

Board of Public Utilities

Regular Meeting Agenda

Monday, June 27, 2016
4:00 p.m., DPW Conference Room
1199 8th Avenue



1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes for the Record
 - A. May 23, 2016 Regular Meeting Minutes
5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

REPORTS

6. Cost of Energy from Indiana-Michigan Power Company (AEP)
 - A. 2016 Billings – All Charges
 - B. 2015 Billings – All Charges
7. Financial Reports
 - A. Electric Fund – Financial Statement
 - B. Electric Fund – Review of Percentage Billed
 - C. Water Fund – Financial Statement
 - D. Water Fund – Review of Percentage Billed
 - E. Sewer Fund – Financial Statement

NEW BUSINESS

8. Board will be requested to review a revision to the Public Utilities Rules, Regulations and Policies and make a recommendation to City Council.
9. Board will be requested to review the opt-out provision of Public Act 95 of 2013 and make a recommendation to City Council.

10. City Engineer Comments

11. Board Member Comments

12. Adjourn

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Larry Halberstadt". The signature is written in a cursive, flowing style.

Larry Halberstadt, PE
City Engineer

South Haven DPW Building is Barrier-free and the City of South Haven will provide the necessary reasonable auxiliary aids and services for persons with disabilities, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting to individuals with disabilities at the meeting upon seven (7) days notice to the South Haven City Clerk. Individuals with disabilities requiring services should contact the City Clerk by writing or calling South Haven City Hall at (269) 637-0750.

Board of Public Utilities

Regular Meeting Minutes

Monday, May 23, 2016
4:00 p.m., DPW Conference Room
1199 8th Avenue



1. Call to Order by Stickland at 3:58 p.m.

2. Roll Call

Present: Bob Burr, Mike Henry, Bill Roberts, Ross Stein (ex-officio), Barry Winkel, Bob Stickland

Absent: Alan Overhiser (ex-officio), Barbara Rose (ex-officio)

Also present: Wendy Hochstedler, Finance Director

3. Approval of Agenda

Motion by Henry, second by Roberts to approve the May 23, 2016 Regular Meeting Agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes for the Record

A. April 25, 2016 Regular Meeting Minutes

Motion by Roberts, second by Winkel to approve the April 25, 2016 Regular Meeting Minutes as written.

All in favor. Motion carried.

5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

None at this time.

REPORTS

6. Cost of Energy from Indiana-Michigan Power Company (AEP)

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- A. 2016 Billings – All Charges
- B. 2015 Billings – All Charges

A brief discussion ensued regarding the cost of energy.

7. Financial Reports

- A. Electric Fund – Financial Statement
- B. Electric Fund – Review of Percentage Billed
- C. Water Fund – Financial Statement
- D. Water Fund – Review of Percentage Billed
- E. Sewer Fund – Financial Statement

Electric: Halberstadt spoke to Roberts' question from last month; Hochstedler noted, "We may be close but won't hit the three million dollar number exactly." Stickland commented that sales are down. Halberstadt commented that true-up costs will be in before the end of the year.

Water: Burr and Hochstedler discussed the debt payment and negative projection. Stickland noted there is nothing that was not anticipated. In response to a question by Burr regarding showing a negative or positive balance, Stickland noted there has to be enough cash growth to pay for budgeted depreciation. Discussion ensued regarding new state rules and how they will be handled and what will be done by the state if there are questions about anything. Hochstedler and Halberstadt both commented that they have not heard details about requirements.

Stickland noted that accounted for in water sales is up 3 tenths of a percent, even better than the electric fund. Burr pointed out that estimated reads affect this figure during the first quarter.

Sewer: Discussion ensued regarding assessments, revenue and interest on special assessments. Hochstedler noted the balance of the Kalamazoo Street project has not been started, so that money is reflected in the figures. Stickland noted that the interest line is just on investments and that will be going up. Burr asked whether we are fully depreciated now or will still be depreciating \$30 – 60,000. Hochstedler said we decided not to special assess the whole amount and the assessments will go on the Dec. 1 bills unless not finished.

Robert asked how much of the money is already committed. Hochstedler discussed the bond issue and noted we have not obligated any of the reserve for that. Roberts asked if this is over and above the committed projects to which Hoch responded yes.

Discussion of the Projected Balance date showing 2013, which Hochstedler noted is in error and the correct year is shown in another spot on the spreadsheet.

8. Revised Quarterly Outage Report

Halberstadt reminded of last month's question about the map and table not matching, explaining that Ryan Bosscher, GIS Tech, corrected the map to match the table and noting

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that Bosscher had accidentally pulled an old map for the previous month's report. There is no new information other than the map was fixed. Roberts and Stickland discussed the conclusion drawn from the report is that the two leading causes of outages are animal and tree contact. The area where tree trimming was done is showing zero tree outages, per Burr and Halberstadt.

NEW BUSINESS

9. Board will be requested to review water, sewer and electric rates for the 2016-17 fiscal year.

Hochstedler spoke about raising water and sewer rates two and one-half percent, noting there is funding for all the big SRF projects. Hochstedler also pointed out that while there is not a final breakdown of funding, that will come this fall, so for next month we are going for a two and one-half percent increase in water and sewer.

Burr asked about the official rate study to which Halberstadt responded that bond counsel will be making a recommendation on debt service for the first round of projects in the fall. Rate counsel will probably be coming in the fall, but Abonmarche has to complete some additional televising of sewer lines and prep the review and rating of sewer pipes (asset management ratings) then long-term budgeting can be done, determining when you think that asset is going to need work done, then bring in the rate counsel to determine how much we need to close the gap so when the time comes to do the work, it will not be necessary to borrow a chunk of money.

In response to Stickland's question about whether the rate counselor is part of the SAW grant, Halberstadt said, "Yes." Hochstedler added, "We are working on rates for debt service, coverage, etc." Halberstadt noted that the city has applied and been approved for a State Revolving Fund loan. Discussion ensued regarding timing on the bonding; rates and cost of consultants. Roberts asked if there will be a portion of the bond for the sewer and Hochstedler explained the way debt service coverage plays into the calculations. Halberstadt said the State Revolving Fund will only pay for the sewer and the restoration above the sewer; while the city wants to do more work so will have to acquire a separate conventional bond. Halberstadt noted there will be special assessments for the water and sewer funds.

Hochstedler added that when the plan is finished they will be issuing bonds, probably in September. Henry asked if the rates will be adjusted at that time to which Hochstedler noted that staff will have to get draft resolutions to the state, which will be for a number of years.

Roberts commented on what the SAW grant looked at and discussion ensued about the S2 Study, which covered the areas where it was thought that the city had problems, and that the project list that was developed from that is what staff is planning to start on this fall. Roberts asked if this would cover all identified problems but there will be new problems identified and Henry noted that there will be projections for 30 years. Stein noted that most of the township infrastructure is new, so won't be needing upgrades, with the exception of the areas of Evergreen Bluff and South Haven Trailer Park.

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Stein asked when the first installment will be due on the bonds issued in September and Hochstedler responded that the first interest payment will be in May, adding that these budgets are a plan but the exact amounts have not been pinned down.

Henry said the sewer rates are proposed to have a 2.5 percent increase for July 1 and asked what the anticipated lag is going to be spread over. Hochstedler said as soon as we get that information we will bring it back to the board; the plan has not been completely developed yet. Discussion ensued regarding the scope of the projects identified and planned. Halberstadt noted that the grit building was rolled into the scope due to it being in deteriorated condition, which necessitated a bit of an increase in what staff originally planned. Stickland noted it will probably be similar to what we are doing in water.

Burr commented on a grant that will be available for 60 days which Halberstadt explained is offered by the Michigan Economic Development Commission (MEDC). Halberstadt said we are going to try to get one million dollars the Indian Grove Lift Station project.

Roberts said two and one-half percent sounds reasonable and asked how that is done. Discussion ensued regarding timing on simplifying the charges so they are not as confusing.

Burr reviewed the electric rates and projection that were made in the past; our capital budget is just over one million dollars per year. "After expenses, our cash will increase and that's our starting point. There will be rate increases from Indiana & Michigan on the demand side; we're trying to capture the increase in the demand charge (apply to all customers). The rate increase will also include two percent for cost of operations. In addition, the PJM transmission charges will be fully passed through to the customers as part of the monthly fuel adjustment. Roberts noted the city has no control over the costs being charged to us. Burr noted the increases for residential customers create the peak in summer, so we try to say they are responsible for 25 to 30 percent of the increase in the demand cost. Discussion ensued regarding the large commercial customers and small commercial customers. Burr noted the last two rate increases have not been passed on to the small commercial, small stores and small restaurant customers. It was noted that of the rate increase of six percent, roughly half is cost of power.

Motion by Roberts to recommend that City Council amend the Code of Ordinances to adopt new utility rates, effective July 1, 2016. Second by Winkel.

All in favor. Motion carried.

10. Board will be requested to review the Cost Based Formula Rate Agreement for Full Requirements Electric Service with Indiana Michigan Power Company.

Halberstadt explained that if we stay with our current contract it can continue to deliver full requirements electric service to the City of South Haven until May 31, 2026. The agreement permits the city to give notice to cancel the contract, which has to happen before June 1 of a given year. If we give notice we have four years of additional service. Halberstadt stated that if we are going to provide notice this year, we need to move quickly.

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Discussion ensued about the group that did negotiations with the following questions: Is anybody making a recommendation to do this? Is this is good thing? Is there risk analysis available?

Halberstadt noted that GDS Associates, with whom we can work closely, feels the city would be getting better pricing in the market than with Indiana & Michigan. In response to Roberts' question about whether there is any guarantee for the rates; Halberstadt said it depends on how we phrase the Request for Proposal (RFP). Henry commented that this just gives the city the opportunity to negotiate. Halberstadt pointed out that it is his belief that I & M will probably be right there at the table negotiating with us, "but they won't come to the table while we still have a contract with them. Working as a group with other IMMUDA members would be better than standing alone."

Stein asked about risk analysis which Halberstadt said there have been people who have looked at that, in fact, GDS has something in these materials about that. Roberts noted the new supplier could be more diversified. Roberts asked if we determined that the PJM costs will remain the same to which Halberstadt responded that there may be minor adjustments for point to point, but that is not the largest portion of the costs.

Burr noted that if we do this we have to have a special City Council meeting Friday morning.

Motion by Henry to recommend that City Council consider a Resolution authorizing the Mayor to provide written notice of cancellation to Indiana & Michigan Power Company prior to June 1, 2016, shortening the Delivery Period to terminate on May 31 2020. Second by Winkel.

All in favor. Motion carried.

11. City Engineer Comments

There were none.

12. Board Member Comments

Henry: Spoke about his plans to be gone during the months of June, July and August.

Stein: Stated this is a complaint. A new customer paid their 4 thousand dollars and front desk passed a question about standby charges to Ross Stein. Stein would appreciate front desk staff doing their job and not passing questions to him.

13. Adjourn

Motion by Henry, second by Roberts to adjourn at 5:29 p.m.

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RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary

CITY OF SOUTH HAVEN																				
Cost of Electric Energy from Indiana-Michigan Power Company (AEP)																				
2016																				
Date	ACTUAL				BILLING			COST					PJM Open Access Transmission Tariff						Total Cost	cts/ KWHR
	KW Demand	KVAR Demand	KVA	Power Factor	KW Demand	KVAR Demand	KWHR	\$ KW Demand	\$ KWHR	\$ Fuel Charge	\$ Fuel Adjust	Actual Fuel True-up	Sch 1A \$ KWHR	\$ Network	RTO Start-up \$	Other	Credits	Total PJM		
Main	11,909	3,200	12,331	0.9657	11,909	3,200	6,071,150	\$211,944.12	\$68,726.63											
Welder	431	326	540	0.7976	431	326	156,353	\$7,663.39	\$1,769.95											
Phoenix	10,814	3,369	11,327	0.9547	10,814	3,369	5,101,502	\$192,463.52	\$57,750.02											
May-16	23,154	6,895	24,159	0.9584	23,154	6,895	11,329,006	\$412,071.03	\$128,246.61	\$167,297.69	\$42,199.41	\$46,010.69	\$1,111.78	\$70,510.79	\$162.61	\$12,905.56	(\$570.53)	\$84,120.21	\$879,945.64	7.767
Main	10,055	1,999	10,252	0.9808	10,055	1,999	5,734,491	\$178,949.01	\$64,915.58											
Welder	373	315	489	0.7642	373	315	196,032	\$6,645.40	\$2,219.12											
Phoenix	7,413	1,634	7,591	0.9766	7,413	1,634	4,476,314	\$131,924.00	\$50,672.77											
Apr-16	17,841	3,948	18,273	0.9764	17,841	3,948	10,406,836	\$317,518.41	\$117,807.47	\$153,679.84	\$9,193.40	\$29,374.01	\$1,021.29	\$68,236.25	\$157.36	\$12,684.90	(\$598.07)	\$81,501.73	\$709,074.86	6.814
Main	10,772	1,820	10,925	0.9860	10,772	1,820	6,175,345	\$191,709.55	\$69,906.14											
Welder	312	276	417	0.7483	312	276	208,084	\$5,547.32	\$2,355.55											
Phoenix	7,851	1,251	7,950	0.9875	7,851	1,251	4,676,007	\$139,715.62	\$52,933.33											
Mar-16	18,934	3,348	19,228	0.9847	18,934	3,348	11,059,436	\$336,972.49	\$125,195.03	\$163,316.90	\$15,184.61	\$44,308.72	\$1,085.33	\$70,510.79	\$162.61	\$12,663.84	(\$576.34)	\$83,846.23	\$768,823.98	6.952
Main	10,991	2,028	11,177	0.9834	10,991	2,028	6,302,889	\$195,606.20	\$71,349.97											
Welder	139	282	314	0.4416	139	282	149,844	\$2,466.66	\$1,696.27											
Phoenix	8,486	1,133	8,561	0.9912	8,486	1,133	4,734,776	\$151,024.72	\$53,598.62											
Feb-16	19,616	3,443	19,915	0.9849	19,616	3,443	11,187,510	\$349,097.59	\$126,644.85	\$165,208.19	\$509.03	\$28,825.21	\$1,097.90	\$65,961.70	\$152.12	\$12,663.84	(\$782.56)	\$79,093.00	\$749,377.87	6.698
Main	11,894	2,299	12,114	0.9818	11,894	2,299	7,171,623	\$211,677.84	\$81,184.21											
Welder	290	355	458	0.6323	290	355	147,920	\$5,152.23	\$1,674.49											
Phoenix	8,211	1,158	8,292	0.9902	8,211	1,158	4,864,669	\$146,129.60	\$55,069.02											
Jan-16	20,394	3,812	20,748	0.9830	20,394	3,812	12,184,212	\$362,959.67	\$137,927.72	\$179,926.69	(\$7,579.80)	\$39,241.29	\$1,195.71	\$70,559.06	\$162.61	\$12,616.31	(\$892.92)	\$83,640.77	\$796,116.34	6.534

Year to Date 2016:

56,167,001

\$3,903,339

6.950

City of South Haven
 Electric Fund - Fund 582
 For the period ended May 31, 2016

Col 6 & 11

Revenues:	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2015-16 Adopted Budget	% of Annual Budget
Electric Sales	\$ 1,040,153	\$ 1,229,276	\$ 1,002,104	\$ (189,122)	\$ 38,049	\$ 12,555,670	\$ 13,522,031	\$ 11,772,027	\$ (966,361)	\$ 783,643	\$ 14,751,307	85%
Charges for Service	\$ (30,450)	\$ 12,500	\$ 9,795	\$ (42,950)	\$ (40,245)	\$ 172,603	\$ 137,500	\$ 84,218	\$ 35,103	\$ 88,386	\$ 150,000	115%
Interest Income	\$ 2,785	\$ 2,500	\$ 25,351	\$ 285	\$ (22,566)	\$ 36,428	\$ 27,500	\$ 74,957	\$ 8,928	\$ (38,529)	\$ 30,000	121%
Other Revenue	\$ 4,648	\$ 3,333	\$ 6,498	\$ 1,315	\$ (1,849)	\$ 57,283	\$ 36,667	\$ 33,324	\$ 20,617	\$ 23,960	\$ 40,000	143%
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Revenues	\$ 1,017,136	\$ 1,247,609	\$ 1,043,748	\$ (230,473)	\$ (26,611)	\$ 12,821,985	\$ 13,723,698	\$ 11,964,526	\$ (901,713)	\$ 857,459	\$ 14,971,307	

Expenses	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2015-16 Adopted Budget	% of Annual Budget
Purchased Power	\$ 879,946	\$ 833,333	\$ 729,054	\$ 46,612	\$ 150,892	\$ 9,081,132	\$ 9,166,667	\$ 8,903,759	\$ (85,535)	\$ 177,373	\$ 10,000,000	91%
Other Operating Expenses	\$ 153,507	\$ 153,285	\$ 213,199	\$ 223	\$ (59,691)	\$ 1,801,297	\$ 1,686,132	\$ 1,703,059	\$ 115,165	\$ 98,238	\$ 1,839,417	98%
Property Tax Equivalents	\$ 60,700	\$ 60,700	\$ 59,557	\$ 0	\$ 1,143	\$ 667,699	\$ 667,699	\$ 655,128	\$ 0	\$ 12,571	\$ 728,399	92%
Energy Optimization Costs	\$ -	\$ 23,467	\$ -	\$ (23,467)	\$ -	\$ 143,369	\$ 258,133	\$ 255,829	\$ (114,765)	\$ (112,460)	\$ 281,600	51%
Capital Outlay	\$ 5,767	\$ 26,346	\$ 359,245	\$ (20,578)	\$ (353,477)	\$ 219,920	\$ 289,804	\$ 4,147,468	\$ (69,885)	\$ (3,927,549)	\$ 316,150	70%
Transfer Out	\$ 14,066	\$ 14,066	\$ 14,025	\$ -	\$ 41	\$ 154,723	\$ 154,723	\$ 154,276	\$ -	\$ 447	\$ 168,789	92%
Depreciation	\$ 55,917	\$ 55,917	\$ 39,510	\$ -	\$ 16,406	\$ 615,083	\$ 615,083	\$ 434,614	\$ -	\$ 180,470	\$ 671,000	92%
Administrative Expenses	\$ 48,383	\$ 65,110	\$ 64,844	\$ (16,727)	\$ (16,461)	\$ 671,094	\$ 716,215	\$ 671,079	\$ (45,121)	\$ 15	\$ 781,325	86%
Total Expenses	\$ 1,218,286	\$ 1,232,223	\$ 1,479,434	\$ (13,937)	\$ (261,148)	\$ 13,354,316	\$ 13,554,457	\$ 16,925,211	\$ (200,141)	\$ (3,570,894)	\$ 14,786,680	

Net Fund Change \$ (201,150) \$ 15,386 \$ (435,687) \$ (216,536) \$ 234,536 \$ (532,331) \$ 169,241 \$ (4,960,684) \$ (701,573) \$ 4,428,353 \$ 184,627

AS OF JUNE 30, 2015

Retained Earnings	\$ 16,823,115
Less Net Capital Assets	\$ (14,267,710)
Net Undesignated Reserves	\$ 2,555,405

Breakdown:

Cash/Investments	\$ 2,373,971
Current Assets	\$ 2,478,330
Current Liabilities	\$ (2,296,896)
Net Working Capital	\$ 2,555,405

AS OF CURRENT MONTH END

Retained Earnings-FYE	\$ 16,823,115
Less Net Capital Assets	\$ (14,267,710)
Net Undesignated Reserves June 30, 2015	\$ 2,555,405
Net Income Per Income Statement Revenue > Expenses Thru 05/31/16	\$ (532,331)
Add back Non-cash Depreciation Expense	\$ 615,083
	\$ 2,638,156

Breakdown:

Cash/Investments	\$ 2,744,118
Current Assets	\$ 1,790,677
Current Liabilities	\$ (1,896,639)
Net Working Capital	\$ 2,638,156

PROJECTED BALANCE AT JUNE 30, 2016 Based on AMENDED Annual Budget

Beginning Retained Earnings-July 1, 2015	\$ 16,823,115
Less Projected Net Capital Assets	\$ (13,912,860)
Net Income Per Income Statement Revenue > Expenses Projected thru 6/30/16	\$ 184,627
	\$ 3,094,882

Net Working Capital \$ 3,094,882 Projected thru 6/30/16

The Net Working Capital is shown here for June 30, 2015, Current Month Ended, and Projected at June 30, 2016. The amounts represent what is left over after all of the short-term obligations have been met and represents the relatively liquid portion of the Utility's retained earnings or reserves that can be used for future expenditures.

