



# City of Palo Alto

## City Council Staff Report

(ID # 10713)

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**Report Type: Consent Calendar**

**Meeting Date: 10/21/2019**

**Summary Title: City of Palo Alto Utilities Rules and Regulations Changes**

**Title: Adoption of a Resolution Amending Utilities Rules and Regulations 2 (Description and Abbreviations), 3 (Description of Utility Services), 4 (Application of Service), 7 (Deposits), 8 (Access to Premises), 9 (Disconnection, Termination and Restoration of Service), 13 (Shortage of Supply and Interruption of Service), 15 (Metering), 16 (Line Extension), 18 (Utility Service and Facilities on Customer Premises), 20 (Special Electric Utility Regulations), 21 (Special Water Utility Regulations), 22 (Special Gas Utility Regulations), 23 (Special Wastewater Utility Regulations), 24 (Special Refuse Service Regulations), 25 (Special Storm and Surface Water Drainage Utility Regulations), and 29 (Net Energy Metering Service, Billing and Interconnection)**

**From: City Manager**

**Lead Department: Utilities**

### **Recommendation**

Staff recommends that Council adopt the Resolution (Attachment A) amending Utilities Rules and Regulations 2, 3, 4, 7, 8, 9, 13, 15, 16, 18, 20, 21, 22, 23, 24, 25 and 29, as attached.

### **Executive Summary**

Utilities Rules and Regulations (Rules) are updated as needed to ensure current procedures are in place to continue City of Palo Alto Utilities (CPAU) operations. The recommended changes to the various Rules and Regulations add new provisions, remove outdated sections, update language for clarity, and reflect changes to applicable regulations, business practices and procedures.

### **Background**

Utilities staff updates the Rules on a periodic basis to reflect current operational procedures and provide language clarification. The Rules have been updated three times in the past 13 years. Only significant program or policy changes are brought forward to the UAC for review and discussion such as (Rule 29) NEM 2.0 ([UAC Report 10-5-16](#)), (Rule 11) Water Leak Credit ([UAC Report 12-6-17](#)), and (Rule 20) Special Facilities Fees ([UAC Report 4-9-19](#)). Most of the

changes do not impact long range planning, policies or programs. The changes mainly reflect daily operational changes and procedures that are currently in place.

## **Discussion**

Twenty-nine Utilities Rules set forth the conditions under which the City provides utility services from both the Utilities Department (electric, natural gas, water, wastewater, fiber optic) and the Public Works Department (refuse, storm drain). The Rules are updated on as-needed basis to reflect current standards and business practices, and to streamline language to make the rules more user-friendly and provide for ease of administration. Each of the Rules below includes changes reflecting this approach; additional specific edits are noted below, and redlined copies of each rule are available online with links provided in Attachment B.

## **Utilities Rules and Regulations (2, 3, 4, 7, 8, 9, 13, 15, 16, 18, 20, 21, 22, 23, 24, 25 and 29)**

### Utilities Rule and Regulation 2 (Definitions and Abbreviations)

Rule and Regulation 2 describes commonly used industry acronyms and the definitions of various terms used throughout Rules. Some terms were not previously defined in the section and the rule is being revised to include these terms, including proposed amendments to add and/or update the definitions for Net Energy Metering and other NEM-related program terms, Energy Storage Facility, Private Lateral, Sewer Lateral, Upper Sewer Lateral, and Lower Sewer Lateral.

### Utilities Rule and Regulation 3 (Description of Utility Services)

The recommended amendments to Rule 3 offer minor edits to aspects of electric service delivery and equipment requirements, as well as additional information about how CPAU can assist customers in identifying acceptable screening options for electric service equipment.

### Utilities Rule and Regulation 4 (Application for Service)

The recommended amendments to Rule 4 clarify aspects of the application process for new customers of City utilities services.

### Utilities Rule and Regulation 7 (Deposits)

The recommended amendments to Rule 7 include a provision to waive the deposit requirement for customers with an “Excellent” credit rating when moving from one premise to another and limits the deposit return to names on listed on the customer account.

### Utilities Rule and Regulation 8 (Access to Premises)

The recommended amendments to Rule 8 generally clarify access requirements needed to provide service and stipulate that access to the premises is also required for contractors hired by CPAU or applicants who have a need to access utility facilities as required for new service connections.

