



# CITY COUNCIL MEMORANDUM

September 22, 2011

**Members:** Maren DeWeese, P.C. Wu, Sam Hall, John Jerrals, Larry B. Johnson, Sherri Myers, Megan B. Pratt, Brian Spencer, Ronald P. Townsend

**TO:** City Council

**FROM:** Maren DeWeese, Council President *MD*

**SUBJECT:** Proposed Ordinance No. 21-11 – Ordinance Amendment – Fees for Natural Gas Utility Service

**RECOMMENDATION:**

That City Council approve Proposed Ordinance No. 21-11 on second reading.

**SUMMARY:**

The proposed amendment makes two changes to Energy Services of Pensacola's (ESP) fee structure. The first change adds a fee to recover ESP's cost for work on its distribution system when customers or contractors request the relocation of a main or service line on the ESP side of the meter for their convenience. ESP has no current fee structure to charge the customer for the labor and materials.

The second change is to reinstate installation services and a gas piping fee to provide ESP the ability to work with outside plumbing contractors for gas piping services. ESP proposes to develop a program in partnership with local plumbers to retain and grow customers through the promotion of natural gas appliances. The program would incorporate promotion and advertising with the plumbers, acquisition of inventory by ESP to lower installation costs and provisions for customer billing services.

The intent of the program is not only to retain and grow the customer base of ESP but to also promote and encourage the expansion of SBE's (Small Business Enterprise) working in cooperation with ESP. ESP will provide certification training for installation with the expectation that participants will become SBE certified.

**PRIOR ACTION:**

October 2008 – Eliminated installation services.

September 8, 2011 – City Council approved Proposed Ordinance No. 21-11 on first reading.

**FUNDING:** Budget: N/A  
Actual: N/A

**ATTACHMENTS:** Proposed Ordinance No. 21-11

**PRESENTATION:** No.

PROPOSED  
ORDINANCE NO. 21-11

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AN ORDINANCE  
TO BE ENTITLED:

AN ORDINANCE AMENDING SECTION 10-4-16 OF THE CODE OF THE CITY OF PENSACOLA ENTITLED: "INSTALLATION OF SERVICES"; PROVIDING FOR SEVERABILITY; REPEALING CLAUSE; PROVIDING AN EFFECTIVE DATE:

BE IT ORDAINED BY THE CITY OF PENSACOLA, FLORIDA:

SECTION 1. Section 10-4-16 of the Code of the City of Pensacola Florida, are hereby amended to read:

**10-4-16: Installation of Services**

(a) The city will install for any new customer of its gas service a service line measuring from the gas main to the proposed meter site. For such portion of any such service line, the customer shall pay an installation charge equal to the cost of such installation minus the estimated net first annual revenue to the city derived from the sale of gas at the service address, such estimate to be determined by a representative of Energy Services of Pensacola. There shall be no installation charge if the estimated net first annual revenue exceeds the cost of installation.

(b) The city may perform work on its distribution system upon customer or contractor request. Where applicable, the customer or contractor will pay a charge to offset the labor and materials expense as determined by a representative of Energy Services of Pensacola.

(c) The city will offer installation services for natural gas piping and natural gas appliances. Services include but are not limited to gas piping installation for cell towers, natural gas generators, water heater replacements, water heater conversions, miscellaneous house piping, and subcontracting services to builders in the new home construction market throughout the ESP franchise area. Pricing is based on standard vehicle costs, labor costs including overhead plus a moderate markup over cost that will not exceed 20%. Any applicable rebates will be deducted from the installation charge. Work may be done by outside contractor or ESP staff.

SECTION 2. If any word, phrase, clause, paragraph, section or provision of this ordinance or the application thereof to any person or circumstance is held invalid or unconstitutional, such finding shall not affect the other provision or applications of the ordinance which can be given effect without the invalid or unconstitutional provisions or application, and to this end the provisions of the ordinance are declared severable.

SECTION 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 4. This ordinance shall take effect at 12:01 AM, October 1, 2011.

Passed: September 22, 2011

Approved: Marc DeWeese  
President of the City Council

Attest:

Triche L. Bennett  
City Clerk

Legal in form and valid if

Enacted:

[Signature]  
City Attorney