

Decision 84 02 065 FEB 16 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Kathy Wyrick,

Complainant,

vs.

Citizens Utilities Company of
California and subsidiary company
Guerneville Water District,

Defendants.

ORIGINALCase 84-01-05
(Filed January 11, 1984)O P I N I O N

Kathy Wyrick complains that the Guerneville Water District (GWD), which is affiliated with Citizens Utilities Company of California, is assessing unlawful charges through tariffs in violation of our General Order (GO) 103. Specifically she alleges:

1. GWD's tariff provides for an "annual service charge per meter per year" which violates GO 103's provision prohibiting a charge for a "service connection."
2. The same provision of GO 103 is violated by GWD's \$4 charge to establish or reestablish service.
3. The annual service charge, collected in advance when service is instituted, is not returned on a pro-rata basis if a customer terminates service before the end of one year.

Wyrick's complaint is accompanied by a petition with hundreds of GWD customers objecting to GWD's "readiness-to-serve charge." She asks that we order GWD to refund to all customers funds collected as annual service and service establishment charges. Attached as Appendix A are the existing applicable GWD tariff provisions.

The section of GO 103 relied on by Wyrick relates only to installation of the physical facilities enabling a customer to connect for water service; once the connection is made a customer may ultimately receive water service if he establishes service. The general prohibition against charges for a service connection means, with special exceptions, the utility must bear the cost of getting its distribution facilities to the point of connection to serve a customer. Ordinarily this is to the edge of a customer's property. Section V-2 of the GO does not relate to rate elements of GWD's tariff concerning charges for water itself or establishing service.

The charge for establishing service is to activate a service connection, and involves setting up an account and physically turning on service at the point of connection or meter. The terms involved all refer to different aspects of providing water service, and we understand how a lay person may perhaps be confused about the difference between a "service connection," an "annual service charge," and a charge for "service establishment." We have, as discussed below, a partial solution to ameliorate things.

Wyrick's contention that paid-in-advance annual service charges are not refunded is technically incorrect. Special Condition No. 4 provides a procedure to receive a pro-rata refund. Under GWD's tariff the annual service charge, starting at \$191 for a 5/8 x 3/4-inch service and going up to \$3,434 for a 4-inch service, is fully payable in advance by a new customer. This is in lieu of a deposit under Rule 7. After receiving service for one year customers, if they apply, will be billed monthly for 1/12 of the annual charge. If a customer moves or terminates service before the end of the first year he may, upon application within 60 days after the end of the first year, receive a pro-rata refund.

We find from our review of the GO and GWD's tariffs, approved by us, that Wyrick's complaint is unfounded. GWD is abiding by its tariff and GO 103.

We find, however, that GWD's tariff can be revised to mitigate customer confusion. Assessing meter or fixed charges annually and collecting a full year in advance is an antiquated approach. Our trend has been to move away from such annual charges as the magnitude of water rates has increased. Also, the collect-a-year-in-advance rate structure preceded our adopted deposit rule, which is Rule 7 in water utility tariffs. Finally, we are concerned about customers who may terminate within the first year, move away, and overlook applying for a pro-rata refund, during the allowed period, potentially many months later. Accordingly, we will order GWD to simply convert its annual service charge into a monthly charge, in conformance with most water utility tariffs. This will entail no additional expense, as GWD now bills bimonthly. Appendix B shows the rates in monthly increments which we adopt; existing Special Conditions Nos. 1-4 are eliminated. We believe it is preferable to make this minor tariff restructure now, rather than in connection with GWD's next rate proceeding, because the existing rate structure has, from our review of the petition submitted by Wyrick, caused a lot of confusion and animosity.

Conclusion

We are denying the specific relief sought by Wyrick because a reading of the tariffs and GO clearly will not support a finding that GWD is violating any rule or order of this Commission. Nevertheless, we conclude GWD's rates and tariff rules should be restructured to mitigate customer confusion and result in a more equitable application.

On a separate subject, but related to GWD, we are, in OII 83-11-09, investigating the prudence of GWD's water source management, and whether any ratemaking adjustments should be made in view of its land sales and timber harvesting. Also, by Resolution W-3166, on January 5, 1984, we stayed GWD's proposed 1984 step rate increase while our investigation is pending.

Findings of Fact

1. GO 103's prohibition of service connection fees is not directed at charges for the provision of water, rather it is directed at the responsibility for plant installation.

2. The charges Wyrick complains of are not in conflict with GO 103, and were found by this Commission to be just and reasonable.

3. If the existing annual service charge is restructured so it is billed 1/12 monthly, along with variable commodity charges, there will be less customer confusion and a more reasonable rate structure.

Conclusions of Law

1. While GWD's existing rates and practices which are the subject of Wyrick's complaint do not violate GO 103, and have been found reasonable, the revised rates in Appendix B are more reasonable and should be adopted.

2. The specific relief requested by Wyrick should be denied as the tariffs and GO she cites show the complaint is unfounded. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Guerneville Water District (GWD) shall, within 15 days after the effective date of this order, file the rates contained in Appendix B, and eliminate its existing Special Conditions Nos. 1-4. Its tariff filing shall be effective five days after filing, and shall apply to service provided on and after the date it is effective.

2. Within 60 days after the effective date of this order, GWD shall refund the unexpended portions of annual service charges which have been collected in advance, minus any uncollected deposit due under Rule 7. These refunds shall be made to existing customers, and those who left the GWD system during 1983 and to the effective date of new tariff ordered above.