#### Utilities Rule and Regulation 9 (Disconnection, Termination, and Restoration of Service)

The recommended amendments to Rule 9 clarify procedures governing service disconnection and termination, provide updated information on how to contact CPAU for averting discontinuation of service for nonpayment, and set forth billing adjustment policies required for consistency with state law.

#### Utilities Rule and Regulation 13 (Shortage of Supply and Interruption of Utility Services)

The recommended amendments to Rule 13 update the situations in which CPAU may schedule customer-requested service and allows customers to request work-related service interruptions outside of normal business hours, subject to conditions and cost-recovery.

#### Utilities Rule and Regulation 15 (Metering)

The recommended amendments to Rule 15 stipulate that meter locations must comply with Utility Standards, and updates requirements for meter test deposit waivers. The proposed changes include a new section addressing water meters for Multi-unit Structures constructed after January 1, 2018, for consistency with state law.

#### Utilities Rule and Regulation 16 (Line Extensions)

The recommended amendments to Rule 16 address upgrading utility infrastructure in developed areas with undersized facilities.

#### Utilities Rule and Regulation 18 (Utility Service and Facilities on Customer Premises)

The recommended amendments to Rule 18 specify additional requirements for certain specific types of service, including sewer backwater valves, gas house-line stub outs, shutoff valves and by-pass facilities. The amendments also clarify the ownership of and responsibility for various types of CPAU facilities.

#### Utilities Rule and Regulation 20 (Special Electric Utility Regulations)

The recommended amendments to Rule 20 clarify equipment installation responsibilities and describe situations in which special facilities charges may apply. The attached Rule 20 reflects changes Council recently approved via ([City Council Staff Report #10230 9-16-19](#)), which added Section K, Neighborhood Funding of Subsurface Equipment.

#### Utilities Rule and Regulation 21 (Special Water Utility Regulations)

The recommended amendments to Rule 21 update (1) the number of services allowed for a building or other Customer Premises, (2) that other water sources such as reclaimed water and shall be used for consolidation of backfill and other nondomestic uses in construction sites if available, and (3) that Backflow Protection Assembly Testers must be registered with CPAU.

The proposed amendment also changes the dollar value threshold which triggers water service upgrades on new residential construction or remodeling projects. Customers are currently required to upgrade the water service's current standard size and/or material when the existing material is non-plastic or copper and when the construction/remodel cost is

greater than \$100,000 for residential projects and \$300,000 for commercial projects. The amendment increases the residential requirement threshold from \$100,000 to \$200,000. The current requirement threshold of \$300,000 for commercial projects remains the same.

#### Utilities Rule and Regulation 22 (Special Gas Utility Regulations)

The recommended amendments to Rule 22 clarify the customer's responsibility to ensure existing gas facilities on the customer's property are capable of being maintained by CPAU and describe situations when rerouting, permitting and inspection costs will be the customer's responsibility.

#### Utilities Rule and Regulation 23 (Special Wastewater Utility Regulations)

The recommended amendments to Rule 23 remove duplicative discharge requirements for liquid waste and update requirements for industrial discharges. The amendments also clarify the responsibilities of the City and the customer for wastewater infrastructure, including sewer laterals, the wastewater main, and sewer cleanouts (present or not present) in the Public-Right-of-Way, private property, and inside an easement.

The recommended amendment replaces the original upgrade requirement for compromised sewer laterals serving new construction or remodels, with a requirement that Lower Sewer Laterals must be replaced if the Lower Sewer Lateral must be realigned and reconnected to the Wastewater Main at a new location as a result of the new construction or remodel.

The proposed changes to the Sewer Backflow Protection requirement reflect the recent modifications to Chapter 16.08.110 Section 710.1 of the Municipal Code that require the installation of an approved backwater valve per the latest adopted version of the California Plumbing Code to protect from backflow of sewage fixtures installed on floor levels that are considered ground level or lower.

#### Utilities Rule and Regulation 24 (Special Refuse Service Regulations)

The recommended amendments to Rule 24 clarify aspects of refuse and recycling services and fees, and eliminate duplicate information and requirements currently provided for in municipal code Chapter 5.20.

