

**ORDINANCE NO. 1277
ELECTRIC RATES**

AN ORDINANCE FIXING THE RATES TO BE CHARGED BY THE CITY OF ESCANABA FOR ELECTRIC ENERGY DEMAND AND AVAILABILITY OF SERVICE, TO BE IN FULL FORCE AND EFFECT ON THE BILLINGS PROCESSED AFTER JUNE 30, 2023, AND ALL BILLINGS THEREAFTER UNTIL FURTHER AMENDED BY THE COUNCIL.

THE CITY OF ESCANABA ORDAINS:

**CHAPTER I
RATES**

Section 50.01. General Purpose - Rate Classification:

(A) Residential Energy Rate:

Applicable: To residential customers for all purposes except those otherwise specially rated.

\$0.10325 net per KWH used per meter per month

(B) Commercial Energy Rate:

Applicable: To commercial customers for all purposes except those otherwise specially rated.

\$0.09659 net per KWH used per meter per month

(C) Water Heating Energy Rate:

Applicable: To any customer for separately metered controlled water heating, subject to such wiring rules and regulations as are established by the utility.

\$0.09861 net per KWH used per meter per month.

(D) Electric Heat Rate:

Applicable: To all customers for such service when separately metered upon application and approval of permanently installed equipment; subject to such rules and regulations as are established by the utility. When air conditioning is installed in an electrically heated area, it may be connected to the same meter for space conditioning purposes.

\$0.10186 net per KWH per meter per month.

Upon application, the total annual charge for this energy may be paid in the following manner:

The estimated annual cost shall be divided into twelve (12) equal payments. Starting in July of each year, these payments shall become due and payable on the date indicated on the monthly bill. The payment for June of each year shall include an adjustment to correct the estimated annual cost to the actual annual cost. A three percent (3%) penalty charge will be made on all payments delinquent after date indicated on the bill.

(E) Special Street Lighting Rates:

\$0.12862 net per KWH for City street lighting.

(F) Temporary Service-Single Phase 120 or 240 volt: Temporary service will be supplied to a customer upon written application and advance payment of \$110.00. Equipment for such installation will be supplied by the City in consideration of this charge. Other temporary services will be supplied on a private, work order basis.

Energy used for such installations will be metered and billed under the commercial rate schedule. The City reserves the right to determine the necessity for the type of installation and duration of temporary service.

In no event will said temporary service be allowed to remain after such time as it is practical to install permanent service. The City reserves the right to terminate said temporary service when, in their judgment, any provision herein is violated.

- (G) Multiple Use: In the event that a single customer uses energy for more than one of the above uses with a different rate for each, the higher rate will be charged unless the wiring is separated for metering purposes to the satisfaction of the City.

Section 50.02. Availability of Service Charge

- (A) To be added to the monthly billings for energy in Section 50.01. The following Availability of Service charge which will also constitute a minimum billing if no energy is utilized. This charge will be computed as follows:

RESIDENTIAL

City: Intra-City \$16.07 per meter per month.

Suburban: Out-City \$19.56 per meter per month.

WATER HEATING

City: Intra-City, \$4.28 per meter per month.

Suburban: Out-City, \$5.63 per meter per month.

ELECTRIC HEAT

City: Intra-City, \$5.90 per meter per month.

Suburban: Out-City, \$7.25 per meter per month.

COMMERCIAL

City: Intra-City \$16.62 per meter per month for a single-phase meter, \$39.66 per meter per month for a three-phase service.

Suburban: Out-City \$21.98 per meter per month for a single-phase service, \$40.74 per meter per month for a three-phase service.

LARGE POWER

\$133.98 per meter per month.

Section 50.022. State of Michigan P.A. 295, of Public Acts 2008, commonly referred to as the Clean, Renewable and Efficient Energy Act mandates the electric utility collect the following charges from each electric utility customer (Amended by PA 342; eff. 12/31/2021 this act has sunset):

- (A) Energy Optimization Plan.

Residential \$0.000000/kWh

Commercial \$0.000000/kWh

Large Power \$0.000000/kWh

(B) Renewable Energy Plan.