CITY OF SOUTH HAVEN
ELECTRIC FUND
KWH COMPARISONS
ROLLING TWELVE MONTHS

		KWH	KWH	KWH	STREET LTS	TOTAL KWH	PERCENTAGE	PERCENTAGE	
		PURCHASED	BILLED	STREET LTS	12 MO AVE.	BILLED AND	BILLED AND	BILLED AND	
						STREET LTS	TO PURCHASED	TO PURCHASED	
							(ROLLING 12 MOS)	CURRENT MONTH	
FISCAL 2014									
July	2013	14,702,976	12,364,189	37,740	52,213	12,401,929	94.64%	84.35%	31
August	2013	13,559,712	13,582,248	42,342	52,126	13,624,590	94.42%	100.48%	31
September	2013	11,670,399	12,462,283	48,796	52,143	12,511,079	95.03%	107.20%	30
October	2013	10,945,398	10,453,792	54,475	52,125	10,508,267	94.91%	96.01%	31
November	2013	10,657,150	9,502,492	58,511	51,866	9,561,003	94.96%	89.71%	30
December	2013	11,962,287	10,244,088	71,063	52,032	10,315,151	94.68%	86.23%	31
January	2014	12,608,593	10,959,716	65,878	51,791	11,025,594	94.12%	87.45%	31
February	2014	11,410,071	12,066,200	59,636	51,790	12,125,836	94.72%	106.27%	29
March	2014	11,773,033	10,878,414	54,626	51,925	10,933,040	94.54%	92.87%	31
April	2014	10,374,016	10,020,033	48,541	51,953	10,068,574	94.63%	97.06%	30
May	2014	11,203,732	10,614,984	44,334	51,971	10,659,318	94.97%	95.14%	31
June	2014	12,746,940	11,082,867	39,220	52,097	11,122,087	93.90%	87.25%	30
		<u>143,614,306</u>	<u>134,231,306</u>	<u>625,162</u>		<u>134,856,468</u>			
FISCAL 2015									
July	2014	13,717,651	12,578,551	38,129	52,129	12,616,680	96.41%	91.97%	31
August	2014	14,486,040	12,740,027	42,644	52,154	12,782,671	94.07%	88.24%	31
September	2014	11,824,906	13,323,234	48,696	52,146	13,371,930	94.64%	113.08%	30
October	2014	11,327,065	11,109,952	55,667	52,245	11,165,619	95.09%	98.57%	31
November	2014	11,400,971	10,662,987	62,443	52,573	10,725,430	94.71%	94.07%	30
December	2014	12,007,610	11,126,842	67,163	52,248	11,194,005	95.06%	93.22%	31
January	2015	12,646,269	11,962,202	63,831	52,078	12,026,033	95.27%	95.10%	31
February	2015	11,642,781	11,272,243	59,367	52,055	11,331,610	95.05%	97.33%	29
March	2015	11,611,940	10,475,991	55,391	52,119	10,531,382	94.93%	90.69%	31
April	2015	10,409,946	10,889,321	49,374	52,188	10,938,695	95.50%	105.08%	30
May	2015	11,362,501	10,551,097	43,678	52,134	10,594,775	95.38%	93.24%	31
June	2015	12,140,981	10,457,881	38,776	52,097	10,496,657	95.29%	86.46%	30
		<u>144,578,660</u>	<u>137,150,328</u>	<u>625,159</u>		<u>137,775,487</u>			
FISCAL 2016									
July	2015	14,677,143	13,243,711	38,312	52,112	13,282,023	93.91%	90.49%	31
August	2015	14,339,662	13,784,516	43,194	52,158	13,827,710	93.48%	96.43%	31
September	2015	12,441,903	13,414,247	48,002	52,100	13,462,249	94.04%	108.20%	30
October	2015	11,188,839	11,094,437	54,768	52,025	11,149,205	94.43%	99.65%	31
November	2015	10,684,266	9,455,848	61,411	51,939	9,517,259	94.57%	89.08%	30
December	2015	11,590,762	9,764,754	67,711	51,985	9,832,465	94.49%	84.83%	31
January	2016	12,184,212	11,882,513	62,508	51,855	11,945,021	94.16%	98.04%	31
February	2016	11,187,510	10,966,030	59,563	51,849	11,025,593	94.39%	98.55%	29
March	2016	11,059,436	10,905,400	53,548	51,759	10,958,948	94.48%	99.09%	31
April	2016	10,406,837	10,376,409	47,900	51,706	10,424,309	94.67%	100.17%	30
May	2016	11,329,005	9,214,689	43,807	51,662	9,258,496	94.48%	81.72%	31
		<u>131,089,575</u>	<u>124,102,553</u>	<u>580,724</u>		<u>124,683,277</u>			
Prior Year-to-date		132,437,679	126,692,447	586,383		127,278,830			
Two Years Prior		130,867,366	123,148,439	585,942		123,734,381			

City of South Haven
Water Fund - Fund 591
For the period ended May 31, 2016

Col 6 & 11

Revenues:	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2015-16 Adopted Budget	% of Annual Budget
Sales	\$ 296,301	\$ 318,092	\$ 268,942	\$ (21,790)	\$ 27,359	\$ 3,217,508	\$ 3,499,007	\$ 3,121,520	\$ (281,499)	\$ 95,987	\$ 3,817,098	84%
Charges for Service	2,168	5,833	-	(3,666)	2,168	72,522	64,167	41,594	8,356	30,928	70,000	104%
Interest Income	5,828	167	73	5,662	5,755	13,602	1,833	5,436	11,769	8,166	2,000	680%
Special Assessment Revenue	-	7,015	-	(7,015)	-	-	77,170	12	(77,170)	(12)	84,185	0%
Other Revenue	3,905	2,917	3,603	988	302	40,234	32,083	53,833	8,151	(13,599)	35,000	115%
Total Revenues	\$ 308,202	\$ 334,024	\$ 272,619	\$ (25,822)	\$ 35,583	\$ 3,343,866	\$ 3,674,259	\$ 3,222,396	\$ (330,394)	\$ 121,470	\$ 4,008,283	

Expenses:	1	2	3	4	5	6	7	8	9	10	11	% of Annual Budget
	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2015-16 Adopted Budget	
Operating Expenses	\$ 119,900	\$ 126,019	\$ 178,900	\$ (6,118)	\$ (59,000)	\$ 1,378,120	\$ 1,386,208	\$ 1,303,742	\$ (8,088)	\$ 74,378	\$ 1,512,227	91%
Property Tax Equivalents	16,701	16,701	16,107	-	594	183,714	183,714	177,177	-	6,537	200,415	92%
Capital Outlay	10,441	32,377	197,769	(21,936)	(187,328)	57,773	356,150	203,274	(298,377)	(145,501)	388,527	15%
Debt Service	752,745	126,651	716,123	626,094	36,622	1,518,849	1,393,161	1,497,511	125,688	21,338	1,519,812	100%
Transfers Out	-	63	333	(63)	(333)	-	693	3,667	(693)	(3,667)	756	0%
Depreciation	50,833	50,833	16,307	-	34,526	559,167	559,167	179,377	-	379,790	610,000	92%
Administrative Expenses	13,989	20,534	17,759	(6,545)	(3,771)	212,032	225,869	217,612	(13,836)	(5,580)	246,402	86%
Total Expenses	\$ 964,610	\$ 373,178	\$ 1,143,299	\$ 591,431	\$ (178,689)	\$ 3,909,654	\$ 4,104,961	\$ 3,582,359	\$ (195,307)	\$ 327,295	\$ 4,478,139	

Net Fund Change \$ (656,408) \$ (39,155) \$ (870,680) \$ (617,253) \$ 214,272 \$ (565,788) \$ (430,701) \$ (359,963) \$ (135,087) \$ (205,825) \$ (469,856)

AS OF JUNE 30, 2015

Retained Earnings	\$ 7,773,667
Less Net Capital Assets, minus related LT debt	\$ (5,915,344)
Less Restricted Cash-Debt	\$ (60,723)
Net Undesignated Reserves	\$ 1,797,600

Breakdown:

Cash/Investments	\$ 2,077,613
Current Assets	\$ 966,012
Current Liabilities	\$ (1,246,024)
Net Working Capital	\$ 1,797,600

AS OF CURRENT MONTH END

Retained Earnings-FYE	\$ 7,773,667
Less Net Capital Assets, minus related LT debt	\$ (5,897,078)
Less Restricted Cash-Debt	\$ (60,743)
Net Undesignated Reserves	\$ 1,815,846
Net Income Per Income Statement Revenue > Expenses	\$ (565,788)
Add back Non-cash Depreciation Expense	\$ 559,167
	\$ 1,809,224

Breakdown:

Cash/Investments	\$ 2,263,979
Current Assets	\$ 724,155
Current Liabilities	\$ (1,178,910)
Net Working Capital	\$ 1,809,224

PROJECTED BALANCE AT JUNE 30, 2016 **Based on Adopted Annual Budget**

Beginning Retained Earnings-July 1, 2015	\$ 7,773,667
Less Projected Net Capital Assets, minus related LT debt	\$ (5,693,871)
Less Restricted Cash-Debt	\$ (60,743)
Net Income Per Income Statement Revenue < Expenses	\$ (469,856)
	\$ 1,549,197

Net Working Capital **\$ 1,549,197** Projected thru 6/30/16

The Net Working Capital is shown here for June 30, 2015, Current Month Ended, and Projected at June 30, 2016. The amounts represent what is left over after all of the short-term obligations have been met and represents the relatively liquid portion of the Utility's retained earnings or reserves that can be used for future expenditures.

CITY OF SOUTH HAVEN
WATER FUND
CuFt COMPARISONS
ROLLING TWELVE MONTHS

		GALLONS PUMPED TO MAINS	CuFt PUMPED TO MAINS	CuFt PLANT TAP UNBILLED	CuFt WATER QUALITY FLUSHING	CuFt BILLED	PERCENTAGE BILLED PLUS PLANT TAP TO PUMPED TO MAINS (ROLLING 12 MOS)	PERCENTAGE BILLED PLUS PLANT TAP TO PUMPED TO MAINS CURRENT MONTH
FISCAL 2014								
July	2013	70,321,000	9,401,203	62,968	127,844	6,705,606	88.48%	72.00%
August	2013	62,517,000	8,357,888	48,003	196,427	8,322,168	88.81%	100.15%
September	2013	52,536,000	7,023,529	43,984	192,916	7,118,311	89.52%	101.98%
October	2013	35,699,000	4,772,594	41,176	182,891	5,303,775	90.51%	111.99%
November	2013	28,029,000	3,747,193	37,834	99,473	3,426,297	90.79%	92.45%
December	2013	28,262,000	3,778,342	37,166	178,083	2,904,054	90.43%	77.84%
January	2014	36,931,000	4,937,299	40,642	145,998	3,089,262	89.82%	63.39%
February	2014	36,711,000	4,907,888	36,230	128,741	3,454,550	89.24%	71.13%
March	2014	36,506,000	4,880,481	37,567	40,914	3,251,264	89.19%	67.39%
April	2014	29,869,000	3,993,182	33,957	57,952	3,321,979	89.46%	84.04%
May	2014	40,638,000	5,432,888	31,283	70,598	4,278,590	89.10%	78.75%
June	2014	53,611,000	7,167,246	37,032	100,575	5,543,066	85.86%	77.34%
		<u>511,630,000</u>	<u>68,399,733</u>	<u>487,843</u>	<u>1,522,412</u>	<u>56,718,922</u>		
FISCAL 2015								
July	2014	64,316,000	8,598,396	38,503	126,739	6,932,597	89.25%	81.07%
August	2014	66,789,000	8,929,011	42,246	34,492	7,841,235	88.61%	88.29%
September	2014	44,601,000	5,962,701	36,096	100,277	6,663,068	89.65%	112.35%
October	2014	33,430,000	4,469,251	34,492	117,932	4,619,497	90.26%	104.13%
November	2014	29,363,000	3,925,535	34,091	102,686	3,359,059	90.37%	86.44%
December	2014	28,908,000	3,864,706	35,294	67,388	3,125,243	90.02%	81.78%
January	2015	31,306,000	4,185,294	35,561	83,432	4,170,131	90.74%	100.49%
February	2015	28,322,000	3,786,364	34,091	81,219	4,470,432	91.70%	118.97%
March	2015	31,937,000	4,269,652	34,091	40,910	3,087,632	91.99%	73.11%
April	2015	29,525,000	3,947,193	31,551	56,153	3,393,749	92.42%	86.78%
May	2015	39,633,000	5,298,529	35,963	54,549	3,758,939	91.60%	70.94%
June	2015	47,141,000	6,302,273	30,749	60,965	4,655,896	90.38%	73.88%
		<u>475,271,000</u>	<u>63,538,904</u>	<u>422,727</u>	<u>926,742</u>	<u>56,077,478</u>		
FISCAL 2016								
July	2015	61,946,000	8,281,551	38,503	78,614	6,437,314	84.12%	78.20%
August	2015	62,360,000	8,336,898	36,364	94,657	7,097,043	83.07%	85.56%
September	2015	46,519,000	6,219,118	31,150	94,659	6,645,302	83.99%	107.35%
October	2015	35,558,000	4,753,743	29,947	93,054	4,625,971	84.62%	97.94%
November	2015	29,110,000	3,891,711	28,743	89,845	3,606,818	85.68%	93.42%
December	2015	28,456,000	3,804,278	28,743	91,450	2,847,372	85.91%	75.60%
January	2016	29,466,000	3,939,305	15,775	93,053	3,223,960	86.57%	82.24%
February	2016	27,269,000	3,645,588	18,717	94,657	2,991,478	86.56%	82.57%
March	2016	30,166,000	4,032,888	4,011	99,470	2,906,571	86.43%	72.17%
April	2016	28,664,000	3,832,086	2,139	93,053	3,119,071	86.78%	81.45%
May	2016	42,083,000	5,626,070	11,096	94,657	3,424,837	85.70%	60.87%
		<u>421,597,000</u>	<u>56,363,235</u>	<u>245,187</u>	<u>1,017,169</u>	<u>46,925,737</u>		
Prior Year-to-date		428,130,000	57,236,631	391,979	865,777	51,421,582		
Two Years Prior		458,019,000	61,232,487	450,811	1,421,837	51,175,856		

City of South Haven
Sewer Fund - Fund 592
For the period ended May 31, 2016

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Revenues:	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2015-16 Adopted Budget	% of Annual Budget
Sales	\$ 210,438	\$ 200,392	\$ 166,163	\$ 10,046	\$ 44,275	\$ 2,023,369	\$ 2,204,308	\$ 1,917,318	\$ (180,939)	\$ 106,051	\$ 2,404,700	84%
IPP Revenues	740	7,083	12,307	(6,343)	(11,567)	75,343	77,917	65,122	(2,573)	10,221	85,000	89%
Interest Income	2,303	208	2	2,095	2,302	5,943	2,292	1,808	3,651	4,134	2,500	238%
Special Assessment Revenue	-	8,457	-	(8,457)	-	-	93,026	17	(93,026)	(17)	101,483	0%
Grant Revenue	-	514	347,301	(514)	(347,301)	157,304	5,657	347,301	151,647	(189,996)	6,171	2549%
Other Revenue	300	1,667	(340)	(1,367)	640	8,752	18,333	16,963	(9,582)	(8,212)	20,000	44%
Total Revenues	\$ 213,781	\$ 218,321	\$ 525,433	\$ (4,540)	\$ (311,651)	\$ 2,270,711	\$ 2,401,533	\$ 2,348,530	\$ (130,822)	\$ (77,819)	\$ 2,619,854	

Expenses	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2015-16 Adopted Budget	% of Annual Budget
Operating Expenses	\$ 166,274	\$ 121,297	\$ 135,550	\$ 44,976	\$ 30,723	\$ 1,382,375	\$ 1,334,269	\$ 1,156,323	\$ 48,106	\$ 226,052	\$ 1,455,566	95%
Property Tax Equivalents	8,733	8,733	8,104	0	629	96,062	96,062	89,148	0	6,914	104,795	92%
Capital Outlay	102,526	37,082	249,491	65,443	(146,966)	400,589	407,904	414,808	(7,315)	(14,220)	444,986	90%
Transfers Out	16,667	16,735	16,667	(68)	-	183,333	184,086	183,333	(753)	-	200,821	91%
Depreciation	29,583	29,583	20,379	-	9,205	325,417	325,417	224,166	-	101,250	355,000	92%
Administrative Expenses	20,836	27,906	27,276	(7,070)	(6,440)	293,550	306,964	292,029	(13,414)	1,521	334,870	88%
Total Expenses	\$ 344,618	\$ 241,337	\$ 457,468	\$ 103,281	\$ (112,850)	\$ 2,681,325	\$ 2,654,702	\$ 2,363,472	\$ 26,624	\$ 317,853	\$ 2,896,038	

Net Fund Change \$ (130,836) \$ (23,015) \$ 67,965 \$ (107,821) \$ (198,802) \$ (410,614) \$ (253,169) \$ (14,942) \$ (157,446) \$ (395,672) \$ (276,184)

AS OF JUNE 30, 2015

Retained Earnings	\$ 7,192,829
Less Net Capital Assets (Net of related Debt)	\$ (5,741,834)
Net Undesignated Reserves	\$ 1,450,995

Breakdown:

Cash/Investments	\$ 1,313,018
Current Assets	\$ 603,376
Current Liabilities	\$ (465,399)
Net Working Capital	\$ 1,450,995

AS OF CURRENT MONTH END

Retained Earnings-FYE	\$ 7,192,829
Less Net Capital Assets	\$ (5,741,834)
Net Undesignated Reserves	\$ 1,450,995
Net Income Per Income Statement Revenue > Expenses	\$ (410,614)
Add back Non-cash Depreciation Expense	\$ 325,417
Total	\$ 1,365,797

Breakdown:

Cash/Investments	\$ 1,282,317
Current Assets	\$ 434,742
Current Liabilities	\$ (351,261)
Net Working Capital	\$ 1,365,797

PROJECTED BALANCE AT JUNE 30, 2013

Based on Adopted Annual Budget

Beginning Retained Earnings-July 1, 2015	\$ 7,192,829
Less Projected Net Capital Assets, minus related LT debt	\$ (5,831,820)
Net Income Per Income Statement Revenue < Expenses	\$ (276,184)
Total	\$ 1,084,825

Net Working Capital \$ 1,084,825 Projected thru 6/30/16

The Net Working Capital is shown here for June 30, 2015, Current Month Ended, and projected at June 30, 2016. The amounts represent what is left over after all of the short-term obligations have been met and represents the relatively liquid portion of the Utility's retained earnings or reserves that can be used for future expenditures.



City of South Haven

Agenda Item #8

Amend Utility Policy

Background Information:

On January 15, 2007, City Council approved a resolution adopting rules, regulations and policies for the City's public utility operations. The New Business Extension Policy for Electric Service begins on Page - A23 - with the following statement:

General:

When application is made for electric service which requires the extension of the City's existing distribution lines, the City will make such extensions when the estimated annual revenue, probable stability of the business, prospective load growth and financial contribution in aid of construction will reasonably warrant the capital expenditure require.

The policy requires a contribution in aid of construction for a variety of overhead and underground extensions at both primary and secondary voltages and serving one or multiple new customers. The customer is responsible to pay 100% of the cost upfront, prior to the City constructing the extension. The customer is eligible to receive a rebate over a 36 month period after the extension is constructed and service is established. The rebate amount is equal to 50% of the revenues received at the end of the first, second, and third 12 month period, with the total amount not to exceed 2/3 of the actual cost of the line extension. The first 12 month period commences upon establishing of the first permanent electric account.

In general, most customers are able to recover the full rebate amount over the 36 month period. A few customers have had difficulty capturing the full rebate amount. Some developments are constructed based on speculative sales which have not been realized due to market conditions.

Recently, a customer requested an underground, single phase, primary service extension for a proposed campground in Geneva Township. The contribution in aid of construction for this work is approximately \$36,000. The customer desires to develop the campground in phases but desires to install the bulk of the primary service extension during the first phase. The customer has expressed a concern that they will not be able to recover the full rebate amount within the allotted 36 month period. As a result, they have requested a 60 month rebate period.

The developer has met with the City Manager, Mayor, and Chairman Stickland. At that meeting, a potential amendment to the utility policy was discussed to permit some flexibility of the date on which the first 12 month period commences. The amendment would allow the developer a 12 month window, after the date that the first permanent electric account is established, to select the month when the first 12 month rebate period commences. This will permit the campground developer to defer the start of the first 12 month period until their first full season of operation in 2017.

The language to be replaced appears within Exhibit A to Resolution 07-04 in multiple sections on pages A24, A25, A26, and A28.

Recommendation:

Board should discuss the proposed amendment to Resolution 07-04. If changes to the utility policy are desired, they should approve a motion recommending adoption of the Draft Resolution by City Council.

Support Material:

Resolution 07-04
Draft Resolution modifying Exhibit A of Resolution 07-04

CITY OF SOUTH HAVEN
VAN BUREN AND ALLEGAN COUNTIES, MICHIGAN

RESOLUTION NO. 07-04

A RESOLUTION ADOPTING RULES, REGULATIONS AND POLICIES FOR THE CITY'S
PUBLIC UTILITY OPERATIONS

Minutes of a regular meeting of the City Council of the City of South Haven, Van Buren and Allegan Counties, Michigan, held in the City Hall, 539 Phoenix Street, South Haven, Michigan 49090 on January 15, 2007 at 7:30 p.m. local time.

PRESENT: Andersen, Bradley, Paull, Smith, Stegeman, Appleyard

ABSENT: Fahs

The following preamble and resolution was offered by Member Paull and supported by Member Smith.

