for service locations further than 20 miles from nearest area office	300.13.6

## Process Overview:

Members may request an existing meter with remote monitoring and connect/disconnect capabilities to be replaced with an electromechanical meter. This requires a truck roll to swap the meter, as well as setup in the billing system. PEC allows Members to choose whether they have monthly reads or quarterly reads after a trial period of 12 months. The Member Services Field Technicians read all the meters in an area during the same truck roll.

## Proposed Fee Changes:

Recommendation is to align fees with current costs. No changes to current practices. Additionally, a separate meter disconnect and reconnect fee for opt-out metering Members is appropriate.

FEE	AMOUNT
Advanced Metering Opt Out Program – Meter Exchange Fee	\$ 150.00
Advanced Metering Opt Out Program – Monthly/Quarterly Meter Reading Fee	\$ 30.00, additional \$3.50/mile charge for service locations further than 30 miles from nearest area office

## Other considerations:

If a Member is charged for additional mileage, this change may be an increase and notice is required.

# Fees Recommended to Change – AM Opt-Out cont.

## Current Fee:

FEE	AMOUNT	SECTION
Reconnection Fee (for non-payment)	\$ 100.00	300.9.9
Collection Fee	\$ 75.00	300.11.9

## Process Overview:

Current process for Advanced Meter opt-out Members during the disconnect process is to roll a truck and place a remote disconnect meter at that location. The current fee structure is the same as non AM opt-out Members.

## Proposed Fee Changes:

Recommendation is to align fees with current costs and have a separate meter Disconnect and Reconnect Fee for opt-out metering Members.

FEE	AMOUNT
Advanced Metering Opt-Out Program – Non-Payment Disconnect / Reconnect Fee	\$ 200.00

## Other considerations:

This will be a fee increase for existing Opt-Out Members so a notice is required.

# Fees Recommended to Remove

## Current Fee:

FEE	AMOUNT	SECTION
Cooperative Solar Rate Application Fee	\$ 15.00	500.3.4

## Process Overview:

Currently, Cooperative Solar applications are not accepted. The original process was cumbersome, and PEC implemented lessons learned to improve and streamline the process. If PEC opens up additional spots for the Cooperative Solar, it is not significantly harder to put a Member on the rate than on any other offered rate. Recommendation is to remove this fee at this time as it is no longer justified.

## Proposed Fee:

Additional staff and software was used at the initial signup period. With process updates the software and additional staff is not required.

## Other considerations:

None

# Fees Recommended to Add

## Proposed Fee:

FEE	AMOUNT	SECTION
Redesign Fee	Greater of \$ 500.00 or actual cost	400.16

## Process Overview:

Currently, PEC allows unlimited redesigns as part of the design and planning process. To ensure equitable treatment this fee addresses developers with multiple iterations of design requirements to PEC. This charge would be controlled at the Planning Manager level. Intention is to incentivize behavior not create revenue.

# Fees Recommended to Add

## Proposed Fee:

FEE	AMOUNT	SECTION
Miscellaneous Trip Fee	\$100	400.18

## Process Overview:

Covers the cost of a truck roll in situations where personnel are dispatched to a site at the request of a Member or party working for or under the direction of a Member, and are unable to provide the services requested due to circumstances under the control of the requestor. Examples include property not accessible to personnel and facilities not being ready for PEC personnel at arranged times. This charge would be controlled at the Planning Manager level. Intention is to incentivize behavior not create revenue.

# Fees Recommended to Add

**Proposed Fee:**

FEE	AMOUNT	SECTION
Miscellaneous Direct Pass Through Charge	Actual Cost	500.1.19

**Process Overview:**

Recovers a cost to the Cooperative that can be directly assigned to a specific Member and not recovered in another fee or rate.



# Fee Recommendations

## **Tariff AMENDMENTS**

- Planning Design Fees, Section 400.16 – effective upon Board Approval
- Miscellaneous Trip Fee, Section 400.18 – effective upon Board Approval
- Miscellaneous Pass Through Charge, Section 500.1.19 – effective upon Board Approval
- Fee Schedule, Section 500.4 – effective June 1, 2021



pec.coop