Residential \$0.00/mo

Commercial \$0.00/mo

Large Power \$0.00/mo

Streetlight \$0.00/mo

Unmetered \$0.00/mo

Section 50.025. Meter Charges:

- (A) A customer who installs a new electric service or upgrades an existing service that requires new instrument transformer metering must pay a meter charge prior to receipt of services. Meter charges and specifications shall be established by the City Electric Utility Director and shall be adjusted as the cost of labor and material change. Customers are not permitted to remove meters at the end of their service contract.

Section 50.03. Special Standby Service Rates:

- (A) A standby or breakdown 60 cycle A. C. electric service will be furnished under this classification to any customer qualifying for the large power rate who desires to self-produce all or part of the energy used in his operation.

The City will install transformers, meters, and service connections at the customer's expense to deliver energy to the customer during periods when his generating equipment is wholly or partially out of use at the following rates and conditions.

- (B) Transformer KVA capacity, as used in these rates, shall be the sizes of the nearest standard rated transformers that will serve the customer's greatest use of electric energy, measured over a 15-minute period and called the yearly kilowatt peak demand for standby rate purposes.

Section 50.04. Standby Equipment Rate.

- (A) The charge for equipment installed for standby or breakdown service and not used shall be \$3.00 per month for each KVA of transformer capacity determined by subtracting the monthly measured kilowatt peak demand of the partial energy used in any month from the KVA capacity as determined in Section 50.03 (B).

All energy supplied to the customer shall be charged at the regular rates applicable to the service rendered.

- (B) The minimum charge shall be the demand charge created by use, if such use is applicable to the large power rate, plus a kilowatt hour charge determined by multiplying the month peak demand by 200 hours, the result being kilowatt hours at the regular rate.
- (C) The customer must agree to isolate the self-produced energy from the City's electrical distribution system. Change-over to City distribution energy shall be accomplished through City approved double-throw switches furnished by the customer. The Electrical Department shall have the authority and access to inspect and seal or padlock the double-throw switch or switches to insure correct operation of the same.
- (D) Where the City has previously installed transformers, meters, and service connections, and where said equipment is not used, the charge for such equipment installed for standby or breakdown service shall be \$2.67 per month for each KVA of transformer capacity determined by subtracting the monthly measured kilowatt peak demand of the partial energy used in any month from the KVA capacity as determined

in Section 50.03 (B) of this ordinance.

Section 50.05. Dusk to Dawn Rate:

- (A) Applicable: It is understood that the service request will be for a period of not less than one (1) year, and that said service will be installed only on existing utility facilities. If a new pole is required, the customer will furnish the pole, and the City will install the pole. The monthly charges for dusk to dawn lighting service will be:

Urban or Rural

\$12.00 per small lamp

\$18.00 per large lamp

(B) Use and Reservations

The City will provide the necessary fixtures and apparatus and will replace lamps and keep this fixture properly maintained. The City does, however, reserve the right to discontinue service to any location which shows an excessive amount of damage resulting from vandalism or neglect.

Section 50.06. Large Power Rates:

Applicable: To any customer desiring power and incidental lighting service for large power use who has a monthly demand of 100 KW or more, for at least six (6) months out of any rolling twelve (12) month period. Services meeting those conditions will be billed under the Large Power Rate. The nature of such service is alternating current, 60 Hertz, three-phase 208, 240 or 480 volts, and is metered on the primary side of the transformer. The City reserves the right to meter power on the secondary side of the transformer and in doing so will add two percent (2%) to the total energy and demand so used. For the purposes of computing rates under this section, each individual meter will be calculated separately, and under no circumstances will meter readings be combined.

\$0.06374 net per KWH for all KWH used per meter per month

Plus Demand Charges of:

\$10.71 net per KW used per meter per month

Monthly maximum KW demand measured over an interval of fifteen (15) minutes.

Section 50.07. Connection Charge:

For every new meter set at the customer's request, there shall be a charge of \$10.00. Any customers who receive shut-off notices which are not paid by the due date and require final notification will be billed a \$25.00 notification fee.