WHEREAS, the City of South Haven's last comprehensive update of regulations and policies for public utilities took place over a decade ago; and

WHEREAS, the City Council desires a clear and current policy manual that communicates utility rules and regulations to the users of the public utilities; and

WHEREAS, City Staff and the Board of Public Utilities have drafted, reviewed and revised this document over the past five months; and

WHEREAS, on December 18, 2006 the Board of Public Utilities recommended that City Council approve the "Rules, Regulations and Policies" (Exhibit A) for the City's public utility operations.

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of South Haven adopt the "Rules, Regulations and Policies" for the City's public utility operations; and

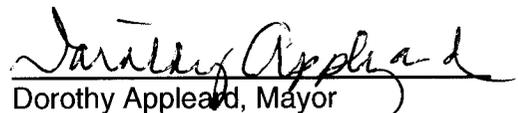
BE IT FURTHER RESOLVED, that this resolution shall take effect upon passage by the City Council.

RECORD OF VOTE:

Yeas: Andersen, Bradley, Paull, Smith, Stegeman, Appleyard

Nays: None

RESOLUTION DECLARED ADOPTED.


Dorothy Appleyard, Mayor

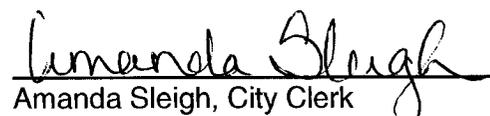

Amanda Sleigh, City Clerk

Exhibit A

CITY OF SOUTH HAVEN

PUBLIC UTILITIES RULES, REGULATIONS AND POLICIES

BPU DATE OF RECOMMENDATION

December 18, 2006

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DEFINITIONS

The following definitions are for words found in the "Rules, Regulations and Rates:"

Agency of jurisdiction: The City, Township or County government which has jurisdiction over the specific action being considered at the location under consideration.

Authorized Contractor: Individual or organization authorized to perform work on the City owned system.

Board of Public Utilities (BPU): An advisory board to the City Council of the City of South Haven.

Building: Any structure, either temporary or permanent, having a roof supported by columns, walls or other supports, and used or intended for the shelter or enclosure of persons, animals, chattels, or property of any kind, or for the conduct of business. The definition includes but is not limited to: mobile homes, tents, inflatable structures, sheds, garages, greenhouses, and other principal and accessory buildings.

Building Inspector: The City of South Haven Building Inspector or the Code Enforcement Officer.

Building, Principal (same as Main Building): A building in which is conducted the main or principal use of the lot upon which it is situated.

Capacity Charge (Availability Charge): A charge which may be levied to new utility users in either the City or Township. The charge is a purchase price for that portion of the existing infrastructure which is required to serve all customers i.e. treatment plants, pumping stations, large capacity trunk lines, etc.

City: The "City of South Haven, Van Buren & Allegan Counties, Michigan."

City Council: The City Council of the City of South Haven.

City Manager: The City Manager of the City of South Haven.

Commercial: Uses permitted in the B zoning district. Generally pertaining to the characteristic of commerce.

Customer: Any person, company or institution which is supplied with a service by a utility.

Department of Public Works (DPW): That department of the City which encompasses the Electric, Water & Sewer operations. Also encompasses the Street Dept. and City Engineering functions

Disconnection: To sever or interrupt a connection to a City utility.

Discontinuance: A breach or interruption of continuity or unity.

Industrial: Uses permitted in the I zoning district. Generally pertaining to the characteristic of industry.

Living unit: Contains sleeping, bath and kitchen facilities.

Main: A principal pipe or duct in a system used to distribute water, sewer, storm water, etc.

Main Extension: The act of extending a main to distribute water, sewer, storm water, etc.

Meter: A device for measuring and registering a quantity over a period of time.

National Electric Safety Code: The appropriate code for electric distribution utilities as published by the Institute of Electrical & Electronic Engineers (IEEE)

On-file: In an escrow or similar account to hold an individual customer's deposits for each utility service that the customer is using.

Property: A parcel of land and the buildings upon it, with its grounds or other appurtenances.

Reconnection: To restore a connection to a City utility.

Reconstruction: The act, or result, of reconstructing.

Relocation: To move to a different location.

Residential: A structure serving as a dwelling or home, used or designed for residence.

Returned Checks: Checks rendered for payment to the City, which have been returned by the appropriate bank, for any reason, as non-collected funds.

Service Lead: A connection between the main and the customer's service.

System Improvement: The act of improving a main, or appurtenance, of the City owned system.

Utility: An organization which furnishes electric, water, wastewater or other public service.

GENERAL

INTERPRETATION AND ENFORCEMENT

The City Manager or a representative shall be responsible for the interpretation and enforcement of these Rules and Regulations.

APPLICATION OF RATES

Copies of these Rules, Regulations and Rates are open to public inspection and are available at the Customer Service office at City Hall, 539 Phoenix Street, South Haven, Michigan, 49090.

In no case may service be shared with another customer or transmitted off the premises to which it is delivered. Service taken at different premises shall be separately measured and billed.

APPLICATION FOR SERVICE

INFORMATION REQUIRED FOR SERVICE: Before any service is connected, a customer must submit the Personal Information Form, which is available at the Customer Service office at City Hall. This information will be placed on file and will remain confidential.

EXISTING SERVICE:

ELECTRIC, WATER & SEWER: A new customer requesting service, at a property previously served, shall apply no less than two (2) days before the service is transferred to their name. This customer may be required to make a service deposit under the guidelines listed below under "Security Deposits." New customers will be billed a "transfer fee" as recommended by the Board of Public Utilities and approved by the City Council, which may be changed from time to time, for each new account.

NEW SERVICE:

RESIDENTIAL ELECTRIC: Customers requesting new electric service shall complete the Personal Information Form, which is available at the Customer Service office at City Hall. The customer will be responsible to insure that an "Electric Permit," is obtained from the City's Building Department, or appropriate authority in the respective agency of jurisdiction. Meter sockets are available at the Department of Public Works and can be obtained by presenting an authorized electrical permit. The service will be scheduled for installation after

receipt of a notice of acceptance, in writing, from the responsible Electrical Inspector for the area of jurisdiction and all required fees are paid. The customer may be required to submit a service deposit, under the guidelines listed under "Security Deposits" before electric will be connected. The customer is responsible for complying with all State and local codes and regulations.

RESIDENTIAL WATER/SEWER: Customers requesting new water and/or sewer service shall complete the Personal Information Form, which is available at the Customer Service office at City Hall. The customer is responsible for selecting the size of service tap that is required. The "tap fee" is dependant upon the size of the service tap requested and may include cost of installing the connection tap, the availability charge and inspection fees. All fees must be paid upon application for service and prior to the service being scheduled for installation. The customer may be required to submit a service deposit under the guidelines listed below in "Security Deposits."

RENTAL PROPERTIES:

Upon request of the property owner, a copy of any shut-off notices will be sent to both the property owner and the tenant.

MULTIPLE RESIDENTIAL, COMMERCIAL & INDUSTRIAL: See section under Extension Policy for each type of service, water, sewer or electric.

SECURITY DEPOSITS

Metered rate services are established upon order of the customer, without prepayment thereof, except that the City may, at its option, require:

1. A service deposit for new residential customers, regardless if the service already exists.
2. A service deposit for any customer that has not had an active account with the City of South Haven utilities for at least two (2) years. (Exception: see item 7 below)
3. A service deposit for current or previous customers that have been disconnected due to late or non-payment within previous 12 months, or if the customer has had two, or more, late penalties in the past year of service.

4. A typical residential deposit will be the greater of: a) the amount equal to twice the amount of the highest bill for any and all services being requested over the last calendar year that the service was provided or b) \$100.00 for electric and \$100.00 for water/sewer.
5. A typical commercial or industrial customer deposit will be the greater of: a) the amount equal to twice the amount of the highest bill for any an all services being requested over the last calendar year that the service was provided or b) \$250.00 for electric and \$100.00 for water/sewer.
6. A customer may have the security deposit waived if they sign up for the automatic payment program. A customer may provide an acceptable credit reference from another utility, provided that the customer presents a utility service history as recent as within the past two (2) years. If the customer is a bona fide business, an acceptable credit reference from another utility must be in the business' name. A cash deposit may be required until receipt of the credit reference. Upon receipt of a satisfactory credit reference, the deposit will be returned in accordance with the City's refund policy.
7. If the service address is relocated, all past due amounts must be paid in full, plus an additional deposit, if required, before a new account at the new location will be placed in the customer's name.
8. For customers that have their second (2nd) returned check for payment, cash payments (cashier's check and/or money order) will be required for the following year.

After twelve (12) consecutive months, if service is not cut-off for the reasons listed below, the customer's deposit will be returned as a credit to the account. Service may be cut-off for the following reasons:

- 1) Non-payment of a delinquent account;
- 2) two (2) or more returned checks were written on the account; or
- 3) two (2) or more penalties within the calendar year were on the account.

Security deposits will be returned as an account credit, unless otherwise requested. When service is terminated, deposits will be credited to the closing bill and any excess will be refunded to the customer.

In case of bankruptcies, deposits will be credited to any outstanding account balances as of the court file date. New deposits will be required for post-petition balances according to the above and in conformance with Bankruptcy laws.

If at any time, the City deems any service deposit to be inadequate, in view of customer's credit history, the customer may be required to make additional deposits. Upon failure to do so, the City shall have the right to terminate service to such customer.

RESALE OF SERVICE

No customer shall resell the service of utilities, provided by the City, to others. Rental properties, with the cost of utility service included in the rental as an incident of tenancy, will not be considered a resale of such services as defined herein. If resale of utilities is occurring, the Public Works Director may design a main extension to the affected services as a special assessment project.

CITY LIABILITY

The City makes not guarantee or promise of uninterrupted service. Electric, Water, and Wastewater services are subject to shutdowns, variations and interruptions necessitated by improvements, repairs and/or operation of the system, either planned or unplanned. Whenever possible, notice of intent to temporarily interrupt service will be given to the customer.

DISCONNECTING SERVICE

Property owners, residents, and authorized parties may request the City to temporarily shut off utility service, for reasons of repair and/or maintenance. Temporary shut off of water service will not terminate the charge for the monthly basic stand-by service fees.

The City is empowered at its option to remove all meters and to shut off all electricity, water and/or wastewater service to any customer at the expiration of its agreement with that customer, whenever any account of that customer is in arrears, or upon violation of these

rules and regulations, or upon violation of building, plumbing, or electrical codes. Disconnections will be made during normal business hours.

The customer is responsible for the payment of all bills rendered for their account until he or she has ordered their service terminated and the City has had a reasonable time to affect such termination.

If a final bill is not paid in full within thirty (30) days, from the date of billing, and a customer has another account in the same name, all payments received will be credited to past due accounts.

Any service account with a delinquent balance equal to or exceeding \$75.00, shall receive a shut off notice. Unless payment in full is issued, or satisfactory arrangements have been reached, the account will be terminated.

RECONNECTING SERVICE

A charge, as recommended by the Board of Public Utilities and approved by the City Council, which may be changed from time to time, will be made for a utility connection when a termination has been made for the following reasons:

1. Non-payment of a delinquent account.
2. Failure to post security deposit when required.
3. Failure to comply with rules and regulations as stated within this policy.
4. Setting a meter and turn-on for existing service for a new customer.
5. Shut off for non-compliance as ordered by the City or State authority.

When restoration of such disconnected service, as outlined above, is requested after normal working hours an additional connection charge, as recommended by the Board of Public Utilities and approved by the City Council, which may be changed from time to time, will be made.

CREDITS TO CUSTOMER ACCOUNTS

Whenever a credit is applied to any account it will be made on the basis of the net billing. No refund will be made to any account after one year following discontinuance of service. No credit or refund will be made in a net amount of less than \$2.00. No credit will be

allowed unless all City requirements have been adhered to and the propriety of such a credit or refund is supported by a clear record.

Any incorrect billing or collection that resulted in an over payment or under payment will be credited or charged for up to a maximum of twelve (12) months from the date of discovery.

EXTRA EXPENSE DUE TO OVERTIME AND ADVERSE CONDITIONS

A charge will be made when extraordinary expense is incurred by the City in performing customer services requiring work to be performed at premium rates outside of regular working hours, or on account of unfavorable weather conditions, snow or ice accumulations, inaccessible equipment, or other extenuating conditions not caused by action of the City.

ACCESS TO PROPERTY

Customer will provide access to the City's authorized agents, and they shall have access to property at reasonable hours to install, read, repair or remove any devices, and other property and/or inspect wiring, piping, fixtures, water shut-off valves or any other devices that are in any way connected with the City's Electric, Water or Wastewater System. In cases of rental properties it shall be the responsibility of the property owner to gain proper entrance for City personnel. Failure to provide access, when needed, is grounds for termination of service.

CITY OWNED FACILITIES LOCATED ON CUSTOMER'S PROPERTY

Where service requirements can best be met by the installation of the City owned equipment on the customer's property, such installations will be made in accordance with the best practice for such work. Equipment required to only serve the needs of the customer's property, will not require an easement. Equipment necessary to serve more than the needs of the property will require an easement authorizing the installation of such equipment and shall define any special conditions for constructing, maintaining and replacing such equipment.

The cost of revisions, removal or replacement of utility facilities, requested by others, including the owner of the property, will be paid by the requesting party unless specifically provided by a separate agreement or the easement contract.

CUSTOMER OWNED EQUIPMENT

The customer shall be responsible to assure that equipment used on any City utility service is compatible with the characteristics of the City electric, water or sewer system. The customer is responsible to secure from the City the characteristics of the service available (i.e. service voltage, pressure, etc.) for such use and should follow the rules, regulations, and codes governing the use and installation of such equipment.

The City reserves the right to approve or disapprove for use in connection with the Electric, Water or Wastewater System, any wiring, plumbing, equipment, appliances, fixtures, motors or any other devices that are presently in use or that are offered for use in connection therewith. Should any of the same be disapproved, their use shall be disconnected at once, either permanently, or until corrective measures have been taken. Failure to comply with orders to discontinue the use of or to apply corrective measures to disapproved equipment shall be deemed just cause for the termination of all service until compliance is completed.

METERS AND METERING

The City will supply its customers with electric and water meters. Each customer will pay a non-refundable meter deposit for their water account, equal to the current cost of the meter.

All meters and metering equipment of all sizes, used in regular service shall be owned and maintained by the City. The customer will be responsible to identify characteristics for each type of service requested. The City will select the proper meter required for the customer load requirements requested. As directed by and at no expense to the City, the customer shall provide a suitable space for the installation of the City's metering equipment close to the point of the service entrance.

This space shall be kept free and clear to provide easy access to the equipment for authorized persons. The customer shall protect the City's metering equipment from damage, and in the case of water meters, from freezing, and shall permit no person, other than an agent of the City or a person authorized by the City, to remove, inspect or tamper with the same. Should the metering equipment become damaged or destroyed through neglect of the customer, all costs of repair or replacement shall be charged to and payable by the customer.

Additional water meters may be installed where water consumption will not result in return to the sewer system i.e. sprinkling system. Such meters must be installed in approved locations, on the supply side of the main water and/or sanitary sewer meter serving such customers. These meters will be furnished by the City upon payment of the "meter deposit" required and provided that the minimum rate for the size meter needed is charged. All piping costs for additional meters will be borne by the customer.

Meters will be read and bills rendered monthly as nearly as possible. For the purpose of computing all bills rendered for utility service, the period between regular meter readings shall be deemed a month. Below is the billing due date listing:

WEEK NUMBER	MAIL DATE	DUE DATE
1	8	29
2	16	7
3	24	16
4	30	21

Whenever a meter reading is unavailable the customer shall pay an estimated amount for service furnished during the billing period. This estimated amount is to be based upon the results of a test, a comparison to use of service during a similar period, upon both these methods, or by other known factors, as determined by the City.

If a meter error is discovered, and the duration of the error is not known, it shall be assumed to have existed for a period of half the time between the discovery of the error and the latest preceding accurate read or meter test but not for a period of more than twelve (12) months. If meter tampering has occurred, the City may assess a fee, as recommended by the Board of Public Utilities and approved by the City Council, which may be changed from time to time, for tampering. Please note; the City Code of Ordinances states that (Sec. 86-97. Protection from damage) no unauthorized person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface or tamper with any structure, appurtenance, or equipment which is a part of the municipal sewage works. Any person violating this provision shall be subject to immediate arrest under charge of disorderly conduct (Code 1965, Sec. 6.15).

The City tests its meters at random intervals for the mutual protection of the customer and the City. Meter tests will also be made upon request of the customer, a meter service fee, as recommended by the Board of Public Utilities and approved by the City Council, which

may be changed from time to time, may be charged for customer requested meter tests, if the meter error is less than 4%. Said fee will be applied to the customer's bill. If a customer requests a meter change without a meter test, the meter service fee will be added to the customer's bill.

BILLING FOR WASTEWATER SERVICES

Wastewater service will be billed based on the amount of water consumption. Wastewater service, supplied without metering, will be billed at a flat rate as established by the City for like service.

CHARGES FOR NEW BUSINESS EXTENSIONS

There may be a requirement for a financial contribution on the part of the customer or developer for line extensions serving new areas. Water and sewer extensions, within the City, will require the developer(s) to sign a Utility Construction and Development Agreement as required by City Council Resolution 03-21, dated May 5, 2003, prior to the commencement of construction of either of these facilities. Water and sewer extensions outside of the City, must meet the requirements of the appropriate governmental jurisdiction. Electric distribution extensions may require a payment in aid of construction, regardless of the location of the project within the City electric service territory. Details for these charges will be found under the appropriate section for Electric, Water, or Sewer.

CHARGES FOR SYSTEM IMPROVEMENTS OR RELOCATIONS

The maintenance of any of the utility systems, located in street or road rights of way or on accepted easements, is the responsibility of the City of South Haven utility operations. In some cases, utility system line extensions, onto the customer property, may be the responsibility of the City utility operation.

System improvement work, which is performed by the City at its own initiation, will be completed at the expense of the utility operations and paid for by utility funds.

System improvement work, which is performed for the benefit of the customer or other independent agency, will be performed at the expense of the requesting party. If new revenues will result from the improvement, these revenues may be applied for construction cost credits in accordance with the appropriate new business extension policy covered under that section for the appropriate policy.

Relocation of facilities, in public streets and roads, which is required due to conflict with the construction of road improvements, will be performed at the expense of the utility operations. Relocation of utility facilities, either in the street or road right of way, or on private property, which is performed at the request of a party other than the street or road agency, will be performed at the expense of the requesting party.

BILLING OF NEW CUSTOMERS

Electric, Water & Wastewater -All customers will be billed from date of service, monthly fixed fees will be prorated from the date service is established.

CUMULATIVE BILLING

The City will not allow cumulative billing.

DUE DATES FOR PAYMENT

The due date for utilities, to avoid delay payment charges, shall be 14 calendar days from the monthly billing date. Such number of days may vary due to weekends and holidays.

BUDGET PLAN

The South Haven City Council shall make available to the qualified customers a budget program for payment of utilities. The budget program shall be available only when a history of usage and payments, for any service location for a period of not less than six months has been established. The initial request from a service holder will be in the form of a written agreement. All arrears on accounts must be current at the time of the agreement. The budget plan shall be reviewed periodically but at least annually. Adjustments to budget payments may be made as deemed necessary. The City reserves the right to terminate from the plan any and all parties who do not comply with the terms of the written agreement.

ELECTRIC UTILITY

USE OF SERVICE

Service may be taken from the municipal electric utility system only if all applicable regulations of the respective agency of jurisdiction have been met and permitted by the Electrical Inspector of authority. In addition, all Rules and Regulations of the City of South Haven Board of Public Utilities and the National Electric Safety Code must be met.

All appropriate regulations of State and Municipal authority will prevail as they apply to governing metering, meter location, meter protection, access to customer's premises, approval of customer use equipment, rules prohibiting the resale of electric service, rules governing service to mixed loads and service to properties of mixed occupancy.

There will also be rules to cover service connections, service extension policies, prohibition of the use of low power factor devices and equipment which may cause disturbance of service to others, limitations of the use of electric welders and water heaters, and rules governing the size, type, voltage and connection of electric motors.

LIMITATION OF SERVICE

The City reserves the right to determine its ability to serve any loads which may be offered for connection to the system. Each application which may require the installation of additional lines and transformers or the enlargement of existing lines and transformers, or which involves the connection of out-of-the-ordinary use devices, will be a matter for special consideration.

APARTMENT BUILDINGS AND MULTIPLE DWELLINGS

When service is supplied through a single meter to a residential building containing more than one living unit will be billed at the Commercial Service Rate. Only one choice in rate will be permitted, within any 12 month period.

COMBINED RESIDENTIAL AND COMMERCIAL SERVICE

When energy is supplied to a combined residential and non-residential customer, the wiring may be so arranged that the residential usage can be metered separately from the non-residential use.

If the customer can not be metered separately, service supplied through a single meter will be billed at the Commercial Service Rate.

