

Decision 83 06 065 JUN 15 1983**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on
Commission's Own Motion to Revise
General Order No. 103 Relating to
Water Utilities.

OIR 7
(Filed July 7, 1981;
amended April 6, 1982)

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Richard K. Durant, James M. Lehrer,
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at Law, for Southern California
Edison Company; Michael L. Whitehead,
Attorney at Law, for San Gabriel Valley
Water Company; Robert O. Randall, for
Southwest Suburban Water; James William
Zastrow, for Peerless Water Company;
A. Kirk McKenzie, Attorney at Law, for
Pacific Gas and Electric Company; and
Lawrence D. Foy, for California
American Water Company; respondents.
Sharun Carlson, for California Water
Association, interested party.
Mary McKenzie, Attorney at Law, for the
Commission staff.

O P I N I O N

Order Instituting Rulemaking (OIR) 7 was instituted by the California Public Utilities Commission (Commission) to consider changes in General Order (G.O.) 103 (a) Section VIII, Fire Protection Standards; (b) Section 1, General Discontinuance of Service; and (c) other minor matters.

Background

By Decision (D.) 82-04-089 dated April 21, 1982, we dealt with all issues in OIR 7 except the issue of termination of service for nonpayment of bills, which was not ready for submission.

OIR 7 originally contained proposed simplified direct termination procedures for water utilities in conformity with Public Utilities (PU) Code §§ 779 and 780.

By D.82-04-022 dated April 6, 1982 we amended OIR 7 for the purpose of determining whether the Commission should revise G.O. 103, § 1, General Discontinuance of Service and adopt the standards and procedures for termination of water service for nonpayment of bills as set forth in Appendix A to D.82-04-022. In D.82-04-022 we stated it was in the public interest to consider uniform termination procedures for nonpayment of bills for all California utilities. Generally, the Appendix A proposal was patterned after the gas and electric utility tariffs, which spelled out the notification procedures in some detail.

By D.93533 dated September 15, 1981, in Order Instituting Investigation (OII) 49 we adopted minimum standards and procedures for notification of termination of gas and electric service for nonpayment of bills. The revised standards generally reflect the termination practices which utilities had been applying. These practices, in many cases, were substantially more lenient than the minimum standards set forth in utility tariffs. We noted that it is because of the utilities' responsible and liberal practices that the reasonableness of termination procedures has not been a significant issue before this Commission.

We reviewed the gas and electric utility tariff procedures and practices for termination of service in response to the enactment of the Public Utility Regulatory Policies Act (PURPA). PURPA requires, among other things, that each state adopt reasonable termination standards for gas and electric service. On balance we found utility practices to be fully compatible with PURPA and the Department of Energy Voluntary Guidelines to implement PURPA. The minimum termination procedures that we prescribed for gas and electric utilities were designed to standardize and refine many of those practices.

Notice

The Appendix A to D.82-04-022 was a set of proposed revisions to G.O. 103 and standard tariffs that were recommended by the Hydraulic Branch of the Commission staff (staff). That decision was served upon the parties to obtain comments and to have a reasonable sampling of commentary from customers.

The respondents notified their customers about the matter, and advised them that they could submit comments to the Commission.

We received 11 responses from utilities and 17 responses from customers.

We then scheduled our hearing, and the notice of hearing was sent to the parties in OIR 7, and also to those who filed letters.

Response to OIR Invitation to Comment

Eleven water utilities submitted written comments about the proposal to liberalize the termination of service rules in response to our invitation contained in the OIR. These comments included opposing any changes in the present rules, keeping the present rules for nonresidential customers, maintaining flexibility in 24 and 48 hours' termination of service notices, not applying deposits to past-due bills before termination, need for a collection charge (when a bill is paid at time of turn-off), and uniformity with gas and electric tariffs (by energy utilities).

Eleven residential customers submitted letters favoring the proposal in general (e.g. adding more time before paying). Five of these customers were concerned with protecting the elderly. Six residential customers were against the proposal including three who related additional time to additional costs.

Hearing

After due notice, public hearing was held before Administrative Law Judge Doran on October 4 and 5, 1982 in Los Angeles and on November 8, 1982 in San Francisco. The matter was submitted December 17, 1982 on statements by the parties.

Testimony was presented by the staff, Southern California Edison Company (Edison), San Gabriel Valley Water Company (San Gabriel), Peerless Water Company (Peerless), and California Water Association (CWA).

The above parties were also active in cross-examination and in submitting closing statements. In addition, the following parties were active in the proceeding: Pacific Gas and Electric Company (PG&E), Southwest Suburban Water Company, and California-American Water Company.

Positions of the Parties

With the exception of the staff, all parties to the proceeding recommend that only residential customers be entitled to a 15-day notice of discontinuance of service. CWA's proposal was to continue giving a 7-day notice to nonresidential customers as now provided in the standard form of tariffs for water utilities. Edison and PG&E want to maintain the 5-day notice consistent with their gas and electric tariffs and the current provisions of G.O. 103 and parallel their gas and electric tariffs in D.93533. None of the parties have objected to increasing the time from 15 days to 19 days before a bill for service becomes past due. The water utilities generally want flexibility in furnishing the 24- and 48-hour notices of termination and the annual notice about third-party representation. The utilities requested a collection charge if a bill is paid at the time of turn-off.

Staff Showing

Eugene Lill, consulting engineer. Hydraulic Branch, testified on the proposed changes to G.O. 103 and to the existing standard tariff rules contained in Appendix A to D.82-04-022. Witness Lill states that these changes are based on D.93533. The proposal also contains staff's proposal for a new tariff rule, Rule 11a, which is not in the gas and electric tariffs. Rule 11a would provide information concerning customers' rights, remedies, and responsibilities under termination procedures for nonpayment of bills. The witness also presented a report which distributes the contents of proposed Rule 11a among the existing tariff rules instead of establishing a separate rule.