This charge shall not apply when meters are reset for rotation, for meters reset for high bill complaints unless said meters are found to be accurate within two percent (2%) of registration, and for meters reset for the convenience of the City (landlords, lessors, etc.).

Section 50.08. Reconnection Charge and Temporary Disconnects:

The reconnection charge for seasonal service requested by any customer, such

as summer cottages, seasonal businesses, or seasonal industries, shall be \$30.00 if the meter is reconnected at the same premises by the same user. The maximum charge per service for multiple metering, such as domestic service, house heating, water heating or commercial, shall be \$30.00.

Reconnections for non-pay which do not require the Electric Department service truck and a two-man service crew, will be \$50.00. Reconnections for non-pay which do require the Electric Department service truck and a two-man service crew, will be \$153.94 per hour for each hour the truck and crew are required.

Non-pay reconnections outside of normal business hours will be billed for actual costs incurred, including labor and equipment.

If an electric service is disconnected and remains inactive for 12 months or longer, the electric service shall require an inspection by the State electric inspector, at the customer's expense, prior to restoring power.

Section 50.09. New Services, Service Upgrades, and Service Extensions

For all new services and service upgrades, the customer, his agent, representative, contractor or developer shall pay for all materials including wire, conduit, meters, etc. required to install such service in compliance with all applicable codes. Said materials will be charged at actual cost plus 15% overhead. The property owner at the time of the request shall bear responsibility for all such charges. Transformers, conductors, and other materials shall remain the property of the Utility. If an electric service is removed or abandoned, the equipment belonging to the Utility may be removed with no reimbursement to the customer.

Transformers are sized by the Utility based on the size of the service at the time of installation. The Utility monitors actual usage and may replace transformers to match actual load. If transformers are replaced by the Utility at the Utility's discretion, the customer shall not be reimbursed nor charged for the replacement transformer.

Underground services or line extensions will only be done between May 1st and November 1st. If a customer desires services or line extensions outside of this time frame, the customer will be responsible for providing a trench for such services or line extensions.

Section 50.10. Special Services

In the event that a customer requires special services from the department, i.e. temporary relocation or metering or other components of a service, the standard charge shall be \$153.94 per hour. Whenever the actual cost of such services exceeds \$153.94 per hour, the City reserves the right to charge the actual cost.

The City Manager will set the charge for any service not covered by this ordinance.

CHAPTER II **CONDITIONS OF SERVICE**

Section 50.20. Late Payment Penalty:

Meters of all customers shall be read or estimated monthly and a three percent (3%) penalty charge will be made on all bills unpaid after the date indicated on bill. The penalty charge will be computed as of date of payment and will be computed on the amount of payment applied to the delinquent balance. The penalty charges may be waived at the discretion of the City for good reason, when the interest of the City would be best served by waiving said penalty, or if the customer proves that extraordinary circumstances intervened to prevent payment of the bill on the due date; in all cases, it will be the exclusive right of the City to determine the facts and judge the validity of the request to waive penalty payments.

Section 50.21. Enforcement:

In addition to all other lawful enforcement methods, the City agrees and covenants to enforce all charges for electric energy supplied to any premises, if any such charges shall remain unpaid past the due date.

(A) Utility Liens

Charges for electric services applied by the system shall constitute a lien on the premises served and if not paid within six (6) months, shall be certified by the official in charge of the collection thereof to the tax assessing officer and shall then be entered upon the next tax roll as a charge against such premises and shall be collected and the lien thereof enforced in the same manner as general City taxes against such premises are collected and the lien thereof enforced. All provisions of the laws of Michigan and the City Charter applicable to the time and manner of certification and collection of delinquent City taxes levied against real estate in the City shall be observed in the certification and collection of such charges.

(B) Landlord Not Responsible

In all cases where a tenant is responsible for the payment of any such charge and the Utility Billing Office is so notified in writing, which notification shall include a true copy of the lease of the affected premises, if there be one, then no such charge shall become a lien against such premises from and after the date of such notice. In the event of the filing of such notice and after the date of such notice, the City shall render no further service to such premises until a cash deposit in an amount of the projected billing for not less than a one-month period and not more than a three-month period is received, said determination of deposit to be solely at the discretion of the City.