NEW BUSINESS EXTENSION POLICY

General:

When application is made for electric service, which requires the extension of the City's existing distribution lines, the City will make such extensions when the estimated annual revenue, probable stability of the business, prospective load growth and financial contribution in aid of construction will reasonably warrant the capital expenditure required. All new business extensions must meet the policies of the Board of Public Utilities as prescribed in the following policy statements.

OVERHEAD EXTENSIONS

Single Customer

The City will extend secondary voltage lines two spans (one new pole), including the service line to the house, free of charge. Secondary extensions of greater than two spans and primary voltage overhead line extensions to serve a single customer shall require a contribution-in-aid of construction equal to one hundred (100%) of the estimated cost of the line extension excluding the cost of the service connection. The City will rebate an amount equal to fifty percent (50%) of the revenues received, at the end of the first, second and third twelve (12) month periods of service with the total amount of rebate to not exceed an amount equal to two-thirds (2/3) of actual cost of the line extension. ~~The first twelve (12) month period will commence upon establishing of the service to the first permanent account.~~ The contribution-in-aid of construction must be paid in advance of construction.

The total estimated job cost will include labor, equipment, material and overhead's as determined by the City and will include the cost of transformers and tree work, if required.

Multiple Customers

The City will construct an overhead line extension to serve more than one (1) customer providing the applicant shall make a contribution equal to one hundred percent (100 %) of the estimated cost of the line extension excluding the cost of the service connections. The City will rebate an amount equal to fifty percent (50%) of the revenues received, at the end of the first, second and third twelve (12) month period of service with the total amount of

rebate to not exceed an amount equal to two thirds (2/3) of the actual cost of the line extension. ~~The first twelve (12) month period will commence upon the establishing of the service to the first permanent account.~~ The contribution-in-aid of construction must be paid in advance of construction.

The total estimated job cost will include labor, equipment, materials and overhead as determined by the City and will include the cost of transformers and tree trimming, if required.

Farm Service:

Service shall be available to farms for residential use under Residential Service Rate, and in addition service may be used through the same meter for any purpose so long as such use is confined to single phase service for the culture, processing and handling of products grown or used on the customer's farm. Use of service for purposes other than set forth above shall be serviced and billed on the appropriate Commercial Service Rate.

OVERHEAD SERVICE CONNECTIONS

SECONDARY VOLTAGE

Where suitable supply is available the City will install overhead service wires from its distribution lines to a selected point of attachment on the customer's premises in accordance with the existing extension policy. The City shall select the location of this point of attachment. Should it become necessary for any cause beyond the City's control, to change the location of this point of attachment all costs of any changes required in the customer's service entrance wiring made necessary thereby shall be borne by the customer.

The selected point of attachment, for the service wires to the customer's premises, shall be such that adequate ground clearances, suitable to the use and need of the area crossed over, may be maintained to meet all applicable code requirements. Where the height and design of the building or facility to be served is such that the above stated condition cannot be met, or in the event there is no permanent building, the customer shall provide and continuously maintain, at their expense, a suitable attachment structure. If necessary, the City will provide one (1) pole, in accordance with the City extension policy, on the customer's property to reach the point of attachment or to hold the meter socket.

Service runs shall be as short as practicable. The customer will be responsible for providing a connection attachment on the building capable of one span of the applicable service conductor. The customer will provide a minimum of thirty-six (36) inches of service wire extended, beyond the point of entry to the building, for attachment to the service conductor. The point of attachment, on a building, shall be located so as to provide adequate clearance of the service lines and connections from windows, shutters, awnings, eaves troughs, down spouts, vent pipes, radio antenna, lightning rods, chimneys and similar appurtenances of the structure, in accordance with all applicable building and electrical codes.

PRIMARY VOLTAGE

When required the City will provide connections for overhead primary service connections, either to serve customer-owned transformers located on their premises or to serve transformers owned by the City and located on the customers' premises. The City will determine the method for metering primary voltage service customers.

1. **Customer Owned Transformers** - The costs of purchasing, installing and maintaining the transformer is the responsibility of the customer. The customer will pay one hundred percent (100%) of the total estimated cost of installing the overhead primary lines serving the transformer, including the cost of the meter installation. The City will rebate an amount equal to fifty percent (50%) of the revenues received, at the end of the first, second and third twelve (12) month periods of service with the total amount of rebate to not exceed an amount equal to two-thirds (2/3) of actual cost of the line extension. ~~The first twelve (12) month period will commence upon establishing of the service to the first permanent account.~~ The contribution-in-aid of construction must be paid in advance of construction.
2. **Other Primary Customers** - The costs of purchasing and installing the transformer will be included in the cost of providing the overhead extension to serve the customer. The customer will pay one hundred percent (100%) of the total estimated cost of installing the overhead primary lines, including the cost of transformer and the cost of the meter installation. The City will rebate an amount equal to fifty percent (50%) of the revenues received, at the end of the first, second and third twelve (12) month periods of service with the total amount of rebate to not exceed

an amount equal to two-thirds (2/3) of actual cost of the line extension. ~~The first twelve (12) month period will commence upon establishing of the service to the first permanent account.~~ The contribution-in-aid of construction must be paid in advance of construction.

UNDERGROUND EXTENSIONS

SINGLE CUSTOMER

For a single residential customer, the City will install up to three hundred (300) feet of underground single phase, secondary voltage cable at a cost to the customer of the established rate, for single phase, secondary voltage service, as recommended by the Board of Public Utilities and approved by the City Council, which may be changed from time to time. Extenuating circumstances such as road crossings, stream crossings, etc. may be cause for additional charges.

Extensions to single customers, residential, commercial or industrial, which require primary voltage extensions, shall require a contribution-in-aid of construction equal to one hundred percent (100%) of the estimated cost of the line extension excluding the cost of the service connections. The City will rebate an amount equal to fifty percent (50%) of the revenues received, at the end of the first, second and third twelve (12) month period of service with the total amount of rebate to not exceed an amount equal to two thirds (2/3) of the actual cost of the line extension. ~~The first twelve (12) month period will commence upon the establishing of the service to the first permanent account.~~ The contribution-in-aid of construction must be paid in advance of construction.

MULTIPLE CUSTOMERS

The City will construct an underground distribution extension to serve more than one (1) customer providing the applicant shall make a contribution equal to one hundred percent (100%) of the estimated total cost of the line extension, including transformers but excluding the cost of the service connections. The City will rebate an amount equal to fifty percent (50%) of the revenues received, at the end of the first, second and third twelve (12) month period of service with the total amount of rebate to not exceed an amount equal to two thirds (2/3) of the actual cost of the line extension. ~~The first twelve (12) month period will commence upon the establishing of the service to the first permanent account.~~ The contribution-in-aid of construction must be paid in advance of construction.

The total estimated job cost will include labor, equipment, materials and overhead as determined by the City and will include the cost of transformers and tree trimming, if required.

UNDERGROUND FACILITIES ON CUSTOMER'S PROPERTY

The owner, developer or customer requesting underground utility service shall provide adequate sub-grade (within 6" of final grade) prior to the installation of all underground utilities. Permanent survey markers indicating property lines must be installed and maintained by the customer. Any subsequent rebuilding or relocation required due to change in grade or other alterations shall be done at the customer's expense.

UNDERGROUND SERVICE CONNECTIONS

At Secondary Voltages:

The City, at its option, may require the installation of underground service wire from the customers meter connection to the most available point of attachment to the City's secondary voltage system. The customer will be required to pay the difference in cost between the cost of underground construction and the equivalent overhead cost, in accordance to the rate established by the City Council which may be changed from time to time.

Meter locations shall be provided on the customer's premises as required by local codes. Customer's meters are not allowed to be located on City poles unless by special permission of the Department of Public Works.

Customers may elect underground service in overhead service where available. The customer will be responsible for the difference in cost between the underground construction costs and the equivalent overhead costs at the rate recommended by the Board of Public Utilities and approved by the City Council, which may be changed from time to time.

At Primary Voltages:

When required the City will provide connections for underground primary service connections, either to serve customer-owned transformers located on their premises or to serve transformers owned by the City and located on the customers' premises.

1. **Customer Owned Transformers** - The costs of purchasing, installing and maintaining the transformer is the responsibility of the customer. The customer will pay one hundred percent (100%) of the total estimated cost of installing the underground primary lines serving the transformer, including the cost of the meter installation. The City will rebate an amount equal to fifty percent (50%) of the revenues received, at the end of the first, second and third twelve (12) month periods of service with the total amount of rebate to not exceed an amount equal to two-thirds (2/3) of actual cost of the line extension. ~~The first twelve (12) month period will commence upon establishing of the service to the first permanent account.~~ The contribution-in-aid of construction must be paid in advance of construction.

2. **Other Primary Customers** - The costs of purchasing and installing the transformer will be included in the cost of providing the underground extension to serve the customer. The customer will pay one hundred percent (100%) of the total estimated cost of installing the underground primary lines, including the cost of transformer and the cost of the meter installation. The City will rebate an amount equal to fifty percent (50%) of the revenues received, at the end of the first, second and third twelve (12) month periods of service with the total amount of rebate to not exceed an amount equal to two-thirds (2/3) of actual cost of the line extension. ~~The first twelve (12) month period will commence upon establishing of the service to the first permanent account.~~ The contribution-in-aid of construction must be paid in advance of construction.

~~The first twelve (12) month period will commence upon the establishing of the service to the first permanent account. The contribution-in-aid of construction must be paid in advance of construction.~~

TEMPORARY SERVICES

Residential

The customer shall pay a fee for temporary service at the rate recommended by the Board of Public Utilities and approved by the City Council, which may be changed from time to time.

If temporary service requires additional poles or transformers, the customer shall pay a fee of one hundred percent (100%) of the cost to install and remove each service. The cost shall include labor, equipment, materials and appropriate overheads, less salvage.

Other

Customers requesting temporary service, less than three (3) years in duration, shall be required to pay a non-refundable deposit equal to one hundred percent (100%) of the cost of installing and removing the line extension. Costs shall include transformers, meters and other equipment plus appropriate overheads, less salvage. The location of the temporary service will be at a location mutually acceptable to the requesting party and the City. The customer will be invoiced for the amount of power used at the appropriated current rate at intervals not to exceed once each month.

METER INSTALLATION - METER WIRING

Meters and associated equipment will be provided, owned and maintained by the City. Wiring and associated equipment, from the meter installation to the customer, is the responsibility of the customer and must meet all applicable electrical codes.

Electric service meter sockets, installed by the customer, shall be so located that their registers will not be less than 4-1/2 feet or more than 6 feet from the floor or grade.

Multiple meter installations, serving more than one premise, shall be clearly marked to show the type of service that it supplies and the apartment or other portion of the customer service that it controls. Electric service entrance wiring shall be installed in accord with the latest revision of the National Electrical Code and the prevailing electrical code for the respective agency of jurisdiction.

Grounding of Services:

All electrical wiring circuits shall be properly grounded. Such connections shall meet all of the requirements of the National Electrical Code and the prevailing code for the agency of jurisdiction. Any person who removes any such ground connection shall do so only after taking proper safety precautions against the hazards involved in so doing and shall, upon completion of his work, re-establish such connection in accordance with the provisions all prevailing codes.

LOAD BALANCE AND USE OF SERVICE

All wiring shall be so installed that adequate balance may be had on all phases of the customer's multi-phase circuits. The customer shall arrange its circuits and operations so as to provide not more than fifteen percent (15%) current variation between the high and low phases on any one circuit.

The customer shall use the service so as not to disturb or to interfere with the City's service to its other customers. Electrically operated devices which could cause objectionable operating conditions on the City's system, as determined by the City, shall not be attached without consent of the City. The cost of adjustments, that may be required to the City electric distribution system to eliminate the affect of customer caused disturbance, may be the responsibility of the customer.

INSPECTION OF ELECTRIC WIRING

Before any electric service entrance is installed or remodeled, a permit must be obtained from the City or appropriate Township Electrical Inspector. Application for such permission shall include full and complete information as required by the City or Township. A copy of the electrical permit shall be presented prior to the City issuing a meter socket.

The customer is responsible for complying with all applicable electrical codes required by the community of jurisdiction (City or Township), and the State of Michigan. The City will not establish service to any prospective customer until the Electrical Inspector, of the community of jurisdiction, has given notice, in writing, of approval of the premise to be served. In addition, the City will not establish service to any facility which does not comply with the conditions of the current edition of the National Electric Safety Code.

Anything contained in these Rules, Regulations and Rates in regard to electric wiring is deemed to be cooperative with and accessory to, any Ordinance or Code affecting that area involved.

STREET LIGHTING**Within the City of South Haven**

The City of South Haven, Board of Pubic Utilities, will provide street lighting on all major and local streets within the City of South Haven. The City will review all street light requests.

Street lights will be located in accordance with industry standard specifications as determined by the City.

The City will provide, as a standard, high pressure sodium based street lighting. Ornamental lights, as approved by the City Council, will be provided upon special request. Street light energy use may be metered or may be charged on a flat rate basis based on the kilowatt rating of the light at the standard lighting hours for the southern Michigan area as established by the National Weather Bureau. The energy use for street lights located on city streets shall be a charge to the City General Fund.

STREET LIGHTING

Outside the City of South Haven

The City will install street lights in streets and roads outside the City of South Haven upon request of the agency of jurisdiction. The City will provide the same choice of street light options as are provided within the City of South Haven. Street lights will be installed in accordance with industry standards unless requested, in writing, to be installed to meet special conditions. Street light use, may be metered, or may be charged on a flat rate basis. The cost of installing street lights, outside of the City, is the responsibility of the requesting agency. The cost of installing street lights, including the cost of the light and the energy cost, may be billed in a monthly flat rate charge to the agency of jurisdiction.

Private lights

The City will install street lights for use on private property upon request of the property owner. The City will offer the same selections of lights as are approved for use on City streets. The customer will be responsible for the cost of purchasing, installing and the energy for all lights installed on private property.

The cost of installing lights may be paid prior to the installation the lights. Energy use may be metered or can be billed on a monthly flat rate based on the kilowatt rating of the light at the standard lighting hours for the southern Michigan area as established by the National Weather Bureau.

TREE TRIMMING

The City shall trim any tree that interferes with or is potentially hazardous to the surrounding electric lines, to include primary, secondary and services. The City will

endeavor to trim all trees to maximize the health and appearance of the tree while maintaining maximum reliability to the electric distribution system.

Tree Removal by City

Any tree directly interfering with the electric lines and is located in the right-of-way may be removed by the City. Except in an emergency, trees located on private property, which interfere with the electric lines, will require the permission of the property owner before it is removed. In emergencies, where electric service to an area is interrupted or in eminent danger of being interrupted, the tree may be removed. Only the City or its authorized contractors should remove any tree or tree branches which may interfere with overhead electric lines.

Customer Request

The City will not remove or trim any tree on private property which does not conflict with the City electric distribution lines.

STREET BANNER POLICY

Street banners will be hung between the dates of May 15 to October 15, at locations approved by the City Electric Distribution Department, with overriding authority reserved by the City Council. All banners must be printed on perforated material or on an open mesh fabric as approved by the City. Each banner must not be greater than thirty (30) feet in length and have at least 200 feet of rope on the top and bottom. Banners will be hung two (2) weeks prior to the event and returned within one (1) week after the event. The City of South Haven will not be responsible for any damage that occurs to the banner while it is hung. The City will not store any banners.

APPLICATION OF RATES

RESIDENTIAL SERVICE

Availability:

Open to any customer desiring service for domestic and farm uses, which include only those purposes which are usual in individual private family dwellings, and such appurtenant buildings as garages, barns, chicken houses and similar buildings.

This rate is not available for commercial, institutional or industrial uses. Specifically, it is not applicable to group homes or dormitories for other than private family units, apartment buildings or to other multiple dwellings. It is not open to commercial or industrial enterprises conducted in conjunction with private dwelling, such as beauty shops, filling stations, laundries, retail stores, dairies, hatcheries, greenhouses, welding shops, frozen storage plants, etc. except under the terms and conditions contained in the City's Rules and Regulations and the exception noted herein.

Nature of Service:

Alternating current, 60 hertz, single phase, 120/240 nominal volts.

Rate:

CUSTOMER CHARGE	AS ESTABLISHED BY RESOLUTION
PLUS	
ENERGY CHARGE	AS ESTABLISHED BY RESOLUTION

Minimum Charge:

As established by Resolution

Penalty Charge For Late Payment:

A penalty charge for late payment will be assessed for 10% of the current amount due, less taxes and previous penalties, shall be added to any bill which is not paid on or before the due date shown thereon.

Fuel Cost Adjustment:

Bills will be increase (or decreased) to offset fuel charge adjustments billed to the City by the supplier. Fuel cost adjustments will be made each month based on fuel charges of the previous month.

Special Taxes:

Bills shall be increased to offset any specific tax or excise imposed by any governmental authority upon the City’s generation or sale of electric energy.

Term and Form of Contract:

Signed order required.

Rules and Regulations:

Service governed by the City’s Standard Rules and Regulations. Service shall be limited to single phase, 400 amp, 120/240 volts only.

COMMERCIAL/INDUSTRIAL SERVICE

Availability:

Open to any customer desiring lighting and/or secondary power service for any usual commercial, institutional or industrial use. It is also available for temporary use and for seasonal use in resort areas under the special terms and conditions contained elsewhere in these Rules and Regulations.

Nature of Service:

Alternating current, 60 hertz, single phase or three phase. The particular nature of the voltage in each case to be determined by the City.

Rate:

CUSTOMER CHARGE	AS ESTABLISHED BY RESOLUTION
PLUS	
ENERGY CHARGE	AS ESTABLISHED BY RESOLUTION

Minimum Charge: As established by Resolution

Penalty Charge For Late Payment:

A penalty charge for late payment will be assessed for 10% of the current amount due, less taxes and previous penalties, shall be added to any bill which is not paid on or before the due date shown thereon.

Fuel Cost Adjustment:

Bills will be increase (or decreased) to offset fuel charge adjustments billed to the City by the supplier. Fuel cost adjustments will be made each month based on fuel charges of the previous month.

Special Taxes:

Bills shall be increased to offset any specific tax or excise imposed by any governmental authority upon the City's generation or sale of electrical energy.

Term and Form of Contract:

Signed order required.

Rules and Regulations:

Service by the City's Rules and Regulations.

The customer will be responsible for providing voltage transformation for uses at voltages less that the service delivery voltage. On three phase service, current balance between phases shall be limited to plus (+) or minus (-) fifteen percent (15%).

The City may elect to measure the energy supplied on the primary side of the transformers, in which case 2% shall be deducted from the energy measurements for the purpose of billing.

The City may at its option, require the customer to provide space, suitable to the City, for the installation and operation of transformers.

COMMERCIAL/INDUSTRIAL POWER SERVICE**Availability:**

Open to any customer desiring secondary voltage service where the billing demand is in excess of 15 KW.

Nature of Service:

Alternating current, 60 hertz, single phase or three phase, the particular nature of the voltage in each case to be determined by the City.

Rate:

CUSTOMER CHARGE	AS ESTABLISHED BY RESOLUTION
DEMAND CHARGE (PER KW OF BILLING DEMAND)	AS ESTABLISHED BY RESOLUTION
ENERGY CHARGE	AS ESTABLISHED BY RESOLUTION

Minimum Charge:

Minimum demand 15 KW at the prevailing rate as established by resolution

Penalty Charge For Late Payment:

A penalty charge for late payment will be assessed for 10% of the current amount due, less taxes and previous penalties, shall be added to any bill which is not paid on or before the due date shown thereon.

Fuel Cost Adjustment:

Bills will be increase (or decreased) to offset fuel charge adjustments billed to the City by the supplier. Fuel cost adjustments will be made each month based on fuel charges of the previous month.

Special Taxes:

Bills shall be increased to offset any specific tax or excise imposed by any governmental authority upon the City's generation or sale of electrical energy.

Determination of Maximum Demand:

The maximum demand or rate of use of electrical energy, for each month shall be the greatest average load in kilowatts during any 15 minute period of such month, as registered on suitable instruments installed by the City to make such determination.

The City reserves the right to make special determination of the billing demand and/or minimum charge should equipment which creates high demands of momentary duration be included in the customer's installation.

Billing Demand:

The billing demand shall be kilowatts (KW) supplied during the 15 minute period of maximum use in the billing month, but not less than 60% of the highest billing demand of the preceding 12 months or 15 KW, whichever is greater.

Term and Form of Contract:

Signed order required. Customers electing this option rate shall, in the absence of bona fide discontinuance of service, remain thereon for at least twelve (12) months.

Rules and Regulations:

Service governed by the City's Rules and Regulations. The customer will be responsible for providing voltage transformation for use at voltages less than the service delivery voltage. On three phase service, current balance between phases shall be limited to plus (+) or minus (-) fifteen percent (15%).

The City may elect to measure the energy supplied on the primary side of the transformers, in which case 2% shall be deducted from the demand and energy measurements for the purpose of billing.

The City may, at its option, require the customer to provide space, suitable to the City for the installation and operation of transformers.

Final billing on this rate: When a final reading runs over into the next month with a separate demand charge, the final demand charge shall be waived when less than 10 days have elapsed since the last regular reading date and the final billing shall be figured as if the final reading was in the same month as the last regular reading. If more than 10 days have elapsed since the last regular reading date, then the final bill shall be figured on a regular one month basis using the final demand charge.