The witness recommends adoption of proposed Rule 11a which, he states, provides more information with slight effect on overall cost. He also recommends that the Commission exempt Class D water companies from the requirement of distributing proposed Rule 11a to customers.

The witness revised his testimony at the hearing to state that the special provisions for the elderly and handicapped would apply only to residential customers.

CWA Showing

CWA presented its showing through its witness, Donald Houck, vice president, California Water Service Company. He testified on its proposed changes to G.O. 103 and to tariffs. His exhibit contained recommended changes portrayed as generally following D.93533. The major differences with the staff are that CWA recommends that residential and nonresidential customers be treated differently, that the rules for termination fit into the format of existing rules, that there be flexibility in applying the rules and in furnishing notices, and that there be a customer charge if bill is paid at the time of turn-off.

San Gabriel Showing

Robert Nicholson, Jr., president of San Gabriel, presented testimony proposing that nonresidential customers not receive the increased discontinuance period of 34 days, there only be one attempt to contact a customer with a 24-hour notice, and the terms elderly and handicapped be defined. Further, he presented clarifying tariff language on the 19-day and 15-day periods, on customer remedies, on a collection fee, and other items.

Edison Showing

C. Daniel Sanborn, rate structure engineer, testified for Edison. Its proposal parallels its gas and electric tariffs on Santa Catalina Island, where Edison also supplies water service. He also compared Edison's proposal with the staff's proposal.

Peerless Showing

James Zastrow, president of Peerless, testified against the existing rule that service will not be discontinued until the amount of any deposit made to establish credit for service has been fully absorbed. He maintains the deposit should only be applied to a closed account. That is, if it were time to terminate service because the bill had not been paid, he would terminate service without consideration of any customer deposit. He would only apply the deposit after the service had been terminated. He states three neighboring cities operate as he proposes, and further that in the past his tariffs authorized similar treatment, but were changed to match the water utility standard tariffs.

Discussion

Distinction Between Residential
and Nonresidential Past-Due Bills
and Termination Notices

The staff recommends that all customers receive a 15-day discontinuance of service notice, after a bill becomes past due 19 days after presentation.

The staff has also stated that if the Commission decides to authorize different termination periods for residential and nonresidential customers, nonresidential customer bills should continue to be considered past due after 15 days and the discontinuance of service notice should remain at 5 days as Edison proposes. The staff's recommendation is based in part on the fact that G.O. 103 makes no distinction between residential and nonresidential customers. In fact, G.O. 103 presently contains a 5-day notice period, and is not consistent with PU Code § 779 which sets forth 7-day notice for residential customers only. The staff also states that 4 of 8 gas and electric utilities affected by D.93533 apply the same periods to both residential and nonresidential. However, in this proceeding the two largest utilities, Edison and PG&E, show that they apply a much shorter period of notice to nonresidential customers.

CWA is not proposing the 19-day past-due period for nonresidential customers. However, CWA's position is that in the spirit of cooperation, it does not object to the staff's proposal to increase the time for past-due bills from 15 days to 19 days for all customers.

It is CWA's position that the staff has not provided justification for granting all customers 15 days' termination notice. CWA states that it certainly did not arise out of OII 49 where similar rules were mandated for gas and electric utilities. Granting additional time to nonresidential customers, who as a group are much larger consumers than residential customers, can only result in higher uncollectibles and finally higher water rates for all customers including residential customers.

CWA's use of a 7-day termination notice for nonresidential customers in place of the staff's, Edison's, and PG&E's 5-day proposal is based on what is now required by the present tariffs for water utilities, which were originally formulated by the staff. CWA and San Gabriel would have no objection to an order adopting the 15-day past-due and 5-day termination period for nonresidential customers.

We find it reasonable that bills for all customers including those of Class D water companies become past due 19 days after mailing, that residential customers receive a 15-day termination of service notice after a bill becomes past due, and that nonresidential customers receive a 7-day notice. We will adopt such requirements. Further, we will authorize a deviation for Edison, PG&E, and energy utilities to parallel their gas and electric tariffs applicable for nonresidential customers with respect to the number of days for past-due bills and termination notices.

Termination Notice

The staff has proposed a requirement that the termination notice include (1) the disputed bill procedure, (2) the termination procedure, (3) notice that a complete statement of termination policy and a statement of customer's rights and remedies may be obtained upon request, and (4) a description of the procedures for reconnection of service. CWA objected to placing such an onerous burden on water utilities. CWA states that the staff proposal is in excess of the order in OII 49 and that the justification given by the staff for this requirement is that it would be useful for the customer to get this information. Further, CWA states that the staff has not considered the additional costs nor has it proposed the wording to be included on the notice. This staff recommendation exceeds similar action required for other filed tariffs and will not be required in such depth. However, we are concerned that consumers be aware of their rights and remedies, and will require similar information on or with the termination notice as we have for electric and gas utilities.