Section 50.22. Restrictions:

(A) Power Factor:

The City shall not be obligated to furnish service to a customer using equipment having a power factor lower than eighty-five percent (85%), which equipment can be improved by reasonable changes to a minimum of eighty-five percent (85%) lagging. Improvement of the power factor shall be at the customer's expense. The City reserves the right to measure power factor at any time by means of test or permanently installed metering equipment, and if the customer's power factor is found to be less than eighty-five percent (85%) lagging, the billing demand will be increased by the ratio that eighty-five percent (85%) bears to the customer's actual power factor.

(B) Discontinuation of Service:

The City may discontinue service following written notice in case the meter or wiring on the customer's premises is tampered with in any manner to allow unmetered current to be used. The customer shall pay the City the estimated cost of the unmetered energy used as determined by the City, and shall, at his own expense, place the wiring in such condition and meter box in such place as is approved by the City. The unauthorized connection to a utility power source or the bypassing of an electric meter will be construed as a theft of electricity and will be appropriately prosecuted. The City may also discontinue service when an account remains unpaid past the due date. The customer shall pay the full amount of arrears, plus a reconnect fee in order to restore service.

Customers or Electrical Contractors shall not cut a meter seal to perform work without calling Escanaba Electric Department prior to beginning such work. Meter seals shall not be cut without prior approval except in the case of danger to life or property. In any case, permission will be given only to qualified persons to cut meter seals. Anyone not adhering to the meter seal-cutting paragraph in this ordinance shall be subject to a \$150.00 seal-cutting fee.

(C) Meter Location:

All meters must be located in such manner as to provide safe, reasonable access by City personnel for reading, inspection and maintenance, without the need for advance notice during regular City business hours. Conditions which can prevent access by City personnel include, but are not limited to, dogs, fences, locked gates, shrubbery, ice, snow, vehicles and debris in the way of the meter. Any customer who refuses to remedy a condition which prevents access shall have his or her services disconnected until said condition is corrected to the satisfaction of the utility.

New/Upgraded services: The meter must be located on the side of the house that the service will be fed from, or on one of the adjoining sides. The meter must not be located inside of a fenced area. All new/upgraded residential underground services must have a meter pedestal. Meter bases for underground services will not be allowed. All new/upgraded residential overhead services must have a rigid steel mast with an attachment point high enough to provide necessary clearance for the utility's wires. Meters must be located 4-5 feet above grade, deck or walking surface.

(D) Safety and Code Compliance:

All wiring and electrical equipment must be installed, maintained, and operated in a safe manner so that it is not a hazard to life, health, or property. If an existing electric service installation is deemed to be unsafe by the Electric Utility, the owner will be notified of the unsafe condition and will be given a sufficient amount of time to correct the unsafe condition. If the installation is not corrected within a reasonable amount of time as deemed by the Electric Utility, then the electric service will be disconnected until the problem(s) are corrected by the owner. Electric services that pose an immediate hazard to life, health, or property will be disconnected immediately upon discovery and the owner will be notified of the unsafe condition. If an electric service is temporarily disconnected for any reason and the electric service is deemed to be unsafe by the Electric Utility, the electric service will not be reconnected until the service has been repaired. New and repaired electric services must conform to the National Electrical Code and City of Escanaba Electric Utility rules and policies. The State of Michigan Electrical Inspector must approve all new electric service installations and all repaired electrical service installations that require power to be disconnected to make such repairs before the new or existing electric services will be energized.

(E) Owner Delinquency

If a property owner has an account in his or her name and said account is delinquent or in arrears, then any transfers or name changes shall be prohibited until such time as the owner's account is brought current and is otherwise in good standing. This provision shall also apply to accounts held in the name of an owner's agent or property manager.

Section 50.23. Experience - Good Faith Deposit Requirement:

(A) Deposit Terms

If a customer of the City of Escanaba, whether he be a tenant, owner, or an owner by land contract, has a history of delinquent payments, or if the City has no history of customer's payments, or if owner or tenant customer service is located outside the corporate limits of the City of Escanaba, or if, in the judgment of the City, the existing deposit is insufficient based on current billings, the City may require a sum not to exceed the projected billing in an average four-month period as a good faith deposit. Projected billing for water, sewer and electricity are combined for purposes of determining a customer's total deposit requirement. In no case will a customer's total deposit requirement be less than four hundred dollars (\$400). In the case of an account which does not include water service or wastewater service, the total deposit requirement shall not be less than two hundred dollars (\$200).