MUNICIPAL AND INDUSTRIAL PRIMARY SERVICE

Availability:

Open to any customer desiring primary voltage service for municipal or industrial use where the billing demand is 15 KW or more.

Nature of Service:

Alternating current, 60 hertz, single phase or three phase, the particular nature of the voltage in each case to be determined by the City.

Rate:

CUSTOMER CHARGE	AS ESTABLISHED BY RESOLUTION
PLUS	
DEMAND CHARGE	AS ESTABLISHED BY RESOLUTION
PLUS	
ENERGY CHARGE	AS ESTABLISHED BY RESOLUTION

Tax Adjustment:

Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the City's generation or sale of electrical energy.

Minimum Charge:

The capacity charge included in the rate, plus the customer charge.

Penalty Charge For Late Payment:

A penalty charge for late payment will be assessed for 10% of the current amount due, less taxes and previous penalties, shall be added to any bill which is not paid on or before the due date shown thereon.

Fuel Cost Adjustment:

Bills will be increase (or decreased) to offset fuel charge adjustments billed to the City by the supplier. Fuel cost adjustments will be made each month based on fuel charges of the previous month.

Billing Demand:

The billing demand shall be kilowatts (KW) supplied during the 15 minute period of maximum use in the billing month, but not less than 60% of the highest billing demand of the preceding 12 months or 15 KW, whichever is greater.

Term and Form of Contract:

Signed order required. Customers electing this option rate shall, in the absence of bona fide discontinuance of service, remain thereon for at least twelve (12) months.

WATER and/or SANITARY SEWER
(Common to both)

USE OF SERVICE

Water and/or Sewer Service may be taken from the municipal water and or sewer system by consumers within the City as long as all applicable Ordinances of the City of South Haven have been met.

Properties located in South Haven Township and Casco Township, must meet the requirements of the appropriate authority serving that service territory prior to connecting to the water and/or sewer system under the jurisdiction of the City of South Haven. South Haven Township and Casco Township residents must comply with all of the provisions of the City of South Haven specifications and procedures as provided by the agreement between the City and the Authority at the time of service.

Covert Township properties which connect to the water distribution system within the township and are connected to the City of South Haven water distribution system will be customers of Covert Township and must meet the rules and regulations of Covert Township.

The City of South Haven will maintain the right to inspect all water service connections and will maintain the right to inspect, for potential sources of contamination or cross connections, on any premises served by all water connections, on any property, regardless of location, for any premise served by the City of South Haven water distribution system.

All appropriate regulations of State and Municipal authority, including policy, will prevail as they apply to installing, replacing, connecting, extending, or altering any piping, fixtures, or other appurtenances that are in any way connected with or served by the water or sanitary sewer systems of the City of South Haven. The owner, or his or her properly Licensed Master Plumber, is responsible for the taking out of all permits, rendering of all reports and the payment of all fees in conjunction with the property prior to connection to the water or sewer system. All such work is subject to inspection by the City Building Inspector and/or the State Plumbing

Inspector or Inspector of the local agency of jurisdiction that is responsible for the integrity of the work within their limits. It shall be the responsibility of the property owner to ensure that all applicable codes are met.

It is the intent of the City that water sold to all users be metered and billed at the rates as recommended by the Board of Public Utilities and approved by the City Council which may be changed from time to time. (see Appendix).

WATER AND SEWER TAPS

Permits for connecting to water mains and sanitary sewer main lines shall be obtained, for City properties, from the City of South Haven, and for connections outside of the City, from the township hall in the applicable township of jurisdiction. Any connection to the public water or sewer mains, without the possession of a valid permit, will place the offender in violation of City Ordinance and may be subject to fines and/or imprisonment as provided. Please note; the City Code of Ordinances states that (Sec. 86-97. Protection from damage) no unauthorized person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface or tamper with any structure, appurtenance, or equipment which is a part of the municipal sewage works. Any person violating this provision shall be subject to immediate arrest under charge of disorderly conduct (Code 1965, Sec. 6.15).

All connections to water mains or sanitary sewer lines shall be performed by the City of South Haven or an authorized contractor of the City to perform this type of work. The Public Works Director shall maintain a list of contractors authorized to work on City mains. The Public Works Director shall be authorized to remove a contractor from the list if the contractor fails to perform work that meets City specifications.

The size of the water and/or sewer tap and the size of the water meter will be determined by the requesting party and will be the sole responsibility of the user. The type of meter and the specifications for providing the service connections to the mains will be the responsibility of the City.

The location of the service to the water main or sanitary sewer will be selected to minimize the cost of installing the connections and the service line costs. Final selection of the location for all connections will be at the discretion of the City.

Charges for service connections will be made in conformance to other sections of this policy and as recommended by the Board of Public Utilities and approved by the City Council which may be changed from time to time. All fees for the installation of new water and sewer connections will be paid in advance. The City reserves the right to return any fee so paid and refuse to install the connection and service requested for just cause.

Water and sewer service connections, which require pavement cuts in public streets or roads, will not be performed during the months of December, January or February, without the written permission of the road agency of jurisdiction.

CONNECTION FEES

AVAILABILITY FEE

A one-time Availability Fee may be levied for a new customer's water or sewer service. The Availability Fee shall be used to reimburse the appropriate agency for a proportional cost of the existing capital investments for those parts of the water and/or sewer system which provide service jointly to all users of the utilities. This fee shall be recommended by the Board of Public Utilities and approved by the City Council which may be changed from time to time. The recovery of these costs, by those agencies providing connections for properties outside of the City of South Haven, may be set by the appropriate agency of jurisdiction.

CONNECTION FEES

The cost of connecting the service line to the water or sewer main line in the street or applicable easement, will be paid by the requesting party prior to the connection of the service line to the main line. These costs may be set by the City Council and may be changed from time to time. Charges for connections, which are not established by a published fee schedule, will be charged on a time and material basis and will include the cost of material, labor, equipment and appropriate overheads as may be determined by the City Council. These costs will cover the installation of the connection to the main line for water or sewer and will include the extension of a service line lead to the street or road right of way limits or, in the case of water

and/or sewer line on dedicated easements, to the limit of the dedicated easement, but not to exceed thirty three (33) feet.

At the discretion of the City, the requesting party may use their own contractor to install the connection to the main line. If the contractor is known to the City and has been approved, by the City, to install service connections, the requesting party may arrange to have the connection installed by an authorized contractor, at the customer's expense and avoid paying the connection fee to the City.

INSPECTION FEES

Each service connection request shall require payment of a flat rate fee, as recommended by the Board of Public Utilities and approved by the City Council which may be changed from time to time. This fee shall provide for the inspection of the connection to the customer's service line. If more than one inspection trip is required, the City may collect multiple inspection fees to cover the additional expense.

NUMBER OF SERVICES TO ONE PROPERTY

No more than one water or sewer service connection may be extended to serve a single premise. Properties which have one water or sewer line serving more than one building is acceptable so long as the buildings are on a single parcel of property. Should such a parcel split to provide separate parcels for each building, water and/or sewer service lines must be run to each property or building independently from its own shut-off at the street.

CONSTRUCTION OF MAINS AND SERVICES

SERVICE LINES

Water and sewer service leads, from the main line to the point of customer connection, shall be constructed in compliance with the current City of South Haven Standard Specifications for Water Mains, Sanitary Sewers and Force Mains as published and revised by the City of South Haven Department of Public Works. Water and sewer service lines, beyond the point of customer connections, must be constructed to meet the provisions of the local agency of jurisdiction and the State of Michigan.

Water service leads, installed by or under the specifications of the City of South Haven, shall terminate with a shut off valve either in a meter pit or adapted with a valve box in conformance to the City of South Haven Standard Specifications for Water Mains, Sanitary Sewers and Force Mains. The City will be responsible for the maintenance of the water service lead from the main to the water shut off valve located at the property line at the limits of the street right of way or easement, easements must be approved by the Public Works Director prior to connection to the system.

Sewer leads, installed by or under the specifications of the City of South Haven shall meet the requirements of the City of South Haven Standard Specifications for Water Mains, Sanitary Sewers and Force Mains. Sewer service lines, beyond the jurisdiction of the City, shall comply with the provisions of the local agency of jurisdiction or the State of Michigan. The City is responsible for the sewer main in the street and service laterals to the generally accepted right-of-way. In the event of a stoppage, all sewer lines and drains on the property are the homeowner's responsibility and a plumber should be contacted. Should the stoppage be located on City property, or within the generally accepted right-of-way, the plumber must notify the City while the rods are still in the sewer line for verification of stoppage location, so the City can make permanent repairs. If a customer is forced to incur costs related to inspecting the sanitary sewer main, and the sanitary sewer main is found to be blocked, not flowing, and/or possessing inadequate capacity, the City may accept the financial obligation incurred by the affected customer, not to exceed \$300.00.

Water and sewer connections, which have been previously disconnected, for any reason, may be reinstated if they meet the current standards for service as determined by the City. The charge for reinstating any water or sewer service, which has been previously disconnected, will be the lesser of the back stand-by charge plus the costs for reinstating the service or the cost of a new service tap.

ENLARGING OR RELOCATING WATER AND SEWER CONNECTIONS

The fee for replacing a smaller water or sewer connection and service pipe with a larger one, or for the purpose of relocating the service, shall be the same as the fee for a new tap and service, plus the cost of retiring the connection and service being

replaced. No credit will be allowed for any materials which may be recovered from the replaced service. This fee shall be borne by the customer.

Prior to a street reconstruction or paving replacement, the City may, at its option, extend a suitable water or sewer service pipe to the limits of the street right of way in front of each abutting property which does not currently have service lines. The owner of the property may be charged with the appropriate fees that are applicable for such installation. If the fees are not paid upon installation, they must be paid in full before service may be taken from the connections so provided.

The City shall in no way be held liable for failure to extend any water supply service in this manner preceding paving or repaving.

WATER MAINS AND SANITARY SEWER LINES

All water mains and sanitary sewer mains, constructed to serve more than one building, shall be constructed in conformance to the City of South Haven Standard Specifications for Water Mains, Sanitary Sewers and Force Mains and shall be permitted by the State of Michigan Department of Environmental Quality. Water mains and sanitary sewer systems, not constructed by the City of South Haven, will be constructed under the Utility Construction and Development Agreement, within the City and in accordance to the provisions of the agency of jurisdiction, outside of the City of South Haven.

Subject to the conditions above, water and/or sewer mains may be extended into areas then not provided with water and/or sewer mains for the purpose of supplying fire protection and normal water and/or sewer service to the residents and property owners of such areas, provided:

1. That the water and/or sewer treatment and/or pumping facilities are ample and adequate to supply the additional quantities and quality of service at pressures and rates of flow, that are anticipated as being required to properly supply the new area.
2. That the transmission, feeder and distribution mains, which will be called upon to carry water and/or sewer flows to serve the new area, are sufficient

in size and capacity to do so without in any way deteriorating the service to those presently connected and served by such mains.

3. That such water and/or sewer main extensions will be made only in publicly controlled right of ways and/or approved easements provided for public utilities.

4. The City will allow sub-dividers to extend water mains in privately owned streets in accordance with City Council Resolution 03-21, dated May 5, 2003 requiring for a Utility Construction and Development Agreement.

It is the purpose of this section to prohibit the installation of water mains on privately owned properties with any part of the cost of such water mains being paid for by the City of South Haven. Extensions to supply fire protection service in factory yards and to supply water or sewer service to properties built in off-street areas with private or semi-private entrance drives are also prohibited.

This policy does not apply to water main extensions to be made outside of the corporate limits of the City of South Haven. Developments outside of the City of South Haven must meet the requirements of the area of jurisdiction at that location.

WATER

WATER SUPPLY SERVICES

All use of the City of South Haven water distribution system will be in conformance with Article III of the Code of Ordinances of the City. Nothing in this document is intended to supersede the provisions of the City ordinance. In case of discrepancy, the Code of Ordinances of the City shall prevail.

METERING

Water meters shall be installed on the customer's property in a location acceptable to the City. Inside meter locations shall have remote reading devices attached. Remote indexes must have a location on the outside of the building with acceptable access for reading. No water meters shall be installed in basements, cellars, or pits that are not equipped with approved access ladders or stairs or which may be

classified as a confined space as defined by the Michigan Occupational Safety Act. Water meters shall be accessible to City representative at all times.

Where applicable, the meter will be installed in a meter pit provided by the City. The customer will be responsible for installing the meter pit and meter housings, in accordance with the City's specifications. Large size meters may require custom meter pits which shall be provided by the customer. Such meter housings must be approved by the Department of Public Works.

Minimum clearances must be maintained between the back wall and wall side edge of meters being installed. There must also be a minimum clearance of 6" from the bottom of each meter to the floor and a maximum height of 48" from the floor.

The following clearances must be maintained for proper installation of water meters.

	Wall Clearance	Floor Clearance	
Meter Size	Minimum	Minimum	Max
5/8 x 3/4"	4"	6"	48"
3/4"	5"	6"	48"
1"	6"	6"	48"
1-1/2"	7"	6"	48"
2"	8"	6"	48"
4"	10"	6"	24"
6"	12"	6"	24"
8"	14"	6"	24"

When a meter by-pass is installed, there must be a 16" clearance maintained between the meter and the bypass. No by-pass can be installed on the front side of meter. The area below or behind the meter is the preferred location for a by-pass.

The customer will be responsible for damage to water meters caused by improper meter protection.

SERVICE LINES

The customer is responsible for selecting the size of water service to meet their requirements. The customer's service pipe size shall not exceed the pipe size of the

water main to which it is connected. The minimum size of water main connection installed by the city is one inch (1") diameter. If warranted, the customer's service pipe can be smaller than the service from the main, upon the approval of the Department of Public Works.

Where a water service pipe passes through a basement, cellar, pit or manhole wall, or through a masonry floor, it shall be provided with an approved sleeve, properly joined and pointed with the masonry and thoroughly caulked with a suitable caulking mixture to form a good workmanlike protection for the pipe.

Where the pipe enters through the floor the sleeve shall extend above the finished surface of the floor for a distance of not less than 4 inches.

All water systems and services are required to be electrically continuous, as per 3.01, J, of the City of South Haven standards and specifications. Each pipe or fitting shall be electrically bonded to the adjacent pipe or fitting. The use of the water service lines for grounding of building electrical circuits shall be done only in conformance to all local, State and Federal regulations including the National Electric Safety Code. Any person who removes such ground connection for work in or about the plumbing or electrical system of the building shall be responsible for taking proper safeguards against the hazards involved and shall, upon completion of his or her work, be responsible for reestablishing such connections in accordance with all regulations.

Water service pipes shall be terminated with an approved valve in an approved frost proof basements, cellars, pits or manholes.

UNAUTHORIZED USE

Under the conditions stated here-in, the City will provide a water connection and a service line with an accessible shut off valve at the point of connection between the service lead and the customer's service line. Water connections, for customer use ahead of the water meter, are prohibited. Water connections for domestic use are prohibited from private fire protection systems.

All connections for water supply to fountains, irrigation systems, and area sprinkling systems, or to any type of continuous flowing, or automatically controlled device, shall be made only on premises where the entire supply of water is furnished through water meters, exceptions must be specifically authorized by the recommendation of the Board of Public Utilities and final approval from the City Council.

Municipally supplied water may not be used to supply the thermal requirements of heat pumps used for space heating. Untreated water from heat pumps shall not be discharged to the sanitary sewer.

FIRE PROTECTION SYSTEMS

Commercial and Industrial water users which require fire prevention systems may size their service tap to handle both the fire requirements and the consumption requirements. The water meter will be installed on a separate line, tapped off the water service inside the customer's premises. Water lines, dedicated to fire protections systems only, will not be metered.

Buildings, currently served, which add a service for fire protection, will pay the cost of the connection and the inspection fees. Dedicated fire service lines will not pay a stand-by charge and will not be metered.

WATER LEAKAGE

No water customer shall permit their water supply pipes, connections or fixtures to be out of repair so that water leakage can occur. Water leaks which occur on the customer's property ahead of the meter must be repaired as soon as practicable upon discovery. Failure to do so may result in termination of service. The City may charge a customer an estimated amount for water wasted, because of the leak, if not repaired in a reasonable time.

CROSS CONNECTIONS

The City is required, by State law, to maintain a control program for the elimination and prevention of all cross connections. A cross connection is described as a connection or arrangement of piping or appurtenances through which a backflow, or water of questionable quality, may be entering the public water system. This

program requires a regular inspection, of all water utility customers' premises, for possible cross connections.

All lawn irrigation systems, regardless of location, shall be protected against backflow by equipment which meets the requirement of state and local plumbing codes.

Commercial and industrial water customers shall be inspected and re-inspected for the proper use of safe air gaps or required protective devices. The City may require certified documentation of testing and maintenance of back flow and cross connection protection equipment, as provided by the City control program, for elimination and prevention of all cross-connections. The application and installation of all cross-connection measures, in all commercial and industrial customers, shall meet the requirements of the authorized City representative.

CURB BOXES

No unauthorized person shall open or attempt to open any curb or gate box. No unauthorized person shall cover or conceal any curb or gate box. At any time it is desired to change the surface grade near any curb or gate box the City shall be given proper notice so that the box grade may be changed to correspond.

OPERATION OF FIRE HYDRANTS

1. Private Hydrants

The operation by the owner of privately owned fire hydrants for other than fire fighting purposes is prohibited except when any one of the following requirements is met:

- a. Written permission is obtained from the Department of Public Works.
- b. Verbal permission is obtained by the Office of the Water Superintendent not less than 12 hours prior to actual hydrant operation.
- c. Arrangements are made to have a City representative present during operation.

In all cases a properly sized hydrant wrench must be used.

2. City Hydrants

City fire hydrants shall be operated only by authorized personnel of the Fire Department, Department of Public Works or such others as may be authorized by the Director of Public Works.

When hydrant water is requested, on a temporary basis, for construction purposes, special events, etc. and other means of obtaining water is not readily available, application may be made to the City for use of water from an existing fire hydrant. Water use will be authorized after City DPW has installed a meter, proper backflow prevention and sill cock attachments. Only City employees shall turn the hydrant on. Upon completion of the temporary need for water use, City personnel will close the hydrant, check for proper "drain back" and remove the meter.

Charges for temporary use of hydrant will be collected as prescribed by the rates recommended by the Board of Public Utilities and approved by the City Council and which may be changed from time to time.

If more than one location is required, the same meter will be relocated and the above rate will apply to such location and installation.

USE OF SHUT OFF KEYS

No unauthorized persons are permitted to use operating wrenches, curb stop keys, or gate keys on any curb stop, gate valve or fire hydrant.

CLEANING OF SERVICE PIPES

When water customers experience low pressure or stoppage of flow the City shall take steps to restore proper service. When advised by the City, the customer must take the necessary precautions to prevent drainage to the customer's property. The City shall not be liable for any damage resulting from such cleaning of the water service.

EXCESS PRESSURE

No person shall use any pump, ram or other device or any piping system connected with the water piping system, which is capable of producing a pressure in excess of the normal water pressure unless a representative of the City is present and is in direct charge of the work.

EMERGENCY WATER USE RESTRICTIONS

During periods when the use of public water approaches the capacity of the public water system or the supply of public water is threatened due to a failure of any part of the water supply system, the City Manager or the Director of Public Works may declare a water use restriction. Any such action will be done in compliance with Section 86-58 of City Ordinance No. 940.

PAYMENT AND USE OF WATER

Water sales, to the customer, shall be used for only the purposes permitted at the time of sale.

MULTI UNIT RESIDENTIAL METERED SERVICES

Multi-family residences and/or apartments will have an option of individually metering each residential unit. Plumbing for meters, supplied by the City, will be the responsibility and paid for by the owner.

Sub-metering, for the purpose of resale of water, is prohibited. Sub-metering installed for the benefit of the customer is optional. Plumbing for meters, other than those owned by the City for billing purposes, will be the responsibility of and paid for by the owner. The City cannot sell water meters for private use.

SEWER**SEWER SUPPLY SERVICES**

All use of the City of South Haven sanitary sewer system will be in conformance with Article IV and V of the Code of Ordinances of the City. Nothing in this document is intended to supersede the provisions of the City ordinance. In case of discrepancy, the City ordinance will prevail.

METERING

Sewer service will be measured by the volume of water metered through the water meter as provided by the current rate schedule as recommended by the Board of Public Utilities and approved by the City Council. These rates may be changed from time to time. Sewer use, for those accounts which do not have water service, will be

measured on a flat rate basis. Flat rate customers will be billed according to the number of Residential Equivalent Units as defined by the schedule attached to the rate schedule as established by the recommendation of the Board of Public Utilities and final approval from the City Council, which may change from time to time.

SERVICE LINES

The customer is responsible for selecting the size of the sewer service line and the connection to the sanitary sewer main in the street. The customer's service line shall not exceed the size of the sewer line in the street. The minimum size of sewer connection provided by the City will be four inches (4") diameter. If warranted, the customer's service line may be smaller, but not larger, than the service connection from the street.