Specifically, in D-93533, we stated:

"In balancing these competing claims, we think that in most cases customers will act in good faith in claiming an inability to pay. We will, therefore, not require the customer who is unable to pay his bill to make a deposit with the Commission if he files a complaint under Section 1702. We will, however, adopt the following procedure for termination (as opposed to billing) disputes:

- "1. After receipt of a termination notice, the customer must first contact the utility within the termination notice period to make special payment arrangements to avoid discontinuance of service.
- "2. After contacting the utility, if the customer alleges to the Commission an inability to pay and that lawful payment arrangements have not been extended to him, he should write to the Commission's Consumer Affairs Branch (CAB) to make an informal complaint. It is the responsibility of the customer to timely inform CAB to avoid discontinuance of service.
- "3. Within ten business days after receiving the informal complaint, the CAB will report its proposed resolution to the utility and the customer by letter.
- "4. If the customer is not satisfied with the proposed resolution of the CAB, he shall file within ten business days after the date of the CAB letter a formal complaint with the Commission under Section 1702 on a form provided by the CAB. The complaint shall be processed under the expedited complaint procedure.
- "5. Failure of the customer to observe these time limits shall entitle the utility to insist upon payment, or upon failure to pay, to terminate the customer's service.

"This procedure should be clearly spelled out along with the disputed bill procedure on or with the termination notice. In addition the termination notice should advise a customer that a more complete statement of termination policy

including a statement of a customer's rights and remedies may be obtained upon request of the utility. The notice should also describe procedures for reconnection of service." (Mimeo. p. 15.)

We find the above procedure to be reasonable to apply to water utilities and will require that they inform a residential customer about the above procedure including residential customer's remedies at the time of furnishing the termination notice.

The staff's proposed termination rule does not make any reference to attempts to contact the customer but states flatly that personal contact will be made prior to termination of service. However, in its proposed revisions to G.O. 103 the staff recommends reasonable attempts. This language is not consistent with the staff's proposal. CWA states that the termination rule should provide a reasonable attempt to contact a customer personally before termination. This provision is also included in CWA's proposed changes to G.O. 103. CWA urges its proposed wording because (1) a utility should not have to bear the cost in time and effort of more than one reasonable attempt at contact in the last 24 to 48 hours before termination of service and (2) the staff's proposal for G.O. 103 is too ambiguous and could result in a customer's filing a complaint with the Commission because the utility did not make a third or even more attempts to make personal contact. One attempt is reasonable and will be adopted as explained below.

A reasonable attempt must be made by the utility to personally contact an adult on the residential customer's premises either by telephone, by visit, or by mail delivery at least 24 hours prior to termination. For elderly or handicapped residential customers, the utility shall provide at least 48 hours' notice by telephone or visit. For these customers, if a personal contact cannot be made, a notice shall be posted in a conspicuous location at the service address at least 48 hours prior to termination.

CWA proposes a 7-day discontinuance notice for all customers who fail to comply with an extended payment notice for paying a back bill. The staff proposes that any customer who again fails to make his payments is entitled to another 15-day termination notice. A 7-day notice on this second time around for nonpayment of bills is reasonable and will be adopted.

Third-Party Notification

The staff recommends that every year all customers be informed through a billing insert of the right of elderly or handicapped customers to have third-party notification of service termination with the first notice during the first full billing period after the effective date of the order. CWA believes the rule should provide only for annual notification of all residential customers. Many small and some not so small utilities bill by postcard and some larger ones use a computerized package. To keep costs down, CWA recommends each utility be allowed to determine its own method of notifying its customers. Edison wants to mail its water utility annual notice simultaneously with its gas and electric annual notices. CWA's recommendation is reasonable and will be adopted. Edison may mail annual notices simultaneously, after mailing its first water notice as prescribed in this order.

Collection Charge

CWA recommends that we authorize a \$5 collection charge when a utility's representative calls on a customer to discontinue service for nonpayment of a bill, and the customer then makes payment to avoid losing service. Edison currently has a similar charge for its electric operations. The staff states that no basis for a \$5 charge has been made on the record and that the Commission in its order should authorize any water utility that wants to make such a charge to file an advice letter justifying that charge. Such proposal is acceptable to CWA as long as it is understood that filings which justify a given collection charge will become

effective. We will authorize the filing of such collection charge by advice letter, which must justify the charge. The collection charge may only be assessed after approval of the advice letter when the utility's representative makes a final field call to actually terminate service for nonpayment of a bill and the customer pays. It would not apply when notice of termination of service is given by personal visit.

Other Items

With the staff's stipulation, all parties now accept the position that the term "elderly or handicapped" customers refers only to residential customers. We concur. ✓

The staff's proposed revisions to G.O. 103, Section B, of Rule 5 and Section B.1.a. of Rule 11, states that a customer may have his service discontinued if the bill is not paid within 34 days after presentation. CWA urges that the customer should not be given the idea that he has 34 days to pay a bill. CWA's proposals refer to the 19 days a customer has before his bill is past due and where appropriate, the 15- or 7-day period before service will be discontinued. CWA also states that the staff's proposed 34-day language to be included on the bill for service as set forth in Section B of Rule 5 could result in some major complaints for utilities which bill monthly since a following bill with the same language will always be received before the 34-day period on the previous bill expires. Further it states that if different service termination periods are adopted for residential and nonresidential customers, the shorter overall time for nonresidential customers will be similarly affected. We agree with CWA's concern and will adopt the basic 19 days past-due date and the discontinuance notice of 15 or 7 days as appropriate.

We agree with CWA and the respondents in this proceeding that the bill for service should not include reference to a cash deposit and reconnection charge as now proposed in Section B of Rule 5. The language on this subject should more appropriately be

included on the discontinuance of service notice. An initial bill for service should not carry any presumption that the customer might have his service discontinued for nonpayment.

Section B of Rule 8, Notice From Customers, should provide a requirement for proper documentation that the customer is elderly or handicapped as included in CWA's exhibit. In addition, Section B.2 should be revised to change "must present evidence" to "must have presented evidence" in order for the customer to have third-party representation established before there may be a need for such representation.

