

ORIGINAL

Decision No. 88632 APR 11, 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the operations, practices, service, equipment, facilities, rules, regulations and contracts relating to WATER CONSERVATION in existing and new residential, commercial, industrial, public authority, and agricultural classes of service.

THIRD INTERIM OPINION

On February 7, 1978, we issued Decision No. 88466, a Second Interim Opinion in this proceeding. That order required, inter alia, that Class A and Class B water utilities not provide flat rate service to new service connections in certain categories of service. The order further provided that Class A and Class B water utilities adhere to a timetable requiring the conversion of existing flat rate service to metered service, although provision was made for deviations from the timetable for "physical or other reasons." Finally, the order required Class A and Class B water utilities to file the results of studies of the probable cost effectiveness of

- 1/ Ordering Paragraph 5.
- 2/ Ordering Paragraph 6.
- 3/ Ordering Paragraph 7.

CHIOU4 fc
JAN 1980

metering customers with lots between ^{8,001}6,001 and ^{10,000}10,000 sq. ft. (.14-.23 acre) and with lots of 6,000 sq. ft. (1/4 acre) or less.

With respect to Class C and Class D utilities, we determined that [m]etering programs... should be developed with the staff's no item assistance in connection with individual filings. We are now of the opinion that this individualized approach should be applied to Class A and Class B utilities as well. Rather than adopting a uniform prohibition of new flat rate service to certain classes of customers and a timetable for flat rate conversion to metering, we will consider the appropriateness of metering in individual rate proceedings.

A number of considerations compel us to make such a modification. First, as a practical matter we recognize that few, if any, utilities will not seek some sort of exemption from Ordering Paragraphs 5 and 6 of Decision No. 88466. The appropriate time to consider the circumstances that form the basis for such a request would, on reflection, seem to be during a rate proceeding where all facets of the particular utility's operations are before us.

Secondly, consideration of metering in rate proceedings will afford affected utility customers the opportunity to present their views on this topic to the Commission. Our present order did follow public hearings. However, we recognize that generic proceedings such as this rarely attract the consumer input that is a common feature of individual rate proceedings. Public testimony regarding the impact of metering on specific systems will enable us to tailor the metering provisions, if any, of the subsequent rate order to the needs and limitations of that system.

4/ Ordering Paragraph 8.

We will, therefore, rescind the metering provisions of Decision No. 88466 and instead require that Class A and Class B water utilities submit, as a part of any general rate application, an analysis of (1) the costs and benefits of metering various classes of new service and (2) the costs and benefits of converting various classes of existing flat rate service to metered service.

Finally, the Commission has received communications from many persons, including Assemblymen Eugene T. Gualco and Leroy F. Greene, objecting to the water metering requirements in Decision No. 88466 and requesting that additional hearings on that issue be held. In view of the action we are taking in this decision, we believe that the issue raised in Assemblyman Gualco's letter (which was entitled "Application for Rehearing") has been rendered moot and is therefore denied.

Findings of Fact

1. Decision No. 88466, the Second Interim Opinion in Case No. 10114, required Class A and Class B water utilities to discontinue offering new flat rate service to certain classes of customers after March 7, 1978.

2. Decision No. 88466 also required Class A and Class B water utilities to convert certain classes of flat rate service to metered service in accordance with a 3 1/2-year schedule.

3. Metering programs for Class C and Class D water utilities were left for consideration in individual filings.

4. The requirements described in Findings 1 and 2 do not afford the Commission an opportunity to fully consider the impact of metering on individual water utilities and their customers.

5. The metering provisions of Decision No. 88466 do not adequately provide for public input into individual water utilities' proposed metering programs.

6. Consideration of metering programs in individual rate proceedings will allow the Commission to consider the proper scope of metering when all facets of the utility's operations are before it.

7. Consideration of metering programs in individual rate proceedings will permit increased public participation into metering program decisions.

Conclusions

1. The metering requirements of Decision No. 88466, described in Findings 1 and 2 above, are unreasonable and should be rescinded.

2. Class A and Class B water utilities should be required, as part of a general rate application, to submit an analysis of (1) the costs and benefits of metering new service to various classes of customers and (2) the costs and benefits of converting various classes of existing flat rate service to metered service.

3. Case No. 10114 should remain open.

THIRD INTERIM ORDER

IT IS ORDERED that:

1. Ordering Paragraphs 5 through 8 of Decision No. 88466 are rescinded.

2. After the effective date of this order, each Class A and Class B water utility shall include, as part of any new general rate application, an analysis of (1) the costs and benefits of metering new service to various classes of customers and (2) the costs and benefits of converting various classes of existing flat rate service to metered service. For purposes of this paragraph, the term "various classes of customers" shall refer to the following breakdown of customers:

- a. Nonresidential (excluding fire protection).

- b. Residential with a service pipe larger than one inch.
- c. Residential with multi-family dwellings.
- d. Residential with lot larger than 25,000 sq.ft.
- e. Residential with lot larger than 16,001 sq.ft. but less than 25,000 sq.ft.
- f. Residential with lot larger than 10,001 sq.ft. but less than 16,000 sq. ft.
- g. Residential with lot larger than 6,001 sq.ft. but less than 10,000 sq.ft.
- h. Residential with lot less than 6,000 sq.ft.

3. Case No. 10114 shall remain open.

4. The Application for Rehearing filed by Assemblyman Gualco is denied. ✓

The effective date of this order shall be thirty days after the date hereof.

Dated at San Francisco, California, this 11th day of APRIL, 1978.

Robert Bateman
President

William S. ...

Vernon L. Stanger

Charles D. ...

Clare ...
Commissioners