Sanitary sewer services shall be constructed to match the sanitary sewer connection provided by the City. Sewer services shall be constructed to prevent infiltration of ground water. Service clean-out provisions should be provided at each point of change of direction and at intervals of not to exceed one hundred (100) feet.

City sanitary sewer mains are at various depths through out the City. It is the customer's responsibility to determine the depth of the sanitary sewer line in the street prior to establishing the grade for the sewer service line. The City cannot be responsible for sanitary sewer lines in the street to be at a depth to provide service below all basement levels.

It will be the responsibility of the customer to maintain the sewer service line from the building to the sanitary sewer main in the street.

The City shall not be responsible for any expenses incurred by the property owner in removing stoppages in residential sewers or for any expense incurred by the customer in satisfying the City that such damage or stoppage lies within that portion of the sewer system maintained by the City.

Damage to the connection of the sewer service line to the sanitary sewer main line shall be reported to the City. Only authorized representatives of the City shall make repairs to the service connection or the main sewer line.

UNAUTHORIZED USE

In no case shall sanitary waste water be discharged to a storm water sewer system. All waste water from any building, excepting footing drains, must be discharged to the sanitary sewer system. Footing drains must be separated from floor drain or any other building water discharge.

Connections made to the sanitary sewer lines in the street, without permitted authorization of the City of South Haven, are prohibited. Discharge of items not in conformance to City Ordinance, Article IV, and all subsequent revisions to this section of the ordinance, are prohibited.

Sewer connections to septic tanks, privy vaults, outhouses, cesspools or to any source of prohibited waste to the City sanitary sewer system are prohibited.

Non-domestic water, such as surface water, down spouts or footing drains, shall not be discharged into the sanitary sewer system.

Discharge of any pollutant or wastewater in violation of the City Code of Ordinances, Article V, and all subsequent revisions to this section of the ordinance, are prohibited.

PERMITS

All commercial or industrial applicants will be required to submit a non-domestic use questionnaire. The City may require from any non-domestic wastewater discharge customer, the issuance of a Discharge Permit, where in the discretion of the WWTP administration; there is the need to monitor the wastewater discharge for the presence of pollutants which may threaten the quality of the WWTP receiving waters.

Appendix #1

UTILTIY RATES

July, 2006

RATES

(Copy of Resolution 944)

DELAYED PAYMENT CHARGE

The above rates are NET if paid on or before the date appearing on the customer's bill.

The GROSS rate is obtained by adding 10% to the NET rate. This amount applies to all payments made after the date appearing on the customer's bill

HYDRANT WATER SALES

The sale of water from fire hydrants will only be available with the expressed permission of the City Water Department. It will be the responsibility of the person requesting the use of temporary water to pay for the installing, removing, and the turning on and off of the hydrant and the water used and any damage which may result from such use.

Charges for use shall include:

- Installation, removal, operation of fire hydrant - \$50.00 labor (includes up to 4,000 cubic feet). The installation fee shall be paid in advance.
- Water in excess of 4,000 cubic feet will be charged at the standard rates as published.

Tanker truck sales will only be available from the specified hydrant located at the Department of Public Works building, located at 1199 8th Avenue. Fees assessed will be the same as required for all hydrant sales.

Appendix 2

CONTRIBUTIONS IN AID OF CONSTRUCTION

Underground Electric

a. Residential Service:	\$5.25/ trench foot
b. Commercial - Single Phase:	\$6.50/ trench foot
c. Commercial - Three Phase:	Time, material plus overheads @ 20%
d. Underground winter charge:	\$3.00 / trench foot
(added to the regular rates during the months of January, February and March.)	

Temporary Electric

Residential

1) Overhead:	\$150.00
2) Underground	\$200.00

Commercial & Industrial

Overhead & underground	Time, material plus overheads @ 20% less salvage
------------------------	--

Water connection fees

1"	\$1100
1 ½" tap size or larger:	Time, material plus overheads @20%
Winter charge:	\$200
(added to the above costs between the dates of December 15 and March 15)	

Inspection Fees

In addition to all regular and special assessments levied for water and sewer connections to the City system, an inspection fee of \$15.00 will be assessed and paid

in advance. The City may assess an additional \$15.00 for each inspection required due to need for repeat trips caused by the customer.

A similar fee shall be paid for similar inspections of sewers being rebuilt or re-laid, involving reconnection to the City water or sewer system.

AVAILABILITY CHARGE

For City residents, the cost for service connections will be based \$20.90 per frontage foot for water and \$23.50 per frontage foot for sanitary sewer of property being served. Township charges for connection to existing mains will be determined by the Township and/or Authority approval.

The fee, in the City, is calculated from the width of the property to be served, herein referred to as frontage. The minimum frontage that will apply is 50 feet. For a property on a corner lot the frontage will be for the shorter side. The cost per foot is multiplied by the frontage to determine the applicable charge for that property. This charge is in addition to the tapping fee, if applicable.

Appendix #3

SERVICE FEES

Turn on fee:

Normal working hours:	\$15.00
Overtime hours:	\$75.00

CITY OF SOUTH HAVEN
VAN BUREN AND ALLEGAN COUNTIES, MICHIGAN

RESOLUTION NO. 2016-XX

A RESOLUTION TO INCLUDE AN ADDENDUM TO THE UTILITY
POLICY ADJUSTING THE NEW BUSINESS EXTENSION POLICY
FOR ELECTRIC SERVICE

Minutes of a regular meeting of the City Council of the City of South Haven, Van Buren and Allegan Counties, Michigan, held in the City Hall, 539 Phoenix Street, South Haven, Michigan 49090 on _____, 2016 at 7:00 p.m. local time.

PRESENT: _____

ABSENT: _____

The following preamble and resolution was offered by Member _____ and supported by Member _____.

WHEREAS, City Council adopted the Public Utilities Rules, Regulations and Policies by Resolution 2007-04 on January 15, 2007; and,

WHEREAS, Resolution 2007-04 requires the assessment of a contribution in aid of construction for extension of electric services equal to one hundred percent (100%) of the estimated cost of the extension; and,

WHEREAS, Resolution 2007-04 permits the customer requesting the service extension to recover up to two thirds (2/3) of the actual cost of the extension over three (12) month periods with the actual amount of the rebate being fifty percent (50%) of the revenues received at the end of the first, second, and third (12) month period; and,

WHEREAS, Resolution 2007-04 requires that the first (12) month period commence upon establishing the service to the first permanent account served by the extension.

NOW, THEREFORE BE IT RESOLVED that Exhibit A to Resolution 2007-04 be amended as follows:

The Section entitled "Single Customer" beginning on page -A23- shall be amended to read as follows:

Single Customer

The City will extend secondary voltage lines two spans (one new pole), including the service line to the house, free of charge. Secondary extensions of greater than two spans and primary voltage overhead line extensions to serve a single customer shall require a contribution equal to one hundred percent (100%) of the estimated cost of the line extension, excluding the cost of the service connection. The City will rebate an amount equal to fifty percent (50%) of the revenues received at the end of the first, second and third twelve (12) month period of service with the total amount of the rebate not to exceed an amount equal to two thirds (2/3) of the actual cost of the line extension.

The first twelve (12) month period will commence within twelve (12) months of establishing the service to the first permanent account. The applicant will be permitted to select the month of commencement within the twelve (12) month window following establishment of the first permanent account. The contribution in aid of construction must be paid in advance of construction.

The total estimated job cost will include labor, equipment, material and overhead as determined by the City and will include the cost of transformers and tree work, if required.

The Section entitled "Multiple Customers" beginning on page -A23- shall be amended to read as follows:

Multiple Customers

The City will construct an overhead line extension to serve more than one (1) customer provided the applicant shall make a contribution equal to one hundred percent (100%) of the estimated cost of the line extension excluding the cost of the service connections. The City will rebate an amount equal to fifty percent (50%) of the revenues received at the end of the first, second and third twelve (12) month period of service with the total amount of the rebate not to exceed an amount equal to two thirds (2/3) of the actual cost of the line extension. The first twelve (12) month period will commence within twelve (12) months of establishing the service to the first permanent account. The applicant will be permitted to select the month of commencement within the twelve (12) month window following establishment of the first permanent account. The contribution in aid of construction must be paid in advance of construction.

The total estimated job cost will include labor, equipment, material and overhead as determined by the City and will include the cost of transformers and tree work, if required.

The Section entitled "1. Customer Owner Transformers" beginning on page -A25- shall be amended to read as follows:

1. **Customer Owner Transformers** - The cost of purchasing, installing and maintaining the transformer is the responsibility of the customer. The customer shall pay one hundred percent (100%) of the total estimated cost of installing the overhead primary lines serving the transformer, including the cost of the meter installation. The City will rebate an amount equal to fifty percent (50%) of the revenues received at the end of the first, second and third twelve (12) month period of service with the total amount of the rebate not to exceed an amount equal to two thirds (2/3) of the actual cost of the line extension. The first twelve (12) month period will commence within twelve (12) months of establishing the service to the first permanent account. The applicant will be permitted to select the month of commencement within the twelve (12) month window following establishment of the first permanent account. The contribution in aid of construction must be paid in advance of construction.

The Section entitled "2. Other Primary Customers" beginning on page -A25- shall be amended to read as follows:

2. **Other Primary Customers** - The cost of purchasing and installing the transformer will be included in the cost of providing the overhead extension to serve the

customer. The customer shall pay one hundred percent (100%) of the total estimated cost of installing the overhead primary lines, including the cost of transformer and the cost of the meter installation. The City will rebate an amount equal to fifty percent (50%) of the revenues received at the end of the first, second and third twelve (12) month period of service with the total amount of the rebate not to exceed an amount equal to two thirds (2/3) of the actual cost of the line extension. The first twelve (12) month period will commence within twelve (12) months of establishing the service to the first permanent account. The applicant will be permitted to select the month of commencement within the twelve (12) month window following establishment of the first permanent account. The contribution in aid of construction must be paid in advance of construction.

The Section Entitled "SINGLE CUSTOMER" beginning on page -A26- shall be amended to read as follows:

Single Customer

For a single residential customer, the City will install up to three hundred (300) feet of underground single phase, secondary voltage cable at a cost to the customer of the established rate for single phase, secondary voltage service as recommended by the Board of Public Utilities and approved by the City Council, which may be changed from time to time. Extenuating circumstances such as road crossings, stream crossings, etc. may be cause for additional charges.

Underground primary voltage extensions to single customers shall require a contribution equal to one hundred percent (100%) of the estimated cost of the line extension, excluding the cost of the service connection. The City will rebate an amount equal to fifty percent (50%) of the revenues received at the end of the first, second and third twelve (12) month period of service with the total amount of the rebate not to exceed an amount equal to two thirds (2/3) of the actual cost of the line extension. The first twelve (12) month period will commence within twelve (12) months of establishing the service to the first permanent account. The applicant will be permitted to select the month of commencement within the twelve (12) month window following establishment of the first permanent account. The contribution in aid of construction must be paid in advance of construction.

The total estimated job cost will include labor, equipment, material and overhead as determined by the City and will include the cost of transformers and tree work, if required.

The Section Entitled "MULTIPLE CUSTOMERS" beginning on page -A26- shall be amended to read as follows:

Multiple Customers

The City will construct an underground distribution extension to serve more than one (1) customer provided the applicant shall make a contribution equal to one hundred percent (100%) of the estimated cost of the line extension, including transformers but excluding the cost of the service connections. The City will rebate an amount equal to fifty percent (50%) of the revenues received at the end of the first, second and third twelve (12) month period of service with the total amount of the rebate not to exceed an amount equal to two thirds (2/3) of the actual cost of the line extension. The first twelve (12) month period will commence within twelve (12) months of establishing the service to the

first permanent account. The applicant will be permitted to select the month of commencement within the twelve (12) month window following establishment of the first permanent account. The contribution in aid of construction must be paid in advance of construction.

The total estimated job cost will include labor, equipment, material and overhead as determined by the City and will include the cost of transformers and tree work, if required.

The Section entitled "1. Customer Owned Transformers" beginning on page -A28- shall be amended to read as follows:

1. **Customer Owned Transformers** - The cost of purchasing, installing and maintaining the transformer is the responsibility of the customer. The customer shall pay one hundred percent (100%) of the total estimated cost of installing the underground primary lines serving the transformer, including the cost of the meter installation. The City will rebate an amount equal to fifty percent (50%) of the revenues received at the end of the first, second and third twelve (12) month period of service with the total amount of the rebate not to exceed an amount equal to two thirds (2/3) of the actual cost of the line extension. The first twelve (12) month period will commence within twelve (12) months of establishing the service to the first permanent account. The applicant will be permitted to select the month of commencement within the twelve (12) month window following establishment of the first permanent account. The contribution in aid of construction must be paid in advance of construction.

The Section entitled "2. Other Primary Customers" beginning on page -A28- shall be amended to read as follows:

2. **Other Primary Customers** - The cost of purchasing and installing the transformer will be included in the cost of providing the underground extension to serve the customer. The customer shall pay one hundred percent (100%) of the total estimated cost of installing the underground primary lines, including the cost of transformer and the cost of the meter installation. The City will rebate an amount equal to fifty percent (50%) of the revenues received at the end of the first, second and third twelve (12) month period of service with the total amount of the rebate not to exceed an amount equal to two thirds (2/3) of the actual cost of the line extension. The first twelve (12) month period will commence within twelve (12) months of establishing the service to the first permanent account. The applicant will be permitted to select the month of commencement within the twelve (12) month window following establishment of the first permanent account. The contribution in aid of construction must be paid in advance of construction.

The paragraph immediately above the section entitled "TEMPORARY SERVICES" beginning on page -A28- shall be deleted in its entirety. This paragraph reads as follows: The first twelve (12) month period will commence upon the establishing of the service to the first permanent account. The contribution-in-aid of construction must be paid in advance of construction.

BE IT FURTHER RESOLVED, that this resolution shall take effect upon passage by the City Council.

RECORD OF VOTE:

Yeas: _____

Nays: _____

RESOLUTION DECLARED ADOPTED

Robert G. Burr, Mayor

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council at a meeting held on the ____ day of _____, 2015, at which meeting a quorum was present, and that this resolution was ordered to take immediate effect. Public notice of said meeting was give pursuant to and in compliance with the Open Meetings Act, Act No. 167 of the Public Acts of Michigan 1976 (MCL 15.261 *et seq*).

Travis Sullivan, City Clerk

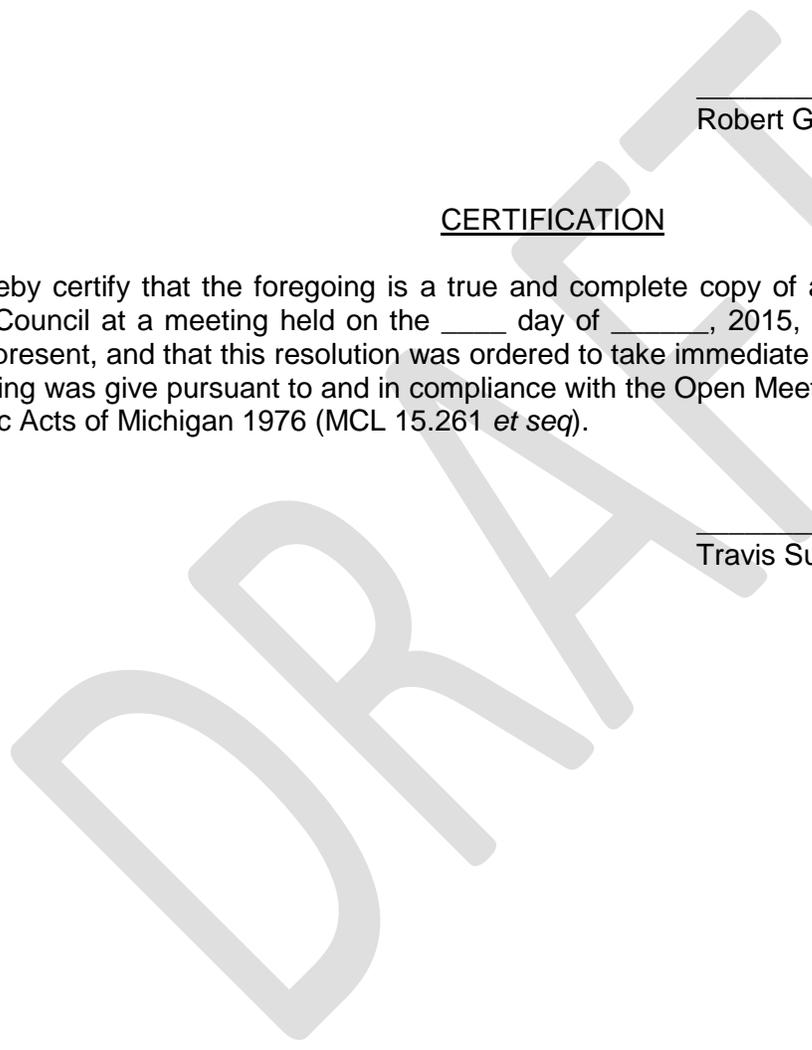


Exhibit A**RESIDENTIAL EQUIVALENT UNIT (REU) SCHEDULE**

	<u>Occupation or Use</u>	<u>Units</u>	<u>Unit Factor</u>
1.	Single Family Residence (four or less bedrooms)	1.0	Per residence
2.	Single Family Residence (more than four bedrooms or more than four toilets)	1.0	Per residence plus 0.25 for each bedroom or toilet in excess of four ^{1,2}
3.	Auto Dealers (New and/or Used)	1.0	Per premise plus 0.25 per 1,000 sq ft of building including service area
4.	Auto Repair/Collision	1.0	Per premise plus 0.25 per 1,000 sq ft of building
5.	Auto Wash (Coin Operated, Self Service, 10 gallons or less per car)	1.0	Per stall
6.	Auto Wash (Mechanical, over 10 gallons per car, non-recycled water)	10.0	Per stall or production line including approach and drying area
7.	Auto Wash (Mechanical, over 10 gallons per car, recycled water)	5.0	Per stall or production line including approach and drying area
8.	Bar	4.0	Per 1,000 sq ft
9.	Barber Shop or Beauty Salon	1.0	Per shop plus 0.1 per chair for each chair in excess of two
10.	Bowling Alley (no bar)	1.0	Per premise plus 0.02 per alley
11.	Church	0.25	Per 1,000 sq ft (Minimum 1.0)
12.	Cleaner (drop-off & pick-up only)	1.0	Per premise
13.	Cleaner (cleaning & pressing facilities)	1.0	Per premise plus 0.5 per 500 sq ft
14.	Clinic (medical or dental)	1.0	Per premise plus 0.5 per exam room

15.	Convalescent or Boarding Home	1.0	Per premise plus 0.25 per bedroom
16.	Convent	1.0	Per premise plus 0.25 per bedroom
17.	Country Club or Athletic Club	1.5	Per 1,000 sq ft of clubhouse plus restaurant, bar and pro shop as retail store to be calculated separately
18.	Factory (Office and Production) plus Wet Process Wastewater	0.75	Per 1,000 sq ft Based on metered sewage flow
19.	Funeral Home	1.5	Per 1,000 sq ft plus attached residential use to be calculated separately
20.	Grocery Store and/or Super Market	1.0	Per premise plus 0.8 per 1,000 sq ft
21.	Hospital	1.1	Per bed
22.	Hotel or Motel	0.4	Per room or suite plus restaurant and bar to be calculated separately
23.	Laundry (Self Service)	1.0	Per premise plus 0.5 per washing machine
24.	Two Family Residential	1.0	Per unit
25.	Mobile Home (Free Standing)	1.0	Per unit
26.	Mobile Home (Park or Subdivision)	0.75	Per pad or site plus laundry, community buildings, and office to be calculated separately
27.	Marina	0.6 1.0	Per space 25 ft or less in length Per space over 25 ft in length
28.	Multiple Family Residence (Duplex, Row House, or Townhouse)	1.0	Per building plus 0.8 for each dwelling unit in excess of one

29.	Apartment Residence (with laundry facilities in each unit)	1.0	Per building plus 0.8 for each dwelling unit in excess of one
30.	Apartment Residence (without laundry facilities in each unit)	1.0	Per building plus 0.6 for each dwelling unit in excess of one
31.	Fraternity or Sorority House or Dormitory	1.0	Per building plus 0.6 for each two residents in excess of four
32.	Park, Picnic or Recreation Facility (no bathing or overnight accommodations)	0.2	Per parking space
33.	Park, Picnic or Recreation Facility (with bathing facility or swimming pool)	0.35	Per parking space
34.	Pharmacy	1.0	Per premise
35.	Campground (Tents, recreational vehicles 20 feet in length or less and trailers 12 feet in length or less)	0.35	Per pad or site plus picnic facilities to be calculated separately
36.	Campground (Recreational vehicles over 20 feet in length and trailers over 12 feet in length)	0.50	Per pad or site plus picnic facilities to be calculated separately
37.	Post Office	1.0	Per 1,000 sq ft
38.	Professional Office	0.25	Per 500 sq ft (Minimum 1.0)
39.	Public Institution	0.75	Per 1,000 sq ft
40.	Restaurant (no alcohol service)	2.5	Per 1,000 sq ft excluding restrooms, public areas not in regular use and unfinished areas
41.	Restaurant (with alcohol service)	3.5	Per 1,000 sq ft excluding restrooms, public areas not in regular use and unfinished areas
42.	Restaurant (public areas, auxiliary dining rooms, dance floors or ballrooms not in regular use)	0.5	Per 1,000 sq ft

43.	Retail Store (other than listed)	1.0	Per premise plus 0.1 per 1,000 sq ft
44.	School	1.0	Per classroom
45.	Service Station	1.5	Per 1,000 sq ft
46.	Snack Bar, Drive In, etc.	2.5	Per 1,000 sq ft
47.	Theater	0.04	Per seat
48.	Theater (drive-in)	0.04	Per car space
49.	Warehouse and Storage	0.2	Per 1,000 sq ft
50.	Veterinary Facility (without kennel)	1.0	Per facility
51.	Veterinary Facility (with kennel)	1.0	Per facility plus 0.1 per kennel

¹ The additional unit factor of 0.25 shall apply for the total of all bedrooms over four or all toilets over four, but not to the total of bedrooms and toilets over four. If the total of bedrooms over four and toilets over four is different, the largest total unit factor shall apply.