In Section B.1 of Rule 10, Disputed Bills, CWA has proposed that the wording be changed to indicate that a customer "must" deposit in place of "may" deposit the amount of his bill with the Commission in order to avoid discontinuance of service. Under the disputed bill rule, the customer has the alternative of either paying the utility or depositing the amount in dispute with the Commission. Changing "may" to "must" will clarify the rule. As amended the rule is reasonable and will be authorized.

Staff's proposed Rule 11.B.1.h. does not make it clear that service termination will occur if the customer does not agree to some type of installment payment. CWA's proposed Rule 11.B.1.d. does so. It is reasonable and adopted.

CWA believes that its wording in Rule 11.B.1.g. covering notice to and rights of residential users served through a master meter is clearer than the staff's proposal in its Rule 11.B.1.e. CWA's proposal is reasonable and adopted.

San Gabriel brought out at hearing that the term "especially dangerous to health" as used in CWA's proposal Section B.2. of Rule 8 and Section B.1.d. of Rule 11 is ambiguous. The CWA witness stated this language was taken from the proposals of both the staff and Edison. The witness then stated that on further reflection, he thought the term would be impossible to define and, therefore, he

would eliminate the term from the proposal. The staff also agreed to eliminate the term.

Edison wants the term to be in the rules and believes that since a physician must certify to the fact that termination of service is dangerous to one's health, no problem exists. This term is useful in electric tariffs, but no necessity was shown for it to be included in water tariffs. We agree with the water utilities and our staff and will not require it to be included in the water utilities' rules.

Peerless wants to change Rule 11 so that water utilities are not required to apply any customer deposit against a bill until the account is closed. All of the parties who presented proposed tariffs in the hearing recognized such deposits as an offset against overdue bills before termination. This latter approach is reasonable and the existing rule will remain unchanged.

Compliance with Decision

CWA supports Edison's request that a utility be authorized to file revised rules which are in substantial compliance with the standards in this proceeding. This would allow Edison and PG&E to include wording in their rules which would make them consistent with their gas and electric tariffs while at the same time allowing water utilities to file tariffs which are relevant to water utility operations only. California utilities have an obligation to provide rules that are clear, understandable, and without ambiguity. We concur and will authorize filings consistent with those shown in the appendix to this decision. Further, the procedures to be adopted are minimum standards, which utilities may exceed if desired.

Findings of Fact

1. A 19-day notice period before a bill for service becomes past due and then a 15-day notice of termination of service which allow sufficient opportunity for the residential customer to make payment or other arrangements with the utility is reasonable. Thus, a residential customer will have a minimum 34-day period between the date of billing and termination. ✓

2. A 19-day notice period before a bill for service becomes past due and then a 7-day notice of termination for a nonresidential customer is reasonable. |

3. A reasonable attempt to personally contact a residential customer either by telephone, by visit, or by mail delivery at least 24 hours prior to termination may result in full payment of the overdue bill or other acceptable payment arrangement with the utility.

4. It is reasonable to require a 48-hour notice before termination by personal contact, by telephone, or by visit to the elderly or handicapped customer who may be more detrimentally affected by service termination than other customers. ✓

5. Procedures for disputing termination and reconnecting service after termination will assist the residential customer in exercising his remedies in the face of potential service termination.

6. An elderly residential customer is age 62 or over.

7. A handicapped residential customer is a customer whose health or physical condition may qualify him for special consideration, when certified by a licensed physician, public health nurse, or social worker.

8. Some customers may be able to meet their payment obligations if payment by installment is allowed.

9. The elderly or handicapped customer may be better able to make payment to the utility if a third party, such as a consenting friend, family member, or public or private agency, is notified of the impending termination on the customer's behalf.

10. It is reasonable to require water utilities to inform all residential customers annually of the availability of this third-party service.

11. It is not reasonable to require water utilities to inform each residential customer of his remedies annually. However, when a customer receives a notice of termination, he should also be informed of the procedures for billing and termination disputes and recommendation of service and that a more complete statement of termination policy and customer remedies is available upon request from the utility.

12. If a residential customer is unable to pay, it is reasonable to require that customer to contact the utility to make payment arrangements to avoid discontinuance of service, and if unable to make payment arrangements, the customer must file an informal complaint with the Commission within the 15-day notice period to avoid discontinuance of service.

13. A collection charge is reasonable to defray the cost of the final field call to terminate service in circumstances where the customer makes acceptable payment in place of termination of service. The level of the charge must be justified in an advice letter filing and approved by the Commission.

Conclusions of Law

1. G.O. 103 should be revised to read as set forth in Appendix A.

2. The tariff modifications for termination procedures for water utilities, which are set forth in Appendix A, constitute the minimum standards which utilities may exceed if desired, are just and reasonable, and should be adopted as indicated or in a more liberal form by the respondent utilities.

O R D E R

IT IS ORDERED that:

1. General Order (G.O.) 103, Rules Governing Water Service Including Minimum Standards for Design and Construction, is amended to read as set forth in Appendix A.
2. All water utilities shall file with the Commission, within 20 days after the effective date of this order, in conformity with the provisions of G.O. 96-A, the tariff rules consistent with those set forth in Appendix A, to become effective on 5 days' notice.
3. All water utilities are authorized to file with the Commission, after the effective date of this order, in conformity with the provisions of G.O. 96-A, an advice letter for authorization of a collection charge as set forth in Appendix B, with justification for the level of the charge set forth fully in the advice letter.
4. A copy of this decision shall be mailed to each water utility under the jurisdiction of this Commission.

