

Decision No. 80805

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
Great Western Environment, Inc., a )  
California corporation, to sell its )  
water system in the area known as )  
Westmont to Palmdale Irrigation )  
District under Section 851 of the )  
Public Utilities Code. )

Application No. 53648  
(Filed October 16, 1972)

O P I N I O N

By this application, Great Western Environment, Inc. (Great Western) seeks authority to sell and transfer that portion of its public water utility operations known as the Westmont System, located near Palmdale, Los Angeles County, to the Palmdale Irrigation District (District). The District joins in the application.

According to undated escrow instructions attached to the application, Great Western proposes to transfer approximately 90 service connections and the related mains, services, meters, pumps, tanks, wells, plant sites, and easements to District. One well site is excluded from the transfer. As consideration for the transfer, the District has agreed to pay Great Western \$75,000. The escrow instructions provide that the escrow will be invalid and void if free and clear title cannot be delivered by Great Western by October 24, 1972. This date is eight days after the filing of the application and is now, of course, well past. The escrow instructions contain a provision that it is understood that the sale is subject to the approval of this Commission.

The application is silent as to the amount and disposition of advances for construction and customers' deposits, if any. Annual reports to the Commission are of no help in ascertaining the amounts of these items since, despite the requirements of this Commission's

General Order No. 104-A, Filing of Annual Reports by Public Utilities, no annual report has been filed since that for the year ended December 31, 1969.

On November 5, 1970 all water utilities under this Commission's jurisdiction were notified of this Commission's Resolution No. FA-503, dated November 4, 1970, which resolution stated, in part,

"BE IT FURTHER RESOLVED that any Class D Water Utility that fails to file an annual report for the preceding calendar year by March 31, or such date as may be set by the Commission, shall pay a penalty of \$50, plus \$25 additional for each month or portion thereof the report remains delinquent, after the month in which the delinquency occurs."

We take official notice of the most recently filed annual report, that for the year ended December 31, 1969, which report showed total operating revenues of \$7844.77, thus indicating Great Western to be, at that time, a Class D water utility. The order which follows will provide that authority for the transfer shall not become effective until Great Western has filed the reports required by General Order No. 104-A and paid the penalties established by Resolution No. FA-503.

The staff has prepared a memorandum concerning the proposed transfer, which memorandum is hereby received in evidence as Exhibit 1. The staff believes the transfer would be in the public interest but takes exception to Paragraph VII of the application which states:

"Consumers in the Westmont System have been billed on a minimum rate bases (sic) for the last twenty months. As a result, there is owing to Great Western Environment, Inc. approximately \$4,000 by Consumers of Westmont for water used above the amount corresponding to the minimum rate. Palmdale Irrigation District has agreed to accept payments from Westmont consumers for such water and to give

receipts for payments on behalf of Great Western Environment, Inc.

"Such amounts will be turned over to Great Western Environment monthly until each account is current or deemed uncollectable [sic]. The excess amounts due for the last twenty months were determined by subtraction [sic] the minimum rate from the total amount billed in prior years for the corresponding period."

The application does not explain why customers were not billed at the quantity rates. The staff memorandum states that informal complaints from applicant's customers and testimony in prior Commission hearings show that Great Western has been negligent in its meter maintenance, meter reading, and billing practices. In 1970 the Commission's staff attempted to correct Great Western's billing records and to establish a basis for metered billings for the utility's customers. The staff found Great Western's records as of that date to be invalid for updating billing practices.

According to Great Western's filed tariffs of which we hereby take official notice, the utility may bill the customer for water consumed while the meter was nonregistering, but not to exceed a period of three months, at the minimum monthly meter rate, or upon an estimate of the consumption based upon the customer's prior use during the same season of the year if conditions were unchanged, or upon an estimate based upon a reasonable comparison with the use of other customers during the same period receiving the same class of service under similar circumstances and conditions.<sup>1/</sup> It appears from the staff memorandum that the practice of rendering bills for the minimum charge only was a result of inoperative meters and failure by the utility to read meters. In the order that follows

---

<sup>1/</sup> Revised Cal. P.U.C. Sheet No. 116-W.

we shall provide that authority for the transfer shall not become effective until Great Western and the District have filed a stipulation that they will not attempt to collect estimated unbilled revenues in excess of the minimum charge for a period longer than three months immediately prior to the date of transfer.

Findings and Conclusions

The Commission finds that:

1. The proposed sale is not adverse to the public interest.
2. The relief of Great Western Environment, Inc. from its public utility obligations relative to the portion of its service area referred to herein, and assumption of those obligations by the District, will not be adverse to the public interest.
3. Great Western Environment, Inc. has not filed annual reports to the Commission for the years 1970 and 1971.
4. The proposed backbilling for unbilled revenues in excess of the minimum charge, for a period exceeding three months, is contrary to the utility's filed tariffs.
5. Great Western Environment, Inc. should, prior to the transfer, refund all refundable advances for construction and customers deposits, if any.
6. A public hearing is not necessary.

The Commission concludes that the application should be granted subject to the conditions set forth in the ensuing order.

O R D E R

IT IS ORDERED that:

1. Great Western Environment, Inc. may, on or after the effective date hereof, sell and transfer to Palmdale Irrigation District the property described in the escrow instructions attached to the application.

2. Within ten days after the closing date of the transfer, Great Western Environment, Inc. shall file with the Commission a statement of the date upon which such transfer became effective.

3. Upon compliance with the conditions of this order, Great Western Environment, Inc. shall stand relieved of all its public utility obligations in the area served by the transferred water system.

4. The effective date of this order will be established by supplemental order when Great Western Environment, Inc. has demonstrated to the satisfaction of the Commission that it has:

- a. Filed annual reports for the years 1970 and 1971.
- b. Paid the penalties imposed by Resolution No. FA-503.
- c. Together with Palmdale Irrigation District, stipulated that it will not attempt to collect unbilled revenues in excess of the minimum charge for a period longer than three months immediately prior to the date of transfer.
- d. Refunded all outstanding advances for construction and customers' deposits, or else filed a statement that there are no such advances or deposits outstanding.

Dated at San Francisco, California, this 12<sup>th</sup> day of DECEMBER, 1972.

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Yernon L. Stegman  
President  
William J. Quora

[Signature]  
[Signature]  
Commissioners