² If a Single Family Residence with more than four bedrooms or more than four toilets is proposed on a lot that is being redeveloped and the water and sewer connections have been previously disconnected, the services may be reinstated if they meet the current standards for service as determined by the City. The availability fee for reinstating any water or sewer service which has been previously disconnected will be the lesser of the following: Back standby service fees from the date that the service was originally disconnected to the date of reconnection plus 0.25 REU for each bedroom or toilet in excess of four, or the amount calculated using this REU schedule and Exhibit B.

The total number of Residential Equivalent Units to be assessed will be calculated by multiplying the Units by the Unit Factor based on the proposed occupation or use at the time of connection. If multiple occupations or uses are proposed, the calculation will utilize multiple Units and Unit Factors as appropriate for each occupation or use and the total Residential Equivalent Units to be assessed will be the total of the Residential Equivalent Units for each separate occupation or use.

If the proposed occupation or use is expandable in the future, the Residential Equivalent Units for the expandable portion of the occupation or use will be included in the total calculation. The applicant will then be required to enter into a deferral agreement, agreeing to pay the Residential Equivalent Units for the expandable area at the time that construction occurs in the future.

Every connection to the water and/or sewer system will require payment for a minimum of 1.0 Residential Equivalent Unit, even if the calculation results in less than 1.0 Residential Equivalent Unit.

Metering of any commercial or industrial use may be required by the City, in their discretion, for a period of at least three months, to determine the average daily flow. The average daily flow will be calculated by dividing the total metered flow by the number of days of metering. The average daily flow will be converted to Residential Equivalent Units by dividing the average daily flow, measured in gallons per day, by 250. Such metering shall be accomplished using an approved meter, with all expenses the responsibility of the owner.

DRAFT

Exhibit B**AVAILABILITY FEE SCHEDULE PER RESIDENTIAL EQUIVALENT UNIT (REU)**

<u>Water Availability Improvements</u>		<u>Plant Expansion</u>		<u>System</u>
---	--	-------------------------------	--	----------------------

\$5,750	=	\$4,000	+	\$1,750
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<u>Sewer Availability Improvements</u>		<u>Plant Expansion</u>		<u>System</u>
---	--	-------------------------------	--	----------------------

\$3,956	=	\$2,226	+	\$1,730
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The total availability fees for new water and sewer connections will be determined as follows: The number of Residential Equivalent Units will be calculated using the schedule shown in Exhibit A of this Resolution. The number of Residential Equivalent Units will be multiplied by the per unit fee schedule show above.

The total availability fees for water and sewer combined will be capped at \$250,000 for new customers. The \$250,000 availability fee payment will be prorated to the water fund and sewer fund as follows: \$103,029.05 for Water Plant; \$45,075.21 for Water System; \$57,335.67 for Sewer Plant; and \$44,560.07 for Sewer System. A single building with multiple customer connections that is part of an integrated development, submitted as a single site plan application, is eligible for the total availability fee cap. Multiple buildings within a development will be required to have a separate water and sewer service to each building and pay separate availability fees for each building.



City of South Haven

Agenda Item #9

Public Act 95 of 2013

Background Information:

On July 1, 2013, Gov. Snyder signed Senate Bill 284 creating Public Act 95 of 2013. The bill authorizes the Public Service Commission to raise up to \$50 million annually for low income energy assistance in Michigan. The money will be placed in the Low Income Energy Assistance Fund (LIEAF) and will be dispensed by the Department of Human Services. The legislation requires that the money collected from a geographic area is returned, to the extent possible, to that geographic area. Low income customers will be able to receive State assistance to pay electric, natural gas, and propane bills.

In order to raise the \$50 million annual stipend, the legislation requires all electric utilities in Michigan, including municipal utilities, to place a monthly surcharge on customer bills and send the collected money to the State on an annual basis. The monthly surcharge will be established by the State but will not be more than \$1.00 per customer. A customer who has multiple meters at their residence is to be billed the surcharge on only one meter.

The legislation does include an opt-out provision for all utilities. Each year, a utility may file a notice with the Public Service Commission by July 1 indicating that they desire to opt out of collecting the surcharge. A utility that opts out may not shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account. Michigan's two largest electric providers, Consumers Energy and DTE, both intend to collect the surcharge.

In 2009, the legislature passed a series of bills that placed winter shutoff restrictions on municipal utilities. These bills place restrictions on performing winter shutoffs for certain customers. Eligible military customers, critical care customers, and senior citizens are provided certain shutoff protections by these bills. In addition, there are specific steps outlined that must be followed by the City to legally shut off a residential customer during the heating season (defined as November 1 through March 31). Due to the complexity of the legislation, the City's practice has been to restrict all residential shutoffs during the heating season. If the City elects to opt out of collecting the low income surcharge, we will not be permitted to shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account. Since we already limit winter shutoffs, utility operations will not be substantially changed if the City elects to opt out.

At the beginning of the past heating season, there was some confusion related to the types of assistance available to City electric customers. The Michigan Department of Human Services (DHS) denied State Emergency Relief (SER) funding to customers of any electric utility that elected to opt out of collecting the surcharge. The SER program is funded with federal Low Income Home Energy Assistance Program (LIHEAP) dollars and not through the LIEAF program. DHS determined that City customers seeking SER funding were not in threat of shutoff and ineligible to receive SER funds.

The \$50 million collected through the LIEAF program is distributed to customers via the Michigan Energy Assistance Program (MEAP) established by Public Act 615 of 2012. The purpose of the Michigan Energy Assistance Program is to implement preventative programs designed to help low-income customers reach energy self-sufficiency. This program distributes \$50 million of LIEAF money and \$40 million in LIHEAP funds via grants to 14 various entities. South Haven electric customers are eligible to seek assistance from the following six agencies providing services in Van Buren County:

DHS - Bureau of Community Action and Economic Opportunity
 Michigan Community Action Agency Association
 The Salvation Army
 SEMCO Energy Gas Company
 The Heat and Warmth Fund
 True North Community Services

MEAP Grant Program Fact Sheet is attached.

Since the passage of PA 95 of 2013, approximately two thirds of the Municipal Electric Providers in Michigan have made a decision to opt-out. **The Michigan Public Service Commission requires an annual filing on each utility's opt-out choice.** If the City does not opt out, approximately \$100,000 will be paid to the state in the upcoming fiscal year.

City Council, at the Board's recommendation, has elected to opt out of collecting the surcharge for the past three years. In the past, the following reasons have been given for electing to opt out of collecting the surcharge:

1. Council was concerned that a portion of the surcharge would be used to assist customers outside of the City's service territory.
2. Council felt that it was unfair to subsidize customers of the investor owned gas utility operating in the City's service territory.
3. Since 2009, the City has implemented an unwritten policy restricting residential customer shutoffs during the heating season.

Recommendation:

It is recommended that the City elect to opt out of collecting the low income surcharge as outlined in PA 95 of 2013. Shutoffs to residential customers for nonpayment of a delinquent account will need to be suspended from November 1, 2016 to April 15, 2017.

The Board is requested to make a recommendation to City Council for review at their July 5, 2015 regular meeting.

Support Material:

2013 Senate Bill 0284
Legislative Analysis
Michigan Energy Assistance Program FAQs
Draft Resolution

**STATE OF MICHIGAN
97TH LEGISLATURE
REGULAR SESSION OF 2013**

**Introduced by Senators Nofs, Bieda, Caswell, Hopgood, Proos, Young, Anderson, Brandenburg, Jones,
Schuitmaker, Walker, Marleau and Pappageorge**

ENROLLED SENATE BILL No. 284

AN ACT to amend 1939 PA 3, entitled “An act to provide for the regulation and control of public and certain private utilities and other services affected with a public interest within this state; to provide for alternative energy suppliers; to provide for licensing; to include municipally owned utilities and other providers of energy under certain provisions of this act; to create a public service commission and to prescribe and define its powers and duties; to abolish the Michigan public utilities commission and to confer the powers and duties vested by law on the public service commission; to provide for the continuance, transfer, and completion of certain matters and proceedings; to abolish automatic adjustment clauses; to prohibit certain rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to create a fund; to provide for a restructuring of the manner in which energy is provided in this state; to encourage the utilization of resource recovery facilities; to prohibit certain acts and practices of providers of energy; to allow for the securitization of stranded costs; to reduce rates; to provide for appeals; to provide appropriations; to declare the effect and purpose of this act; to prescribe remedies and penalties; and to repeal acts and parts of acts,” (MCL 460.1 to 460.11) by adding section 9t.

The People of the State of Michigan enact:

Sec. 9t. (1) The low-income energy assistance fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the fund. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments.

(3) Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund.

(4) The department of licensing and regulatory affairs shall be the administrator of the fund for auditing purposes.

(5) Subject to the limitations imposed in this section, the department of human services shall expend money from the fund, upon appropriation, as provided in the Michigan energy assistance act, 2012 PA 615, MCL 400.1231 to 400.1236. The department of human services, in consultation with the public service commission, shall ensure that all money collected for the fund from a geographic area is returned, to the extent possible, to that geographic area.

(6) Subject to the limitations imposed in this subsection, the public service commission may, after an opportunity to comment, annually approve a low-income energy assistance funding factor no later than July 31 of each year for the subsequent fiscal year. The low-income energy assistance funding factor shall be the same across all customer classes and shall not exceed \$1.00. The amount used by the public service commission to calculate a low-income energy assistance funding factor during each fiscal year shall not exceed \$50,000,000.00 minus both the amount appropriated from the general fund in that fiscal year for home energy assistance and the amount remaining in the fund from the prior fiscal year. An electric utility, municipally owned electric utility, or cooperative electric utility that collects money under this subsection shall remit that money to the state treasurer for deposit in the fund on a monthly basis no later than 30 days

after the last day in each calendar month. The electric utility, municipally owned electric utility, or cooperative electric utility shall list the low-income energy assistance funding factor as a separate line item on each customer's bill.

(7) An electric utility, municipally owned electric utility, or cooperative electric utility may elect to not collect a low-income energy assistance funding factor under this section by annually filing a notice with the public service commission by July 1. Notwithstanding any other provision of this act, an electric utility, municipally owned electric utility, or cooperative electric utility that elects to not collect a low-income energy assistance funding factor under this section shall not shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account.

(8) An electric utility, municipally owned electric utility, or cooperative electric utility that does not opt out under subsection (7), or an association representing a municipally owned electric utility or cooperative electric utility that does not opt out under subsection (7), shall annually provide to the public service commission by July 1 the number of retail billing meters it serves in this state that are subject to the low-income energy assistance funding factor.

(9) Nothing in this act gives the public service commission the power to regulate a municipally owned electric utility.

(10) As used in this section:

(a) "Fund" means the low-income energy assistance fund created in subsection (1).

(b) "Low-income energy assistance funding factor" means a nonbypassable surcharge on each retail billing meter payable monthly by every customer receiving a retail distribution service from an electric utility, municipally owned electric utility, or cooperative electric utility that does not opt out under subsection (7), regardless of the identity of the customer's electric generation supplier. The low-income energy assistance funding factor shall not be charged on more than 1 residential meter per residential site.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Jay E. Randall

Clerk of the House of Representatives

Approved

.....
Governor



Legislative Analysis

LOW-INCOME ENERGY ASSISTANCE PROGRAM

Mary Ann Cleary, Director
 Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 284 (Proposed H-1 Substitute)

Sponsor: Sen. Mike Nofs

House Committee: Energy and Technology

Senate Committee: Energy and Technology

Complete to 6-11-13

A REVISED SUMMARY OF PROPOSED H-1 SUBSTITUTE FOR SENATE BILL 284

Briefly, Senate Bill 284 would do the following:

- Create the Low-Income Energy Assistance Fund.
- Charge DHS with expending money from the Fund as provided in the Michigan Energy Assistance Act.
- Allow the MPSC to annually approve a low-income energy assistance funding factor (as a surcharge on an electric customer's bill) no greater than \$1 per month, and to cap the amount that could be collected each year.
- Allow an electric utility to opt out of the program, but then prohibit it from shutting off service to a residential customer from November 1 to April 15.
- Specify that the bill would not grant the MPSC power to regulate a municipally owned electric utility.

Senate Bill 284 would add Section 9t to Public Act 3 of 1939, which created the Michigan Public Service Commission (MPSC) and authorizes it to regulate public utilities (except municipally-owned utilities). The bill would create a long-term program to replace the now-defunct Low Income and Energy Efficiency Fund (LIEEF). In short, the bill would allow electric utilities to place a small surcharge (no more than \$1) on an electric customer's bill to generate funds to provide heating assistance to low-income individuals. (The bill would specify that nothing in PA 3 would give the MPSC the power to regulate a municipally owned electric utility.)

Low-Income Energy Assistance Fund

The Fund would be created in the state treasury, investments directed by the state treasurer, and money in the fund at the close of a fiscal year would remain and not lapse to the General Fund. The Department of Licensing and Regulatory Affairs would be the administrator of the fund for auditing purposes.

Subject to limitations imposed by the bill, the Department of Human Services (DHS) would expend money from the fund, upon appropriation, as provided in the Michigan Energy Assistance Act (Public Act 615 of 2012). DHS, in consultation with the MPSC, would have to ensure that all money collected for the fund from a geographic area be returned, to the extent possible, to that geographic area.

Low-Income Energy Assistance Funding Factor

After an opportunity to comment, the MPSC could annually approve a low-income energy assistance funding factor no later than July 31 of each year for the subsequent fiscal year. The term would be defined as a non-bypassable surcharge on each retail billing meter payable monthly by every customer receiving a retail distribution service from an electric utility, municipally owned electric utility, or cooperative electric utility that does not opt out under provisions of the bill, regardless of the identity of the customer's electric generation supplier. (In this sense, "retail" generally refers to an end user and thus includes both residential and commercial electric customers.) The LIEA funding factor could not be charged on more than one residential meter per residential site (for example, if a residential customer had a separate meter in a large garage or pole barn, only one LIEA funding factor would be attached to the monthly electric bill).

The LIEA funding factor would have to be the same across all customer classes and could not exceed \$1 per month. The amount used by the MPSC to calculate a LIEA funding factor during each fiscal year could not exceed \$50 million minus both the amount appropriated from the General Fund in that fiscal year for home energy assistance and the amount remaining in the fund from the prior fiscal year.

Electric Utilities Collections & Opt Out

The bill would allow an electric utility, municipally owned electric utility, or cooperative electric utility to collect money under the above provisions. Any of these utilities could also choose to opt out of collecting the LIEA funding factor. To opt out, the utility would have to annually file a notice with the MPSC by July 1. If a utility opted out, it could not shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account (generally speaking, shut-off for nonpayment is prohibited only for certain categories of customers, such as low-income, seniors, and persons with a disability).

If a utility collects the LIEA funding factor, the money must be remitted to the state treasurer on a monthly basis no later than 30 days after the last day in each calendar month. The utility would have to list the LIEA funding factor as a separate line item on each customer's bill. In addition, the utility, or an association representing a municipally owned electric utility or cooperative electric utility, would have to provide to the MPSC by July 1 the number of retail billing meters it serves in the state that are subject to the LIEA funding factor.

FISCAL IMPACT:

Senate Bill 284 would have a minimal fiscal impact on the Department of Human Services (DHS). The FY 2013-14 DHS budget appropriates \$60.0 million in low-income energy assistance funds for the new Michigan Energy Assistance Program (2012 PA 615), and this bill would provide the funding mechanism for up to \$50.0 million in low-income energy assistance funding¹. The Governor did request, and the Legislature

¹ Revenues drive the amount of funding available to appropriate, so the FY 2013-14 DHS budget would be overstating how much low-income energy assistance funding is available.

provided, 1.0 additional FTE funded with low-income energy assistance funds to administer the Michigan Energy Assistance Program.

Senate Bill 284 (H-1) would have a fiscal impact on the Michigan Public Service Commission (PSC) to the extent that the PSC would have to utilize staff to approve and oversee the collection of the Low-Income Energy Assistance (LIEA) Funding Factor and ensure, to the extent possible, that the revenue generated by the LIEA Funding Factor is expended for low-income energy assistance within the geographical area from which it was collected.² SB 284 (H-1) does not include a separate appropriation for the PSC to administer the LIEA program.³

SB 284 (H-1) would also have a nominal, yet indeterminate, fiscal impact on municipally-owned electric utilities to the extent that such utilities would either have to: 1) collect and remit revenue generated by the LIEA Funding Factor to the PSC on a monthly basis, or 2) annually file a notice with the PSC to opt out of the LIEA program and thus forfeit its ability to shut-off service to any residential customer during the heating season.

The PSC estimates that there are approximately 5.0 million electric customers in Michigan, with a roughly similar number of meters for the purposes of estimating a LIEA Funding Factor, and that the number of residential (i.e. single-family detached home) customers with more than one meter is negligible. Dividing the total annual amount, stipulated by SB 284 (H-1), that may be generated by the LIEA Funding Factor (\$50.0 million) by the estimated number of electric meters (5.0 million) in the state, results in a per customer LIEA Funding Factor of \$10 per year, or \$0.83 per month, assuming that no electric utilities opt out of collecting the LIEA Funding Factor.

Legislative Analyst: Susan Stutzky
 Fiscal Analyst: Paul Holland
 Kevin Koorstra

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

² It is not entirely clear by what means or with what statutory authority the PSC would be able to "ensure" that revenue generated by the LIEA Funding Factor was expended in area from which it was collected, since SB 284 (H-1) appropriates the LIEA Funding Factor revenue to the Department of Human Services (DHS) pursuant to 2012 PA 615. 2012 PA 615 does stipulate that, if DHS contracts with public or private entities to provide energy assistance, it shall do so in consultation with the PSC.

³ Under the now defunct Low-Income Energy Efficiency Fund program (LIEEF), administrative costs of the PSC were not supported with the LIEEF funds but rather with public utility assessments levied on utilities by the PSC under the Costs of Regulating Public Utilities act of 1972. The PSC did not separately account for the administrative costs of the LIEEF program which was administered by PSC staff who were also engaged in administering unrelated responsibilities. As of the date this analysis was prepared, the PSC has not provided an estimate of the costs to administer the LIEA program if SB 284 (H-1) is enacted.

Michigan Energy Assistance Program Frequently Asked Questions

Q. What is the Michigan Energy Assistance Program?

- A. On March 28, 2013 [Public Act 615](#) of the Michigan Public Acts of 2012 was enacted creating the Michigan Energy Assistance Act that requires the Michigan Department of Human Services (DHS) to establish and administer the Michigan Energy Assistance Program (MEAP). The purpose of the MEAP is to establish and administer programs statewide that provide energy assistance to eligible low-income households. Energy assistance programs must include services that enable participants to become or move toward becoming self-sufficient, including assisting participants in paying their energy bills on time, assisting participants in budgeting for and contributing to their ability to provide for energy expenses, and assisting participants in utilizing energy services to optimize on energy efficiency.

On July 1, 2013 [Public Act 95](#) of the Michigan Public Acts of 2013 was enacted creating the Low-Income Energy Assistance Fund (LIEAF) charging the Michigan Department of Human Services with expending money from the fund as provided by the Michigan Energy Assistance Act. The Act allows the Michigan Public Service Commission (MPSC) to annually approve a low-income energy assistance funding factor, not to exceed \$50,000,000, to support the LIEAF.

On July 29, 2013, in Case No. [U-17377](#), the MPSC adopted a funding factor of 99 cents per meter per month for all Michigan electric utilities that have opted to participate in the funding of the LIEAF, effective for the September 2013 billing month.

Q. What is the DHS State Emergency Relief (SER) Program?

- A. The State Emergency Relief (SER) Program provides immediate help to individuals and families facing conditions of extreme hardship or for emergencies that threaten health and safety. Through a combination of direct financial assistance and contracts with a network of non-profit organizations SER helps low-income households meet emergency needs such as:

- Heat & Utilities
- Home Repairs
- Relocation Assistance
- Home Ownership Services
- Burial

The SER program is primarily designed to maintain low-income households who are normally able to meet their needs but occasionally need help when unexpected emergency situations arise. The SER program is not an appropriate solution to ongoing or chronic financial difficulties.