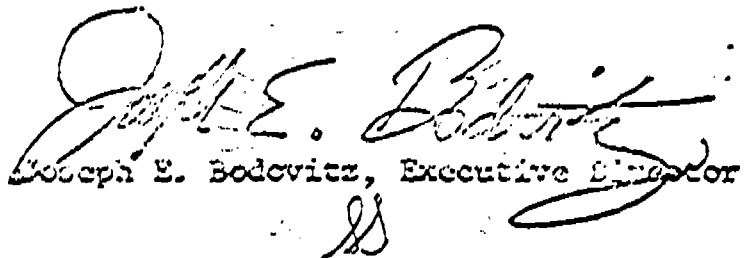
This order becomes effective 30 days from today.

Dated JUN 15 1985, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

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


Joseph E. Bodovitz, Executive Director

Paragraph b. of Section I.6. of General Order No. 103 is revised as follows:

- b. For Nonpayment of Bills. No utility shall discontinue service to any customer for nonpayment of bills (including delayed payment charges) without first having diligently tried to induce the customer to pay same. After such effort on the part of the utility, service may be discontinued after the utility has given the residential customer at least 15 days' and the nonresidential customer at least 7 days' written notice of such intention in the manner provided in the preceding paragraph, commencing after the 19-day normal payment period, except that no service may be discontinued on any Saturday, Sunday, legal holiday, or at any time in which the business offices of the company are not open to the public. Provided further that the utility shall make a reasonable attempt to personally contact an adult on the residential customer's premises, either by telephone, by visit, or by mail delivery at least 24 hours prior to termination. For elderly or handicapped residential customers, the utility shall provide at least 48 hours' notice by telephone or visit. For these customers, if a personal contact cannot be made, a notice shall be posted in a conspicuous location at the service address at least 48 hours prior to termination. ✓

The following two definitions shall be added to Rule No. 1, Definitions:

Elderly Customer: Any residential customer who is age 62 or over.

Handicapped Customer: Any residential customer whose health or physical condition may qualify him for special consideration.

Rule No. 5, Special Information Required On Forms, is revised as follows:

B. Bill for Service

On each bill for service will be printed substantially the following language:

This bill is due and payable upon date of presentation. It will become past due if not paid within 19 days after date of presentation."

D. Discontinuance of Service Notice

With each notice of discontinuance of service for nonpayment of bills will be printed the substance of Rules Nos. 11.B.1. and 11.C.1.

Rule No. 8, Notices, as revised is shown below in its entirety:

A. Notice to Customers

1. In Writing

Notice to a customer will normally be in writing and will be delivered or mailed to the customer's last known address.

2. Exception

In emergencies or when circumstances warrant, the utility, where feasible, will endeavor to promptly notify the customer affected and may make such notification orally, either in person or by telephone.

3. Termination of Service

a. The utility shall make a reasonable attempt to personally contact an adult on the residential customer's premises, either by telephone, by visit, or by mail delivery at least 24 hours prior to termination.

b. For elderly or handicapped residential customers, the utility shall provide at least 48 hours' notice by telephone or visit. For these customers, if a personal contact cannot be made, a notice shall be posted in a conspicuous location at the service address at least 48 hours prior to termination.

4. Third-Party Notification

Notice of availability of third-party notification shall be given annually to all residential customers, commencing at time of first full billing after the effective date of this tariff schedule.

B. Notice from Customers

1. A customer may make notification in person, by telephone or by letter to the utility at its commercial office, or to an authorized representative of the utility.
2. Customers who are elderly or handicapped must have presented evidence to the utility establishing their status if they wish to qualify for consideration under Rule No. 8.A.3.b. (above) or under Rule No. 11.B.1.d.
3. Elderly or handicapped customers who desire third-party notification must so inform the utility with certification of status and with a letter from the third party accepting the responsibility.
4. Proof of age must be supported by certificate of birth, driver's license, passport or other reliable document. Proof of handicap must be by certification from a licensed physician, public health nurse or social worker.

APPENDIX A

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Section B and Section C.5. of Rule No. 10, Disputed Bills, are revised as follows:

B. Notice of Deposit to Avoid Discontinuance

If an explanation satisfactory to the customer is not made by the utility and the bill is not paid within 19 days after its presentation or at the time the explanation is made, whichever is longer, the utility will notify the customer in writing substantially as follows:

1. To avoid discontinuance of service, in lieu of paying the bill in question, the residential customer within 15 days and the nonresidential customer within 7 days of the date of this notice, must deposit with the California Public Utilities Commission, State Building, San Francisco, California 94102,* the amount of the bill claimed by the utility to be due.

C. Commission Appeal

5. Failure of the customer to make such deposit prior to the expiration of the discontinuance of service notice as given in Rule 10 B.1. will warrant discontinuance of service.

Section B.1. of Rule No. 11, Discontinuance and Restoration of Service, is revised as follows:

B. Discontinuance of Service by Utility

1. For Nonpayment of Bills

- a. Past-Due Bills. When bills are rendered monthly or bimonthly, they will be considered past due if not paid within 19 days after the date of presentation.
- b. When a bill for water service has become past due, and a 15-day discontinuance of residential service notice or a 7-day discontinuance of nonresidential service notice for nonpayment has been issued, service may be discontinued if bill is not paid within the time required by such notice. The customer's service, however, will not be discontinued for nonpayment until the amount of any deposit made to establish credit for that service has been fully absorbed.

c. Any customer who has initiated a billing complaint or requested an investigation within 5 days of receiving a contested bill shall not have residential water service discontinued for nonpayment during the pendency of an investigation by the utility of such customer dispute or complaint. Such service shall not be discontinued for nonpayment for any customer complying with an extended payment agreement entered into with the Utility, provided the customer also keeps current his account for water service as charges accrue in each subsequent billing period. If a customer fails to comply with an amortization agreement, the utility will give a 7-day discontinuance of service notice before discontinuing such residential service, but such notice shall not entitle the customer to further investigation by the Utility.

d. Service to a residential water customer will not be discontinued for nonpayment when the customer has previously established to the satisfaction of the Utility that:

- (1) The customer is elderly (age 62 or over) or handicapped*;
- (2) The customer is temporarily unable to pay for such service in accordance with the provisions of the Utility's tariffs; and
- (3) The customer is willing to arrange installment payments, satisfactory to the Utility, including arrangements for prompt payment of subsequent bills.

