

AN ORDINANCE 2018-10-18-0836

**APPROVING THE ESTABLISHMENT OF A CPS ENERGY TARIFF FOR
PILOTING NEW SERVICE OPTIONS.**

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WHEREAS, CPS Energy operates a combined electric and gas utility system on behalf of the City of San Antonio and under the supervision of the CPS Energy Board of Trustees; and

WHEREAS, the City Council provides oversight of CPS Energy through the approval of rates and charges, authorization of debt issuances, approval of all condemnations, and the approval of the appointment of all Trustees except the Mayor; and

WHEREAS, the City Council exercises oversight of electric and gas rates and charges by approving tariffs for various customer classes, which in the aggregate define the rates and charges for all retail products and services offered by CPS Energy, and are designed to recover all costs of providing service; and

WHEREAS, under the current process, the City Council must approve each rate tariff before a product or service can be offered to customers; this process works well for CPS Energy's standard electric and gas products and services; however, as CPS Energy seeks to develop and launch new innovative products and services, the information and time required to optimally design a new rate tariff is frequently not available, which can result from any number of uncertainties, such as:

- Technology and customer desires are rapidly evolving,
- Customer adoption of new products and services may still be emerging, making it difficult to predict how much of a product will be sold, and/or
- Information on cost requirements to provide an emerging product or service is based on estimates, making it difficult to quantify the full cost of serving customers; and

WHEREAS, CPS Energy has developed a process to allow for new service options to be piloted and refined prior to the submission of a final rate tariff to the City Council for approval; and

WHEREAS, CPS Energy is requesting approval of a New Service Options (NSO) Tariff that will enable the utility to evaluate technologies, assess changing customer needs, and measure the cost of service requirements while ensuring appropriate oversight by the City of San Antonio acting in its regulatory authority; and

WHEREAS, the City's Office of Public Utilities staff has performed a detailed review of the proposed New Service Options Tariff and, based on the review, staff has determined that the proposed tariff is reasonable and appropriate; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby approves the CPS Energy New Service Options Tariff incorporated into this Ordinance as **Exhibit A**, consisting of a new product and service piloting

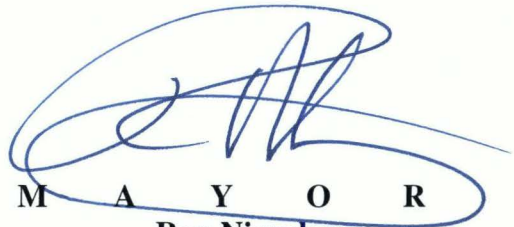
program that stipulates the terms for any new pilot project; requires submittal of all pilot projects to the Office of Public Utilities; sets out elements for each new pilot project; and establishes accountability procedures, including regular status reports to the Office of Public Utilities and periodic updates to the City Council.

SECTION 2. The City Council finds the terms and conditions of the New Service Options Tariff fair, reasonable, and nondiscriminatory.

SECTION 3. CPS Energy shall continue to offer its City Council approved electric and gas rates and service offerings and shall make a formal tariff filing application request for any proposed new or revised rate resulting from a New Service Options pilot project, to the CPS Energy Board of Trustees and to the City Council for consideration, review, and regulatory approvals.


SECTION 4. This ordinance is effective immediately upon passage by eight affirmative votes; otherwise it is effective on the tenth day after passage.

PASSED AND APPROVED, this 18th day of October, 2018.



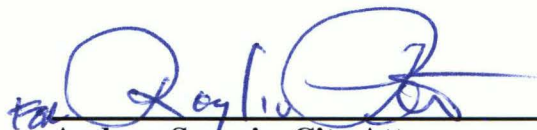
M A Y O R
Ron Nirenberg

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Andrew Segovia, City Attorney

Agenda Item:	23 (in consent vote: 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27)						
Date:	10/18/2018						
Time:	09:41:26 AM						
Vote Type:	Motion to Approve						
Description:	Ordinance approving the establishment of a CPS Energy tariff for piloting New Service Options. This Ordinance does not include a rate increase. [Ben Gorzell, Chief Financial Officer; Paula Gold Williams, CPS Energy President and CEO]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x			x	
William Cruz Shaw	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				

RP
10/18/2018
Item No. 23

EXHIBIT “A”

CPS Energy

NEW SERVICE OPTIONS

Electric and Gas System Optional Services Tariff

NSO

APPLICATION

This New Service Options (NSO) Tariff defines policies by which new service options may be offered to Customers for testing purposes. Options developed under this NSO Tariff are intended to be an important step in providing our customers with innovative energy services, furthering CPS Energy's strategic initiatives. The intent of the NSO Tariff is to pilot different options in order to gauge customer interest and gather information to refine the offering. If successful, a NSO offering may continue pursuant to a City Council approved tariff available to all customers. However, all pilots will be time bound and will not continue in perpetuity.

Under authority of the NSO Tariff, CPS Energy may add, offer, unbundle or create new services, products and/or pricing options related to its electric and gas businesses in accordance with the provisions of the NSO Tariff. The new services, products and pricing options that are provided under the NSO Tariff are to be offered on an experimental basis in order to optimize CPS Energy's portfolio of wholesale and retail products and services. Options and rates developed under the NSO Tariff are available only under the defined time horizons and accountability procedures defined herein. Options offered under this NSO Tariff are not guaranteed to continue past the pilot period to a Council approved tariff. CPS Energy may choose to cancel an option offered under this NSO Tariff based on the results of the pilot.