#### Utilities Rule and Regulation 25 (Special Storm and Surface Water Drainage Utility Regulations)

The recommended amendments to Rule 25 make minor edits to update the name of the stormwater management fee and clarify that renovations are included in the description of developed parcels.

#### Utilities Rules and Regulation 29 (Net Energy Metering Service Billing and Interconnection)

The recommended amendments to Rule 29 update language related to the Net Energy Metering (NEM) services offered by the City to reflect changes in the program rules effective January 1, 2018.

**Resource Impact**

Approval of changes to Utilities Rules and Regulation 2, 3, 4, 7, 8, 9, 13, 15, 16, 18, 20, 21, 22, 23, 24, 25 and 29 will not result in a significant change in net operating revenues or expenses.

**Policy Implications**

These recommendations do not represent a change in current City policies.

**Environmental Review**

The adoption of the resolution amending Utility Rules and Regulations does not meet the definition of a “project” under Public Resources Code 21065 or CEQA Guidelines Section 15378(b)(2), thus no CEQA review of this action is required.

**Attachments:**

- Attachment A: Resolution
- Attachment B: Rules and Regulations Hyperlink List

\*Not Yet Approved\*

Resolution No. \_\_\_\_\_

Resolution of the Council of the City of Palo Alto approving Amendments to Utilities Rule and Regulation 2 (Definitions and Abbreviations), Utilities Rule and Regulation 3 (Description of Utility Services), Utilities Rule and Regulation 4 (Application for Service), Utilities Rule and Regulation 7 (Deposits), Utilities Rule and Regulation 8 (Access to Premises), Utilities Rule and Regulation 9 (Disconnection, Termination, and Restoration of Service), Utilities Rule and Regulation 13 (Shortage of Supply and Interruption of Utility Services), Utilities Rule and Regulation 15 (Metering), Utilities Rule and Regulation 16 (Line Extensions), Utilities Rule and Regulation 18 (Utility Service and Facilities on Customer Premises), Utilities Rule and Regulation 20 (Special Electric Utility Regulations), Utilities Rule and Regulation 21 (Special Water Utility Regulations), Utilities Rule and Regulation 22 (Special Gas Utility Regulations), Utilities Rule and Regulation 23 (Special Wastewater Utility Regulations), Utilities Rule and Regulation 24 (Special Refuse Service Regulations), Utilities Rule and Regulation 25 (Special Storm and Surface Water Drainage Utility Regulations), Utilities Rule and Regulation 29 (Net Energy Metering Service, Billing and Interconnection)

The Council of the City of Palo Alto does hereby RESOLVE as follows:

Section 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rule and Regulation 2 (Definitions and Abbreviations) is hereby amended as attached and incorporated. Utility Rule and Regulation 2, as amended, shall become effective October 21, 2019.

Section 2. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rule and Regulation 3 (Description of Utility Services) is hereby amended as attached and incorporated. Utility Rule and Regulation 3, as amended, shall become effective October 21, 2019.

Section 3. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 4 (Application for Service) is hereby amended as attached and incorporated. Utility Rule and Regulation 4, as amended, shall become effective October 21, 2019.

Section 4. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 7 (Deposits) is hereby amended as attached and incorporated. Utility Rule and Regulation 7, as amended, shall become effective October 21, 2019.

\*Not Yet Approved\*

Section 5. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 8 (Access to Premises) is hereby amended as attached and incorporated. Utility Rule and Regulation 8, as amended, shall become effective October 21, 2019.

Section 6. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 9 (Disconnection, Termination and Restoration of Service) is hereby amended as attached and incorporated. Utility Rule and Regulation 9, as amended, shall become effective October 21, 2019.

Section 7. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 13 (Shortage of Supply and Interruption of Utility Services) is hereby amended as attached and incorporated. Utility Rule and Regulation 13, as amended, shall become effective October 21, 2019.

Section 8. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 15 (Metering) is hereby amended as attached and incorporated. Utility Rule and Regulation 15 as amended, shall become effective October 21, 2019.

Section 9. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 16 (Line Extensions) is hereby amended as attached and incorporated. Utility Rule and Regulation 16, as amended, shall become effective October 21, 2019.

Section 10. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 18 (Utility Service and Facilities on Customer Premises) is hereby amended as attached and incorporated. Utility Rule and Regulation 18, as amended, shall become effective October 21, 2019.