However, service may be terminated to any customer who does not comply with an installment payment agreement or keep current his account for water service as charges accrue in each subsequent billing period.

* Proof of age must be supported by certificate of birth, driver's license, passport or other reliable document. Proof of handicap must be by certification from a licensed physician, public health nurse or social worker.

e. A customer's service may be discontinued for nonpayment of a bill for service previously rendered him at any location served by the Utility provided such bill is not paid within 15 days after presentation of a residential discontinuance of service notice or 7 days after presentation of a nonresidential discontinuance of service notice that present service will be discontinued for nonpayment of such bill for prior service. Residential service will not, however, be discontinued for nonpayment of bills for separate nonresidential service.

f. Service will not be discontinued by reason of delinquency in payment for service on any Saturday, Sunday, legal holiday, or at any time during which the business offices of the utility are not open to the public.

APPENDIX A

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- g. Where water service is provided to residential users through a master meter, the utility shall make every good faith effort to inform the actual users of the service when the account is in arrears that service will be terminated in 10 days. The 10-day notice shall be posted at the premises not less than 5 days after the date of presentation to the customer of the 15-day termination notice. The notice shall further inform the actual users that they have the right to become utility customers without being required to pay the amount due on the account. The utility shall not be obligated to make service available unless and until each and every actual user of the water service then residing on the premises shall agree to the terms and conditions of service and shall meet the requirements of the utility's rules and tariffs provided, however, that if (1) one or more actual users are willing and able to assume responsibility for the entire account to the satisfaction of the utility or if (2) there is a physical means, legally available to the utility, of selectively terminating service to those actual users who have not met the requirements of the utility's rules and tariffs, the utility shall make service available to the actual users who have met those requirements.
- h. A reasonable attempt must be made by the utility to personally contact an adult on the residential customer's premises either by telephone, by visit, or by mail delivery at least 24 hours prior to termination. For elderly or handicapped residential customers, the utility shall provide at least 48 hours' notice by telephone or visit. For these customers, if a personal contact cannot be made, a notice shall be posted in a conspicuous location at the service address at least 48 hours prior to termination.
- i. Residential Customer's Remedies Upon Receipt of Termination Notice
 - (1) If upon receipt of a 15-day termination notice, a residential customer is unable to pay, he must contact the utility within the 15-day termination notice period to make payment arrangements to avoid discontinuance of service.
 - (2) If, after contacting the utility, the residential customer alleges to the Commission an inability to pay and that he is unable to make payment arrangements with the utility he should write to the Commission's Consumer Affairs Branch (CAB) to make an informal complaint. This action must be taken within the 15-day termination notice period to avoid discontinuance of service.
 - (3) The CAB's resolution of the matter will be reported to the utility and the residential customer within ten business days after receipt of the informal complaint. If the customer is not satisfied with such resolution, he must file, within ten business days after the date of the CAB's letter, a formal complaint with the Commission under Public Utilities Code Section 1702 on a form provided by the CAB.

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4. Failure of the residential customer to observe these time limits shall entitle the utility to insist upon payment or, upon failure to pay, to discontinue the customer's service.
- j. Designation of a Third-Party Representative (Elderly or Handicapped Only)
 - (1) Customer must inform utility if he desires that a third party receive termination or other notices on his behalf.
 - (2) Utility must be advised of name, address and telephone number of third party with a letter from third party accepting this responsibility.
 - (3) Only customers who certify that they are elderly or handicapped are entitled to third-party representation.*
- * Proof of age must be supported by certificate of birth, driver's license, passport or other reliable document. Proof of handicap must be by certification from a licensed physician, public health nurse or social worker.

(END OF APPENDIX A)

APPENDIX B

The following paragraph may be added to Rule No. 11, Discontinuance and Restoration of Service, as Section B.1.k. by separate advice letter filing approved by the Commission justifying the collection charge included therein:

1. For Nonpayment of Bills

k. The Utility may require payment of a collection charge of \$ when Utility's representative makes a call to a customer's premises to discontinue service for nonpayment of a bill and, to avoid discontinuance of service, the customer makes payment in full.

(END OF APPENDIX B)

Staff Showing

Eugene Lill, consulting engineer, Hydraulic Branch, testified on the proposed changes to G.O. 103 and to the existing standard tariff rules contained in Appendix A to D.82-04-022.

Witness Lill states that these changes are based on D.93533. The proposal also contains staff's proposal for a new tariff rule, Rule 11a, which is not in the gas and electric tariffs. Rule 11a would provide information concerning customers' rights, remedies, and responsibilities under termination procedures for nonpayment of bills. The witness also presented a report which distributes the

SS contents of proposed Rule 11a among the existing tariff rules *into ad of*
introduced as a separate rule.
The witness recommends adoption of proposed Rule 11a which, he states, provides more information with slight effect on overall cost. He also recommends that the Commission exempt Class D water companies from the requirement of distributing proposed Rule 11a to customers.