- All NSO offerings are available to qualifying Customers within CPS Energy's Service Area.
- These rates are not applicable to resale service to Customers currently served under an existing electric or gas retail rate.
- NSO offerings will support CPS Energy's efforts to:
 - Gather information about the adoption of new technologies within its service area;
 - Determine the viability of NSO offerings to support the adoption of technologies; and
 - Identify those pricing structures which best suit Customers' needs and recover the costs of providing the service.
- Rates for retail NSO offerings continuing after their pilot periods shall comply with the Flow of Funds provisions adopted within CPS Energy's approved Bond Ordinances.
- City Council shall retain regulatory authority over all NSO offerings.

NEW SERVICE TERM SHEET

There shall be a New Service Term Sheet that states the following for each offering:

- The purpose of the NSO offering;
- The scope of the offering to be provided;
- The conditions of service and charges for the offering that the Customer will incur each month;
- The effective date of the offering and the time period during which the offering is available;
- The criteria to be used to evaluate the success of the NSO offering;
- The existing City Council approved rate tariff to which the Customer will revert, if the offering is not continued at the pilot's conclusion or cancellation;
- The maximum number of Customers that may participate in the pilot;
- The Customer may be required to execute a Service Agreement, subject to the applicable rates during the pilot period and to the tariff rates thereafter, provided the NSO offering continues at the conclusion of the pilot period.
- For any new NSO offering that requires a capital contribution by CPS Energy, the Customer will be required to execute a Service Agreement at the initiation of the pilot to ensure appropriate cost recovery by CPS Energy.

MONTHLY BILL

The Monthly Bill will be in accordance with the New Service Term Sheet.

LATE PAYMENT CHARGE

The Monthly Bill will be charged, provided payment of the previous bill is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill, excluding the adjustment for fuel costs, fees for City services and sales taxes.

TERMS AND CONDITIONS OF SERVICE

1. Customers are obligated to participate for the length of the pilot, unless otherwise specified.
2. NSO offerings are intended to support the initial diffusion of technology into CPS Energy's system, and CPS Energy may choose to cancel any offering at any time. If CPS Energy cancels the offering during the pilot period, the Customer will be notified of an applicable alternate approved tariff, if available. NSO Customers will automatically revert to the alternate tariff unless, prior to the renewal date, the Customer notifies CPS Energy in writing that the Customer no longer wishes to continue service.
3. CPS Energy has the right to remove a Customer from any NSO offering for any reason, including, but not limited to:
 - a. Customer fails to make timely payments as specified within the New Service Term Sheet, is placed on a payment arrangement plan, or is disconnected for nonpayment. CPS Energy will follow its standard procedures for collection as outlined in CPS Energy's Rules and Regulations Applying to Retail Electric and Gas Service; or
 - b. Any failure to comply with the CPS Energy's Rules and Regulations Applying to Retail Electric and Gas Service.
4. Unless otherwise specified, CPS Energy is not liable for any repairs and/or maintenance for any equipment required to participate in the offering, including, but not limited to, any parts or labor charges.
5. CPS Energy will collect from Customer other Miscellaneous Fees as specified in CPS Energy's Policy for Miscellaneous Customer Charges Tariff for requests or specialized services such as, but not limited to, return payment fees.
6. Each NSO pilot program will be available to a limited number of Customers as established in the New Service Term Sheet.
7. At the end of the pilot, CPS Energy may require participating Customers to retrofit their property, at the Customer's expense, to conform to existing CPS Energy standards.
8. Piloted offerings are subject to any general increase in rates.
9. Customers are obligated to provide CPS Energy all data associated with their participation in the pilot.

ACCOUNTABILITY PROCEDURES

To assist in evaluating the reasonableness of the NSO offering's rates and charges, CPS Energy will comply with the following accountability procedures.

1. CPS Energy will design NSO offerings to not materially disadvantage non-participating Customers.
2. CPS Energy shall submit a New Service Term Sheet to the City's Office of Public Utilities (OPU) for each offering under the NSO Tariff. OPU shall review the New Service Term Sheet to confirm that the rates are designed with the intent to recover the offering's cost of service and are otherwise within the parameters of the NSO Tariff.
3. CPS Energy shall submit quarterly status reports summarizing the operational and financial performance of all active offerings under the NSO Tariff, and the disposition of completed offerings. The reports shall include the following items, at a minimum:
 - a. The number of Customers utilizing each offering;
 - b. The number of Customers that are no longer participating in the offering pilot due to early termination or abuse;
 - c. Consumption information; and
 - d. Any Customer feedback, including survey results received from Customers regarding the offering.

4. CPS Energy shall submit to City Council a briefing on the status of the NSO Offerings annually, or as requested by OPU.

At the start of a NSO offering, OPU may specify additional accountability procedures.

CONFIDENTIAL INFORMATION

The supporting documentation for any additional New Service Options may include confidential information, such as formulae or other calculations used to develop the offering. OPU may request such confidential information and, upon receipt from CPS Energy, shall use its best efforts to maintain the confidentiality of any information designated as such.

RULES AND REGULATIONS

If applicable, service is subject to CPS Energy's Rules and Regulations Applying to Retail Electric and Gas Service, as may be amended from time to time (Rules and Regulations), which are incorporated herein by reference as if set forth in full. In the event that the Rules and Regulations, the terms of this NSO Tariff, and/or any New Service Term Sheet conflict or are inconsistent with one another, the order precedence is as follows: (1) applicable New Service Term Sheet, then (2) this NSO Tariff, then (3) Rules and Regulations.

CURTAILMENT

CPS Energy has the right at any and all times to immediately adjust, in whole or in part, the supply of electricity and/or gas to Customers, in order to adjust fuel supplies for generation of electricity and/or gas supplies available for resale and/or any other factors affecting delivery capability.