Q. What is the difference between SER and MEAP?

- A. SER is supported by federal LIHEAP (Low-Income Home Energy Assistance Program) funds. The SER funds administered by DHS are intended to avoid emergency situations (i.e., loss of a utility connection posing a risk to health and safety). Under DHS policy, SER funds are only available when there has been a shut off or threat of a shut off. DHS policy provides as follows: “When the group’s heat or electric service for their current residence is in past due status, in threat of shut off or is already shut off and must be restored, payment may be authorized to the enrolled provider. The amount of the payment is the minimum necessary to prevent shut off or restore service, not to exceed the fiscal year cap. Payment must

resolve the emergency by restoring or continuing the service for at least 30 calendar days. Current bills that are not subject to shut off should not be included in the amount needed.”

To be eligible to receive SER benefits an individual must be at or below 150% of the federal poverty level, and be in threat of having his/her power shut off or loss of utility connection due to shut off. The SER cap per household is \$450 each for natural gas and non-heat electric service.

MEAP is supported by a combination of LIEAF and LIHEAP funds. MEAP funds are intended for preventative programs designed to help low-income customers reach energy self-sufficiency. These funds are subject to the limitations set forth in 2012 PA 615. To be eligible to receive assistance from a MEAP provider an individual must be at or below 150% of federal poverty level, and must have a past due notice an energy bill for his or her household. The amount of energy assistance available per household varies from one MEAP provider to another.

Q. How does a low-income household apply for or gain access to MEAP assistance?

A. Below is a list of MEAP providers; click on the organization name for additional information. Low-income households can also contact [United Way 2-1-1](#) for information regarding MEAP providers in their county.

- [Barry County United Way](#)
- [Consumers Energy Company](#)
- [DHS – Bureau of Community Action and Economic Opportunity](#)
- [Downriver Community Conference](#)
- [DTE Energy](#)
- [Flat River Outreach Ministries, Inc.](#)
- [Lighthouse Emergency Services](#)
- [Michigan Community Action Agency Association](#)
- [SEMCO ENERGY Gas Company](#)
- [Society of St. Vincent de Paul of the Archdiocese of Detroit](#)
- [Superior Watershed Partnership](#)
- [The Heat and Warmth Fund](#)
- [The Salvation Army](#)
- [TrueNorth Community Services](#)

Q. What is the “crisis season,” what is the “heating season,” and when are customers of opt-out utilities protected from shut off?

A. The “crisis season” is the period from November 1 through May 31. State law requires that 70% of MEAP grant funds must be spent during that time.

The “heating season” is the period from November 1 through March 31. The MPSC rules and state law require all regulated natural gas and electric companies, municipally owned utilities and some electric cooperatives to provide shutoff protection for senior citizens and low-income customers who are enrolled and meeting the requirements of a Winter Protection Program.

From November 1 through April 15 residential customers of electric utilities, municipally owned electric utilities, or cooperative electric utilities that elected to not collect a low-income energy assistance funding factor are protected from shut off.

Q. Is a DHS decision letter required before a low-income household can seek energy assistance from a MEAP provider?

A. No, that is a benefit of MEAP; a decision letter from DHS is NOT required.

Q. Are low-income households required to seek energy assistance services from SER prior to seeking energy assistance from a MEAP provider?

A. No. In the past low-income households were required to seek SER assistance prior to seeking energy assistance from other agencies.

With the creation of the MEAP, low-income households are encouraged to first seek energy assistance from MEAP providers and continue working with one MEAP provider through the heating season.

Q. Can a low-income household receive SER benefits and subsequent MEAP energy assistance?

A. MEAP providers may assist DHS customers who have received SER benefits at their discretion and according to their program requirements.

There are instances where the DHS-established SER cap for fiscal year 2014 may not resolve the emergency; in these cases the low-income household would be referred to a MEAP provider if additional assistance is needed.

Low-income households enrolled in Consumers Energy's CARE program cannot apply for SER energy benefits from DHS for their Consumers Energy bill until November 1, 2014; and likewise if a CARE participant is removed from the CARE program for non-payment he/she cannot apply for SER energy benefits until November 1, 2014.

Low-income households enrolled in DTE's LSP program that are struggling to make payments or that have been terminated from the LSP program may not be eligible for fiscal year 2014 SER benefits. However, they could be eligible for assistance from other MEAP agencies if an agency determines extenuating circumstances or hardship.

If a low-income household needs additional SER support after seeking assistance from a MEAP energy assistance provider, efforts to access those funds should be coordinated between the MEAP agency, DHS and the client.

It is anticipated that if a household works first with a MEAP service provider, the household will continue working with that agency for any energy assistance needed during the 2014 heating season.

The ultimate goal is that one MEAP service provider will resolve a low-income household's energy crisis in full resulting in a convenient, customer-friendly system for distributing energy assistance to eligible low-income households.

Q. Is there a cap on the dollar amount of MEAP assistance a low-income household can receive?

A. 2012 PA 615 does not impose a cap on the dollar amount of energy assistance available to an eligible low-income household. The dollar amount of energy assistance available per household varies from one MEAP provider to another.

Q. Can a low-income household be assisted more than one time during the crisis season?

A. The number of times a low-income household can be assisted during the crisis season varies from one MEAP provider to another.

Q. Can a low-income household be assisted with an electric crisis whose home is not heated with electricity?

A. Yes, the intent of the grant is to provide energy assistance program services that will help eligible low-income households meet home energy costs for their primary residence through payment or partial payment of bills for one or more of the following: 1) electricity; 2) natural gas; 3) propane; 4) heating oil; or 5) any other deliverable fuel used to provide heat.

Q. If a low-income household fails to complete a MEAP provider's program, would the household be eligible for the Winter Protection Program?

A. Enrollment in a MEAP provider's program or failure to complete a program does not preclude a low-income household from enrolling in a Winter Protection Program.

Q. Are low-income customers limited to receiving assistance from a certain number of agencies, including not-for-profit and DHS, during the heating season?

A. Low-income households are not required to seek energy assistance services from SER prior to seeking energy assistance from a MEAP energy provider.

It is anticipated that eligible low-income households will work with a single MEAP provider throughout the entire heating season. This will enable the MEAP provider to identify the needs of the household and work with the household to provide energy assistance and other wrap around services, as needed.

Q. Are low-income households limited to receiving assistance from two agencies only, e.g., if a low-income household receives SER assistance and the cap is met, can the low-income household seek help from only one other agency?

A. The MEAP does not include a specific policy stating that a household may or may not work with more than one MEAP provider.

There are instances where the DHS-established SER cap for fiscal year 2014 may not resolve the emergency; in these cases the low-income household would be referred to a MEAP provider if additional assistance is needed.

Low-income households enrolled in Consumers Energy's CARE program cannot apply for SER energy benefits from DHS for their Consumers Energy bill until November 1, 2014; and likewise if a CARE participant is removed from the CARE program for non-payment he/she cannot apply for SER energy benefits until November 1, 2014.

Low-income households enrolled in DTE's LSP program that are struggling to make payments or that have been terminated from the LSP program may not be eligible for fiscal year 2014 SER benefits. However, they could be eligible for assistance from other MEAP agencies if an agency determines extenuating circumstances or hardship.

If a low-income household needs additional SER support after seeking assistance from a MEAP energy assistance provider, efforts to access those funds should be coordinated between the MEAP agency, DHS and the client.

It is anticipated that if a household works first with a MEAP service provider, the household will continue working with that agency for any energy assistance needed during the 2014 heating season.

The ultimate goal is that one MEAP service provider will resolve a low-income household's energy crisis in full resulting in a convenient, customer-friendly system for distributing energy assistance to eligible low-income households.

Q. Are customers who are served by opt-out utilities eligible to receive SER assistance?

- A. The SER funds administered by DHS are intended to avoid emergency situations (i.e., the loss of a utility connection posing a risk to health and safety). Under DHS policy, these funds are only available when there has been a shut off or the threat of a shut off, except in special cases involving health and safety concerns. DHS policy applicable to SER (ERM 301) provides in pertinent part:

“When the group's heat or electric service for their current residence is in past due status, in threat of shut off or is already shut off and must be restored, payment may be authorized to the enrolled provider. The amount of the payment is the minimum necessary to prevent shut off or restore service, not to exceed the fiscal year cap. Payment must resolve the emergency by restoring or continuing the service for at least 30 calendar days. Current bills that are not subject to shut off should not be included in the amount needed.”

In some situations, a customer with a past due notice may be in threat of shut off, but that would not be the case if the provider is legally precluded from disconnecting the customer. Accordingly, DHS does not provide emergency relief in these situations. Rather, a customer in that situation would be advised to seek assistance from the MEAP funds. This is not a new policy. What is new is the number of providers who are legally precluded from shutting off customers during the winter months. In past years, a provider on the Wisconsin-Michigan border was under the same restriction and DHS did not provide SER during the time period when disconnection was not possible.

If the MEAP funds are properly utilized as preventative measures, then DHS should not be “swamped” with SER requests in April, and providers will not have to wait until April, or shut off customers, in order to obtain payment.

Q. Are customers who are served by opt-out utilities eligible to receive MEAP assistance?

- A. Low-income customers of opt-out utilities are eligible to receive MEAP assistance. It does not matter if the utility is participating or opting out of the LIEAF funding factor, all utility customers are eligible to receive assistance through the MEAP grants as long as they meet the eligibility criteria. An electric utility, municipally owned electric utility, or cooperative electric utility that elects to not collect a low-income energy assistance funding factor under this section shall not shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account.

Q. Is the dollar amount of assistance ultimately available to a low-income customer the same regardless of whether or not he/she is a customer of an opt-out utility?

- A. The dollar amount of energy assistance available to eligible low-income households is the same regardless of whether or not the household is a customer of an opt-in or opt-out utility.

The MEAP requires that any payment made on behalf of an energy customer must resolve the crisis/emergency for at least 30 days.

The MEAP does not impose a cap on the dollar amount of energy assistance that can be provided to a low-income household, and does not impose a cap on the number of times a payment can be made on behalf of a low-income household. Individual MEAP providers, based on their specific program, may have a cap on the dollar amount of assistance provided or the number of payments that can be made on behalf of a household.

Q. Do the local DHS case workers understand the MEAP program and how a low-income customer can gain access to MEAP assistance?

A. Information has been distributed to DHS local office staff and management. They have received the MEAP provider fact sheets and other procedural information. The MEAP provider fact sheets are available on the MPSC website at www.michigan.gov/MPSC.

Q. Are DHS case workers advising low income customers of opt-out utilities they are not eligible for SER funds but not to worry, the utility cannot disconnect until April 15?

A. The local offices have been provided the list of providers who opted out of the surcharge and have been instructed to refer those customers to the participating MEAP providers in their area for help with the utility bill prior to April 15th. Local offices are not telling clients not to worry but telling them to contact the MEAP provider in their area for assistance prior to April 15.

Q. Some opt-out utilities have had caseworkers tell them to continue referring low income customers to them and they will direct them to possible other agencies. They have been told by other caseworkers that they cannot refer these customers to other agencies because in April they will not be eligible for DHS funds if they have received funding from other agencies. Which caseworker is correct?

A. Customers do not have to seek DHS assistance (or receive a denial for SER), prior to requesting assistance from a MEAP provider. DHS has not released any policy prohibiting a customer from receiving MEAP assistance and SER (LIHEAP) assistance.

Q. What are DHS' plans for dealing with low-income households that come off shut off protection in April with large arrearages that apply for SER?

A. It is anticipated that customers will seek assistance from MEAP providers, as needed, and prior to April. Energy providers may want to refer customers with large account arrearages to participating MEAP providers in their service territory. From a SER perspective, this is no different than it has been in the past for those coming off winter protection or senior protection plans, except with the benefit that MEAP funding is available to qualifying households prior to the end of winter protection programs.

Q. Will there be adequate funding?

A. The amount of SER/LIHEAP crisis funds is less than previous years since money was allocated to the MEAP program.

- Q. Is there information that opt-out utilities should be including in delinquent customers' utility bills that would increase their chances of accessing the SER funds in April?**
- A. As previously stated, energy providers should advise customers that assistance is currently available through MEAP providers.
- Q. How far in advance of the April 16, 2014 date can low-income customers from opt-out utilities go to DHS for assistance?**
- A. April 1, 2014.
- Q. DHS normally requires a 10 day hold period to determine eligibility. When will the 10-day clock start for opt-out utilities?**
- A. The Standard of Promptness for a SER application is 10 days which starts the date DHS receives the application.
- Q. Should opt-out utilities advise their low-income customers to contact their DHS caseworker for a "denial" before they contact possible other agencies for help?**
- A. No, that is a benefit of MEAP; a DHS denial is not needed to receive assistance.
- Q. Are MEAP providers allowed to exclude Medicare premiums when calculating a low-income household's income?**
- A. MEAP providers are allowed to deduct Medicare premiums when calculating a low-income household's income for eligibility purposes.
- Q. Are MEAP providers allowed to exclude Foster Care payments when calculating a low-income household's income?**
- A. MEAP providers are allowed to deduct Foster Care payments (made by the State of Michigan) when calculating a low-income household's income for eligibility purposes.
- Q. Are MEAP providers allowed to exclude DHS food assistance benefits when calculating a low-income household's income?**
- A. MEAP providers are allowed to deduct DHS food assistance benefits when calculating a low-income household's income for eligibility purposes.
- Q. Can MEAP providers assist eligible low-income individuals that receive and pay their utility bills through a third-party utility bill management company?**
- A. Payment to a third-party billing company is not allowed. All payments must be in the form of a voucher or direct payment to the utility provider, cooperative, or distributor of deliverable fuel. Specifically, MEAP payments to residential landlords, residential management companies, billing service agencies, or collection agencies are not allowed.

Q. Can MEAP providers use a portion of the funds allowed to be used outside of the crisis season to pay for utility bills for services provided to the customer outside of the crisis season, e.g., if a low-income customer is unable to pay for utility service provided in the month of July, can they be assisted using MEAP funds?

A. The MEAP does not include a specific policy addressing these circumstances; however, 2012 PA 615 does specifically state that the intent is to assist low-income households with payment of bills for all sources of energy used to provide heat.

The requirement that not more than 30% of the funds received by the MEAP provider shall be spent outside of the crisis season means that “actual grant funds spent” after May 31 will count toward the 30%. Bills that are paid in November do not count toward the 30% because the grant funds are being spent between November 1 and May 31. However, bills paid in June will count toward the 30% because the grant funds are being spent after May 31.

Q. Can MEAP funds be used for cooling assistance?

A. The MEAP does not specifically indicate that funding cannot be used for cooling assistance; however the act describes energy assistance as “a program to assist eligible low-income households in meeting their home energy costs for their primary residence through payment or partial payment of bills for one or more of the following:

- (i) Electricity
- (ii) Natural gas
- (iii) Propane
- (iv) Heating oil
- (v) Any other deliverable fuel used to provide heat.”

Q. If a propane provider fills an eligible low-income household’s heating fuel/propane tank that is over 25% capacity, can the fill be paid with MEAP funds?

A. MEAP standards for receiving funds do not define the fuel/propane tank capacity level as a determining factor for providing assistance.

2012 PA 615 states if a residential fuel tank is “estimated to contain not more than 25% of its heating fuel capacity” (key word being estimated).

Determining the level of fuel remaining in a propane tanks is not an exact science. Since the capacity in fuel tanks changes based on the weather, there is no real way to determine the fuel capacity accurately based on the amount of capacity filled during delivery.

Based on information received from the Michigan Propane Association, a propane company, and other sources, the following trends are customary for propane customers:

- In order to accommodate for propane’s tendency to expand as the temperature warms, propane tanks are generally filled only to 80% - 85% capacity. This is standard practice in the propane industry. A MEAP provider may assume from a bill that states 55% of the tank capacity was delivered that the tank was at 45% (100% minus 55% equals 45%). However, 55% delivered plus 25% before the fill equals 80% capacity, which is the guideline used by propane companies.

- “Will call customers” are asked to schedule delivery when their gauge reaches 30%.
- If the tank runs out there is a \$75 charge because lines must be re-pressurized.
- Propane companies generally charge a fee (around \$75) when a customer requests same day or next day refueling services.
- Generally at least 50% of customers are on automatic fill.
- Budget billing is designed to evenly spread propane costs throughout the year. Rather than allowing a large balance to build up in the colder months when budgets might already be stretched thin.

Q. What are the TANF eligibility requirements?

A. TANF eligible clients are low-income households with:

- (a) a related child under age 18,
- (b) an unemancipated child, age 18 or under, who is a full-time high school student living with an adult caretaker; or
- (c) a pregnant woman living in the home.

Q. What utilities opted out of the LIEAF funding factor?

A. The following utilities opted out:

- Alpena Power Company
- Bayfield Electric Cooperative
- Charlevoix, City of
- Cloverland Electric Cooperative
- Coldwater Board of Public Utilities
- Croswell Municipal Light & Power Department
- Crystal Falls, City of
- Daggett Electric Department
- Detroit Public Lighting Department
- Dowagiac, City of
- Eaton Rapids, City of
- Escanaba, City of
- Gladstone, City of
- Grand Haven Board of Light and Power
- Great Lakes Energy Cooperative
- Harbor Springs, City of
- Hart Hydro, City of
- Holland Board of Public Works
- HomeWorks Tri-County Electric Cooperative
- L’Anse, Village of
- Lansing Board of Water & Light

- Marquette Board of Light and Power
- Ontonagon Co. Rural Electrification Association
- Paw Paw, City of
- Portland, City of
- Sebewaing, City of
- South Haven, City of
- Stephenson, City of
- Sturgis, City of
- Traverse City Light & Power
- Upper Peninsula Power Company
- Wakefield, City of
- Wisconsin Public Service Corporation
- Wisconsin-Electric Power Company d/b/a/ We Energies
- Wyandotte Department of Municipal Service
- Zeeland Board of Public Works

Q. What utilities are participating in the LIEAF funding factor?

A. The following utilities are participating:

- Alger-Delta Cooperative Electric Association
- Baraga, Village of
- Bay City, City of
- Chelsea Department of Electric and Water
- Cherryland Electric Cooperative
- Clinton, Village of
- Consumers Energy Company
- DTE Electric Co. f/k/a Detroit Edison Company
- Hillsdale Board of Public Utilities
- Indiana Michigan Power Company
- Lowell Light and Power
- Marshall Electric Department
- Midwest Energy Cooperative
- Negaunee Department of Public Works
- Newberry Water and Light Board
- Niles Utility Department
- Northern States Power Company-Wisconsin
- Norway, City of
- Petoskey, City of
- Presque Isle Electric and Gas Co-op
- St. Louis, City of
- Thumb Electric Cooperative
- Union City Electric Department

CITY OF SOUTH HAVEN
VAN BUREN AND ALLEGAN COUNTIES, MICHIGAN

RESOLUTION NO. 2016-XX

A RESOLUTION TO ENSURE COMPLIANCE WITH PUBLIC ACT 95 OF 2013
BY THE CITY OF SOUTH HAVEN ELECTRIC UTILITY

Minutes of a regular meeting of the City Council of the City of South Haven, Van Buren and Allegan Counties, Michigan, held in the City Hall, 539 Phoenix Street, South Haven, Michigan 49090 on July 5, 2016 at 7:00 p.m. local time.

PRESENT: _____

ABSENT: _____

The following preamble and resolution was offered by Member _____ and supported by Member _____.

WHEREAS, on July 1, 2013, Governor Snyder signed into law Public Act 95 of 2013 establishing a low-income energy assistance fund within the state treasury; and

WHEREAS, Public Act 95 of 2013 requires all electric utilities in Michigan, including municipal utilities, to collect a monthly low income energy assistance funding factor (surcharge) from each customer and to provide the revenues collected to the state treasurer on a monthly basis; or

WHEREAS, Public Act 95 of 2013 permits an electric utility to not collect the low income energy assistance funding factor by annually filing notice with the Public Service Commission by July 1 of each year; and

WHEREAS, an electric utility that elects not to collect the low income energy assistance funding factor may not shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account.

NOW, THEREFORE BE IT RESOLVED that the City of South Haven elects to not collect the low income energy assistance funding factor between July 1, 2016 and June 30, 2017.

BE IT FURTHER RESOLVED that the City Manager is instructed to notify the Public Service Commission of the City's intention to not collect the low income energy assistance funding factory no later than July 1, 2015.

BE IT FURTHER RESOLVED that the City of South Haven will not shut off service to any residential customer between November 1, 2016 and April 15, 2017 for nonpayment of a delinquent account.

BE IT FURTHER RESOLVED, that this resolution shall take effect upon passage by the City Council.

RECORD OF VOTE:

Yeas: _____

Nays: _____

RESOLUTION DECLARED ADOPTED

Robert G. Burr, Mayor

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council at a meeting held on the 5th day of July, 2016, at which meeting a quorum was present, and that this resolution was ordered to take immediate effect. Public notice of said meeting was give pursuant to and in compliance with the Open Meetings Act, Act No. 167 of the Public Acts of Michigan 1976 (MCL 15.261 *et seq*).

Travis Sullivan, City Clerk