This deposit will be held for twelve (12) consecutive months of payments without delinquency.

Deposits for commercial accounts will be estimated on an individual basis. Commercial accounts will pay a deposit of an estimate of four (4) months' utility bills based on the estimated usage for the type of business.

(B) Deposit Interest

Interest will be paid on deposits at the rate of 2.5% per annum effective July 1, 2023. The deposit rate is based on the market rate the City receives on its deposit accounts on that date.

(C) Escrow and Letter of Credit

If a deposit of over \$500 is demanded from a commercial or large power customer, this deposit may be held in a special escrow account at the bank of the customer's choice, and interest will accrue to the benefit of the customer. Alternately, said customer may furnish an irrevocable bank letter of credit in lieu of a cash deposit.

Section 50.24. Qualification for Rate:

A customer, once placed in a rate classification, will remain in this rate classification unless, in the City's opinion, another rate classification becomes more appropriate. Customers desiring to change from one classification to another must notify the City in writing. It shall not be the City's responsibility to determine the most economical rate classification unless and until said written notice is received. In the event a change in rate classification results in reduced charges, there will be no retroactive adjustments beyond afore-referenced date of application.

In placing a customer in a rate classification, it is understood that such rate classification will remain in effect for said customer until, in the City's judgment, the rate classification is not applicable. Short duration transfers between rate classifications by customers will not be permitted. The City reserves the right of final determination as to when and whom a rate classification may be assigned or changed.

New classifications may be authorized by the City Manager if, in the opinion of the City, these new classifications provide a benefit to both the City and its customers. Customers will be placed in these classifications only at the request of the customer. These classifications will cease to exist at such time as a new rate ordinance is adopted, unless they are specifically included as a permanent rate classification under Section 50.01 and 50.02.

Section 50.25. Non-Sufficient Funds Charges (NSF)

Whenever a customer presents a check or draft instrument for which funds are not immediately available upon presentation for deposit at the City's bank, a charge of \$40 will be placed upon the account for which payment was intended. The NSF charge shall also apply to agreements for ACH account debits.

Section 50.26. Billing Recapture and Customer Credits

Whenever it becomes necessary for the billing department to recapture unbilled charges, the billing department shall use a "look-back" of two years. If it is determined that unbilled charges are the result of customer fraud, the billing department shall recover all unbilled charges.

If a billing error on the part of the City results in over-billed charges, the City will refund all such over-billings, to the extent that the amount can be reasonably

determined.

If an over-billing is not the result of a City error, the billing department shall employ a two year look-back period in determining the amount of credit.

CHAPTER III

Section 50.30. Liability:

In case the supply of electricity shall be interrupted or fail, the City shall not be liable for damages by reason of such failure.

CHAPTER IV

Section 50.40. Other Ordinances:

All rules, regulations, and provisions which have heretofore been enacted by ordinance or otherwise, shall continue to be in full force and effect until modified or amended.

CHAPTER V

Section 50.50. Savings Clause:

If any section, subsection, sentence, clause, or phrase of this ordinance, is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional.

CHAPTER VI

Section 50.60. Effective Date:

In compliance with Section 4 of Chapter XVI of the City Charter, this ordinance shall be in full force and effect on bills for electric energy processed beginning July 1, 2023.

APPROVED:

/s/ Laura J. Genovich, City Attorney

Laura J. Genovich
City Attorney

Date Approved: June 5, 2023
Date Published: June 9, 2023

APPROVED:

Mark Ammel
Mayor

Attest:

Phil DeMay
City Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Council of the City of Escanaba, County of Delta, Michigan, at a Special Meeting held on Monday, the 5th day of June, 2023, and was published in the Daily Press, a newspaper of general circulation in the City of Escanaba on Friday, June 9, 2023, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Phil DeMay
City Clerk