The witness revised his testimony at the hearing to state that the special provisions for the elderly and handicapped would apply only to residential customers.

CWA Showing

CWA presented its showing through its witness, Donald Houck, vice president, California Water Service Company. He testified on its proposed changes to G.O. 103 and to tariffs. His exhibit contained recommended changes portrayed as generally following D.93533. The major differences with the staff are that CWA recommends that residential and nonresidential customers be treated differently, that the rules for termination fit into the format of existing rules, that there be flexibility in applying the rules and in furnishing notices, and that there be a customer charge if bill is paid at the time of turn-off.

including a statement of a customer's rights and remedies may be obtained upon request of the utility. The notice should also describe procedures for reconnection of service." (Mimeo. p. 15.)

We find the above procedure to be reasonable to apply to water utilities and will require that they inform a residential customer about the above procedure including residential customer's remedies at the time of furnishing the termination notice.

The staff's proposed termination rule does not make any reference to attempts to contact the customer but states flatly that personal contact will be made prior to termination of service. However, in its proposed revisions to G.O. 103 the staff recommends reasonable attempts. This language is not consistent with the staff's proposal. CWA states that the termination rule should provide a reasonable attempt to contact a customer personally before termination. This provision is also included in CWA's proposed changes to G.O. 103. CWA urges its proposed wording because (1) a utility should not have to bear the cost in time and effort of more than one reasonable attempt at contact in the last 24 to 48 hours before termination of service and (2) the staff's proposal for G.O. 103 is too ambiguous and could result in a customer's filing a complaint with the Commission because the utility did not make a third or even more attempts to make personal contact. One attempt is reasonable and will be adopted as explained below.

A reasonable attempt must be made by the utility to personally contact an adult on the residential customer's premises either by telephone, by visit, or by mail delivery at least 24 hours prior to termination. For elderly and handicapped residential customers, the utility shall provide at least 48 hours' notice by telephone or visit. For these customers, if a personal contact cannot be made, a notice shall be posted in a conspicuous location at the service address at least 48 hours prior to termination.

CWA proposes a 7-day discontinuance notice for all customers who fail to comply with an extended payment notice for paying a back bill. The staff proposes that any customer who again fails to make his payments is entitled to another 15-day termination notice. A 7-day notice on this second time around for nonpayment of bills is reasonable and will be adopted.

Third-Party Notification

The staff recommends that every year all customers be informed through a billing insert of the right of elderly and handicapped customers to have third-party notification of service termination with the first notice during the first full billing period after the effective date of this order. CWA believes the rule should provide only for annual notification of all residential customers. Many small and some not so small utilities bill by postcard and some larger ones use a computerized package. To keep costs down, CWA recommends each utility be allowed to determine its own method of notifying its customers. Edison wants to mail its water utility annual notice simultaneously with its gas and electric annual notices. CWA's recommendation is reasonable and will be adopted. Edison may mail annual notices simultaneously, after mailing its first water notice as prescribed in this order.

Collection Charge

CWA recommends that we authorize a \$5 collection charge when a utility's representative calls on a customer to discontinue service for nonpayment of a bill, and the customer then makes payment to avoid losing service. Edison currently has a similar charge for its electric operations. The staff states that no basis for a \$5 charge has been made on the record and that the Commission in its order should authorize any water utility that wants to make such a charge to file an advice letter justifying that charge. Such proposal is acceptable to CWA as long as it is understood that filings which justify a given collection charge will become

effective. We will authorize the filing of such collection charge by advice letter, which must justify the charge. The collection charge may only be assessed after approval of the advice letter when the utility's representative makes a final field call to actually terminate service for nonpayment of a bill and the customer pays. It would not apply when notice of termination of service is given by personal visit.

Other Items

With the staff's stipulation, all parties now accept the position that the term "elderly and handicapped" customers refers only to residential customers. We concur.

The staff's proposed revisions to G.O. 103, Section B, of Rule 5 and Section B.1.a. of Rule 11, states that a customer may have his service discontinued if the bill is not paid within 34 days after presentation. CWA urges that the customer should not be given the idea that he has 34 days to pay a bill. CWA's proposals refer to the 19 days a customer has before his bill is past due and where appropriate, the 15- or 7-day period before service will be discontinued. CWA also states that the staff's proposed 34-day language to be included on the bill for service as set forth in Section B of Rule 5 could result in some major complaints for utilities which bill monthly since a following bill with the same language will always be received before the 34-day period on the previous bill expires. Further it states that if different service termination periods are adopted for residential and nonresidential customers, the shorter overall time for nonresidential customers will be similarly affected. We agree with CWA's concern and will adopt the basic 19 days past-due date and the discontinuance notice of 15 or 7 days as appropriate.

We agree with CWA and the respondents in this proceeding that the bill for service should not include reference to a cash deposit and reconnection charge as now proposed in Section B of Rule 5. The language on this subject should more appropriately be

Findings of Fact

1. A 19-day notice period before a bill for service becomes past due and then a 15-day notice of termination of service allow sufficient opportunity for the residential customer to make payment or other arrangements with the utility. ^{as reasonable.} Thus, a residential customer will have a minimum 34-day period between the date of billing and termination.

2. A 7-day notice of termination for a nonresidential customer as now provided in the standard form of tariffs is reasonable.

3. A reasonable attempt to personally contact a residential customer either by telephone, by visit, or by mail delivery at least 24 hours prior to termination may result in full payment of the overdue bill or other acceptable payment arrangement with the utility.

4. It is reasonable to require a 48-hour notice before termination by personal contact, by telephone, or by visit to the elderly and handicapped customer who may be more detrimentally affected by service termination than other customers.