3. Within 90 days after the effective date of this order, GWD shall file an original and 12 copies of a compliance filing in this proceeding, filed with the Docket Office, showing the extent of refunds and compliance with this order. Also, it shall show the total refundable amount owing past customers who cannot be located, which is placed in GWD's escheat fund. Service shall be made on the complainant.

4. The relief requested in Wyrick's complaint is denied.

This order becomes effective 30 days from today.

Dated February 16, 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.

President

PRISCILLA C. GREW

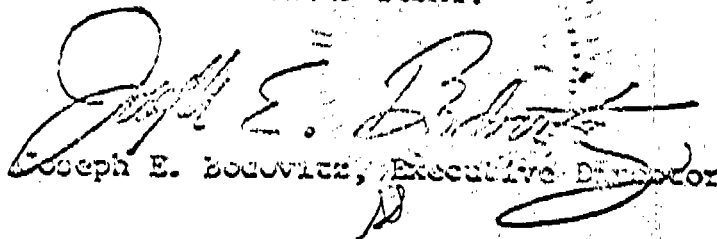
DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

Commissioner Victor Calvo, being necessarily absent, did not participate.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director

CITIZENS UTILITIES COMPANY
of California

1035 Placer St. - Redding, Calif.

Revised Cal. P. U. C. Sheet No. 691-W
Cancelling Revised Cal. P. U. C. Sheet No. 640-W

Schedule No. GU-1A

ANNUAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORYGuerneville, Rio Nido, East Guerneville, Guerneville Park, Northwood,
Monte Rio, Vacation Beach, River Meadows and vicinity, Sonoma County.RATESPer Meter
Per Month

Quantity Rates:

For the first 300 cu. ft., per 100 cu. ft.	\$ 0.943 (I)
For all over 300 cu. ft., per 100 cu. ft.	1.342 (I)

Annual Service Charges:

Per Meter
Per Year

For 5/8 x 3/4-inch meter	\$ 191.00 (I)
For 3/4-inch meter	289.00
For 1-inch meter	417.00
For 1-1/2-inch meter	767.00
For 2-inch meter	1,213.00
For 3-inch meter	2,392.00
For 4-inch meter	3,434.00 (I)

The Service Charge is applicable to all metered service.
It is a readiness-to-serve charge to which is added the
charge computed at the Quantity Rate for water used
during the billing period.

Service Establishment Charge:

For each establishment or reestablishment of water service	\$ 4.00
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(Continued)

(To be inserted by utility)

ISSUED BY

(To be inserted by Cal. P. U. C.)

ADVICE LETTER No. 205

C. B. Bromagem
Asst. Vice President
Revenue Requirements

DATE FILED NOV 18 1982

DECISION No. 82-03-023

EFFECTIVE JAN 1 1983

RESOLUTION No.

Schedule No. GU-1A

ANNUAL METERED SERVICE

(Continued)

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing January 1 and is due in advance. A customer who has received (T) service on a continuous basis for at least 12 months and has not had service discontinued for non-payment during that period may elect, prior to the beginning of the following calendar year, to pay prorated service charges in (T) advance at intervals of less than one year (monthly, bi-monthly or quarterly) in accordance with the utility's established billing periods. Meters will be read and quantity charges billed monthly, bi-monthly or quarterly in accordance with the utility's established billing periods except that meters may be read and quantity charges billed during the winter season at intervals greater than three months.

2. The opening bill for metered service shall be the established annual service charge. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. (D)

3. The service establishment charge provided for herein is in addition to the charges calculated in accordance with this schedule and will be made each time an account is opened or reopened for a customer at the time water service is established, restored after discontinuance at customer's request or transferred to a different customer. (D)

4. Upon request any unused portion of the Annual Service Charge (prorated on a monthly, bi-monthly or quarterly basis) which has been prepaid by a customer is refundable if that customer terminates water service within ten months after first receiving service, provided another customer is subsequently served at the same location and continues service for the remainder of the initial customer's annual service charge period. (N)

Applicants for water service will be advised that they may submit a request for such refunds within 60 days after the initial annual service charge period. (N)

(END OF APPENDIX A)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 209

W. B. Stradley

Date Filed

MAR 23 1983

Decision No.

Name

Effective

APR 22 1983

General Manager

Title

Resolution No.

FORM 6-63 (10-1-80)

APPENDIX B

Schedule No. GU-1A.
Guerneville Tariff Area
ANNUAL METERED SERVICE

(N)

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Guerneville, Rio Nido, East Guerneville, Guerneville Park, Northwood, Monte Rio, Vacation Beach, River Meadows and vicinity, Sonoma County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
For the first 300 cu. ft., per 100 cu. ft. ...	\$ 0.943
For all over 300 cu. ft., per 100 cu. ft. ...	1.342

Service Charges:

For 5/8 x 3/4-inch meter	\$ 15.92	(D)
For 3/4-inch meter	24.08	(D) (D)
For 1-inch meter	34.75	(C)
For 1-1/2-inch meter	63.92	
For 2-inch meter	101.08	
For 3-inch meter	199.33	
For 4-inch meter	286.17	(C)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the monthly charge computed at the Quantity Rates.

(T)

(T)

Service Establishment Charge:

For each establishment or reestablishment
of water service \$ 4.00

(D)

(END OF APPENDIX B)

3. Within 90 days after the effective date of this order, GWD shall make a compliance filing in this proceeding, filed with the Docket Office, showing the extent of refunds and compliance with this order. Also, it shall show the total refundable amount owing past customers who cannot be located, which is placed in GWD's escheat fund.

4. The relief requested in Wyrick's complaint is denied.

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President

PRISCILLA C. GREW

DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

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being necessarily absent, did
not participate