Section 11. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 20 (Special Electric Utility Regulations) is hereby amended as attached and incorporated. Utility Rule and Regulation 20, as amended, shall become effective October 21, 2019.

Section 12. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 21 (Special Water Utility Regulations) is hereby amended as attached and incorporated. Utility Rule and Regulation 21, as amended, shall become effective October 21, 2019.

Section 13. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 22 (Special Gas Utility Regulations) is hereby amended as attached and incorporated. Utility Rule and Regulation 22, as amended, shall become effective October 21, 2019.

\*Not Yet Approved\*

Section 14. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 23 (Special Wastewater Utility Regulations) is hereby amended as attached and incorporated. Utility Rule and Regulation 23, as amended, shall become effective October 21, 2019.

Section 15. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 24 (Special Refuse Service Regulations) is hereby amended as attached and incorporated. Utility Rule and Regulation 24, as amended, shall become effective October 21, 2019.

Section 16. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 25 (Special Storm and Surface Water Drainage Utility Regulations) is hereby amended as attached and incorporated. Utility Rule and Regulation 25, as amended, shall become effective October 21, 2019.

Section 17. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 29 (Net Energy Metering Service, Billing and Interconnection) is hereby amended as attached and incorporated. Utility Rule and Regulation 29, as amended, shall become effective October 21, 2019.

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\*Not Yet Approved\*

Section 18. Council finds that the adoption of this resolution amending Utility Rules and Regulations does not meet the definition of a “project” under Public Resources Code 21065 or CEQA Guidelines Section 15378(b)(2), thus no CEQA review of this action is required.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

APPROVED:

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City Clerk

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Mayor

APPROVED AS TO FORM:

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City Manager

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Assistant City Attorney

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Director of Utilities

Adoption of a Resolution Amending Utilities Rules and Regulations 2 (Description and Abbreviations), 3 (Description of Utility Services), 4 (Application of Service), 7 (Deposits), 8 (Access to Premises), 9 (Disconnection, Termination and Restoration of Service), 13 (Shortage of Supply and Interruption of Service), 15 (Metering), 16 (Line Extension), 18 (Utility Service and Facilities on Customer Premises), 20 (Special Electric Utility Regulations), 21 (Special Water Utility Regulations), 22 (Special Gas Utility Regulations), 23 (Special Wastewater Utility Regulations), 24 (Special Refuse Service Regulations), 25 (Special Storm and Surface Water Drainage Utility Regulations), and 29 (Net Energy Metering Service, Billing and Interconnection)

- RULE AND REGULATION 2 - **DEFINITIONS AND ABBREVIATIONS**
- RULE AND REGULATION 3 - **DESCRIPTION OF UTILITY SERVICES**
- RULE AND REGULATION 4 - **APPLICATION FOR SERVICE**
- RULE AND REGULATION 7 - **DEPOSITS**
- RULE AND REGULATION 8 - **ACCESS TO PREMISES**
- RULE AND REGULATION 9 - **DISCONNECTION, TERMINATION AND RESTORATION OF SERVICE**
- RULE AND REGULATION 13 - **SHORTAGE OF SUPPLY AND INTERRUPTION OF UTILITY SERVICES**
- RULE AND REGULATION 15 - **METERING**
- RULE AND REGULATION 16 - **LINE EXTENSIONS**
- RULE AND REGULATION 18 - **UTILITY SERVICE AND FACILITIES ON CUSTOMER PREMISES**
- RULE AND REGULATION 20 - **SPECIAL ELECTRIC UTILITY REGULATIONS**
- RULE AND REGULATION 21 - **SPECIAL WATER UTILITY REGULATIONS**
- RULE AND REGULATION 22 - **SPECIAL GAS UTILITY REGULATIONS**
- RULE AND REGULATION 23 - **SPECIAL WASTEWATER UTILITY REGULATIONS**
- RULE AND REGULATION 24 - **SPECIAL REFUSE SERVICE REGULATIONS**
- RULE AND REGULATION 25 - **SPECIAL STORM AND SURFACE WATER DRAINAGE UTILITY REGULATIONS**
- RULE AND REGULATION 29 - **NET ENERGY METERING SERVICE, BILLING AND INTERCONNECTION**