5. Procedures for disputing termination and reconnecting service after termination will assist the residential customer in exercising his remedies in the face of potential service termination.

6. An elderly residential customer is age 62 or over.

7. A handicapped residential customer is a customer whose health or physical condition may qualify him for special consideration, when certified by a licensed physician, public health nurse, or social worker.

8. Some customers may be able to meet their payment obligations if payment by installment is allowed.

9. The elderly or handicapped customer may be better able to make payment to the utility if a third party, such as a consenting friend, family member, or public or private agency, is notified of the impending termination on the customer's behalf.

Paragraph b. of Section I.6. of General Order No. 103 is revised as follows:

- b. For Nonpayment of Bills. No utility shall discontinue service to any customer for nonpayment of bills (including delayed payment charges) without first having diligently tried to induce the customer to pay same. After such effort on the part of the utility, service may be discontinued after the utility has given the residential customer at least 15 days' and the nonresidential customer at least 7 days' written notice of such intention in the manner provided in the preceding paragraph, commencing after the 19-day normal payment period, except that no service may be discontinued on any Saturday, Sunday, legal holiday, or at any time in which the business offices of the company are not open to the public. Provided further that the utility shall make a reasonable attempt to personally contact an adult on the residential customer's premises, either by telephone, by visit, or by mail delivery at least 24 hours prior to termination. For elderly and handicapped residential customers, the utility shall provide at least 48 hours' notice by telephone or visit. For these customers, if a personal contact cannot be made, a notice shall be posted in a conspicuous location at the service address at least 48 hours prior to termination.

The following two definitions shall be added to Rule No. 1, Definitions:

Elderly Customer: Any residential customer who is age 62 or over.

Handicapped Customer: Any residential customer whose health or physical condition may qualify him for special consideration.

Rule No. 5, Special Information Required On Forms, is revised as follows:

B. Bill for Service

On each bill for service will be printed substantially the following language:

This bill is due and payable upon date of presentation. It will become past due if not paid within 19 days after date of presentation."

D. Discontinuance of Service Notice

With each notice of discontinuance of service for nonpayment of bills will be printed the substance of Rules Nos. 11.B.1. and 11.C.1.

Rule No. 8, Notices, as revised is shown below in its entirety:

A. Notice to Customers

1. In Writing

Notice to a customer will normally be in writing and will be delivered or mailed to the customer's last known address.

2. Exception

In emergencies or when circumstances warrant, the utility, where feasible, will endeavor to promptly notify the customer affected and may make such notification orally, either in person or by telephone.

3. Termination of Service

a. The utility shall make a reasonable attempt to personally contact an adult on the residential customer's premises, either by telephone, by visit, or by mail delivery at least 24 hours prior to termination.

b. For elderly and handicapped residential customers, the utility shall provide at least 48 hours' notice by telephone or visit. For these customers, if a personal contact cannot be made, a notice shall be posted in a conspicuous location at the service address at least 48 hours prior to termination.

4. Third-Party Notification

Notice of availability of third-party notification shall be given annually to all residential customers, commencing at time of first full billing after the effective date of this tariff schedule.

B. Notice from Customers

1. A customer may make notification in person, by telephone or by letter to the utility at its commercial office, or to an authorized representative of the utility.

2. Customers who are elderly or handicapped must have presented evidence to the utility establishing their status if they wish to qualify for consideration under Rule No. 8.A.3.b. (above) or under Rule No. 11.B.1.d.

3. Elderly and handicapped customers who desire third-party notification must so inform the utility with certification of status and with a letter from the third party accepting the responsibility.

4. Proof of age must be supported by certificate of birth, driver's license, passport or other reliable document. Proof of handicap must be by certification from a licensed physician, public health nurse or social worker.

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- g. Where water service is provided to residential users through a master meter, the utility shall make every good faith effort to inform the actual users of the service when the account is in arrears that service will be terminated in 10 days. The 10-day notice shall be posted at the premises not less than 5 days after the date of presentation to the customer of the 15-day termination notice. The notice shall further inform the actual users that they have the right to become utility customers without being required to pay the amount due on the account. The utility shall not be obligated to make service available unless and until each and every actual user of the water service then residing on the premises shall agree to the terms and conditions of service and shall meet the requirements of the utility's rules and tariffs provided, however, that if (1) one or more actual users are willing and able to assume responsibility for the entire account to the satisfaction of the utility or if (2) there is a physical means, legally available to the utility, of selectively terminating service to those actual users who have not met the requirements of the utility's rules and tariffs, the utility shall make service available to the actual users who have met those requirements.
- h. A reasonable attempt must be made by the utility to personally contact an adult on the residential customer's premises either by telephone, by visit, or by mail/delivery at least 24 hours prior to termination. For elderly and handicapped residential customers, the utility shall provide at least 48 hours' notice by telephone or visit. For these customers, if a personal contact cannot be made, a notice shall be posted in a conspicuous location at the service address at least 48 hours prior to termination.
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 - (2) If, after contacting the utility, the residential customer alleges to the Commission an inability to pay and that he is unable to make payment arrangements with the utility he should write to the Commission's Consumer Affairs Branch (CAB) to make an informal complaint. This action must be taken within the 15-day termination notice period to avoid discontinuance of service.
 - (3) The CAB's resolution of the matter will be reported to the utility and the residential customer within ten business days after receipt of the informal complaint. If the customer is not satisfied with such resolution, he must file, within ten business days after the date of the CAB's letter, a formal complaint with the Commission under Public Utilities Code Section 1702 on a form provided by the CAB.