

Decision No. 91546 APR 15 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the rates, operations, practices, rules, contracts, tariffs and accounts of Ridgecrest Heights Land and Water Company, a California Corporation, doing business as Ridgecrest Heights Water Company.

OII No. 17  
(Filed May 31, 1978)

MODIFICATION OF DECISION NO. 89661

By petition dated January 12, 1979, Ridgecrest Heights Land and Water Company (Ridgecrest) requests rehearing of Decision No. 89661, dated November 28, 1978, or at least the opportunity for an additional written memorandum to correct alleged substantial errors of fact in the record in this case. As an alternative, modification of the decision is requested.

Ridgecrest also provides as part of the petition a report on the status of compliance with the ordering paragraphs of Decision No. 89661. Ridgecrest states it is not requesting modification of Ordering Paragraph No. 1 but does request modification of Ordering Paragraphs Nos. 2, 3, and 4, submits a plan of improvement in compliance with Ordering Paragraphs Nos. 5 and 6, and states its intention to comply with the remaining ordering paragraphs of the decision.

By letter dated October 5, 1979, Ridgecrest provides the information required by Ordering Paragraph No. 4 and amends its request for modification of Decision No. 89661, stating "If this list of former customers were published in the paper, we would be deluged with refund demands which we would be unable to handle financially, thus creating distrust and hard feelings." The letter requests deletion of the posting and advertising requirements of this order.

Ordering Paragraph 2 of the decision requires the submission of a written report within thirty days after the date of service of the order upon Ridgecrest (January 11, 1979) showing the service connection charges received during a specified period, listing names and addresses, date received and the amount of each charge. Ridgecrest alleges in the petition that additional time would be required to complete the report since it must also continue the day-to-day business of the company. However, the report was received on February 28, 1979; therefore, the requirements of this ordering paragraph have been met, albeit late.

Ordering Paragraph 3 of Decision No. 89661 requires refunding of connection charges made in the past by means of a credit in the amount of one-half (\$3.75) of each monthly water bill for the affected 369 customers until the full amount of the connection charge is refunded. In its petition Ridgecrest alleges that the monthly credit or refund of \$3.75 per customer results in a monthly loss of revenue of \$1,383.75. Ridgecrest, therefore, requests that the refund amount be reduced to \$1.00 per month until completion of the refund to each of the affected customers. Ordering Paragraph 3 of Decision No. 89661 further requires that, in instances where service has been disconnected, Ridgecrest is to apply the entire remaining credit to the closing bill, and the balance is to be refunded in cash. Ridgecrest states that it cannot afford to pay refunds in excess of \$500.00 per month.

Ordering Paragraph 4 of the decision requires that Ridgecrest submit a report to the Commission within 60 days after the effective date of the order setting forth the names, addresses, and amounts due to former customers to whom refunds have not been made. It also requires Ridgecrest to post locally and publish

OII-17 PG\*

in a newspaper the names of former customers, amounts due and location of these service connections. Ridgecrest alleges in the petition that administrative difficulties necessitate 60 additional days to prepare and submit the report and requests an extension of time. Ridgecrest also states in the letter of October 5, 1979, that it is not financially feasible for Ridgecrest to make full refunds to former customers immediately at the time they are ascertained and requests to be excused from the posting and publication requirement on the basis that it will cause a deluge of requests. ✓

In its letter of October 5, 1979, Ridgecrest has presented to the staff a plan for making refunds to former customers at the rate of five full refunds per month and, in fact, has refunded \$3,701 under its plan.

Refunds due for about 400 former customers' connection charges total \$14,066 as of October 1, 1979. A majority of refunds owed to former customers (87% of the total) are in the amount of \$50 each. The remainder are owed \$40 each. It will require approximately five years to complete this refund program if this plan is approved.

Ordering Paragraph 7 of Decision No. 89661 requires, within ninety days after the effective date of the order (March 12, 1979), that the utility submit a report, countersigned by a professional engineer, setting forth with respect to each item listed in Ordering Paragraph No. 6 its plans for modification of its practices, procedures, and water system to meet the requirements and standards of General Order No. 103 and other accepted engineering practices.

The Commission staff has examined the plan submitted in compliance with Ordering Paragraph No. 6 and believes that all of the requirements of Ordering Paragraph No. 7 have also been complied with except for the estimated time within which the modifications will be

OII-17 FG\*\*

accomplished. The staff is of the opinion that considering the financial condition of the utility such time schedule estimates would be of doubtful value, and that the requirement should be rescinded. We concur with the staff and will so order.

Section 1708 of the California Public Utilities Code requires that notice and an opportunity to be heard be given parties before a Commission decision may be amended, modified or annulled. Therefore, this decision was distributed as an Examiner's report. Since the City Attorney of Ridgecrest, California, the utility and the Commission staff were the only appearances, it was also distributed to the witnesses in the proceeding. No protests or comments have been received.

The request for a reduction in the amount of the credit to be applied to each monthly water bill and a total refund limit per month of \$500 will be granted. The total reduction in the amount of the credit applied will produce an additional \$1,015 per month in cash flow.

Further, in view of Ridgecrest's alleged cash flow problems, we will grant the request for extension of the time to make refunds to those former customers who are owed refunds, but the posting and publishing requirements in Ordering Paragraph No. 4 are reasonable and will be retained. Former customers are entitled to know if they are included on the utility's list of names and locations qualifying for refunds. Ridgecrest should establish a priority list based on the time and date of inquiry rather than subjecting the utility to the criticism of preferential treatment by making its own selection of persons entitled to refunds each month. Priority of payment of refunds should be in the order of requests received until requests are exhausted. Applicant will be required to report to the Commission annually on the status of these refunds.

Ridgecrest is admonished, however, that this improvement in cash flow substantially prolongs the time period of the debt to the 369 customers to whom refunds are to be made. This

modification should not be looked upon as a windfall to the operators of Ridgecrest, but rather as provision of a safeguard that day-to-day service will be maintained.

There appears to be no further requirement for a hearing, particularly as most of the modifications requested appear justified and will be essentially accepted. Ridgecrest also requests an opportunity to present a written memorandum to correct substantial errors of fact in the record in this case. Such a memorandum may be submitted, if desired, and will be placed in the Commission file, if received, for information.

Findings of Fact

1. Ridgecrest Heights Land and Water Company has complied with Ordering Paragraph No. 2 of Decision No. 89661.

2. Compliance with Ordering Paragraph 3 of Decision No. 89661 would result in a monthly revenue loss of \$1,383.75. Ridgecrest is financially incapable of absorbing this loss.

3. Ridgecrest is financially capable of refunding \$1.00 per month to each affected customer, until completion, and of refunding a total of \$500 per month.

4. The utility has complied with Ordering Paragraph No. 4 of Decision No. 89661, except for the requirement to post and publish the list of former customers.

5. Ridgecrest has proposed a plan to make refunds to former customers at the rate of five full refunds a month and has refunded \$3,701 under its plan.

6. Priority of payment has been on Ridgecrest's determination of former customers to be repaid.

7. Refunds due former customers as of October 1, 1979 total \$14,066.

8. A majority of the refunds owed former customers are \$50 each.

9. Approximately five years will be required to complete the directed refunding.

10. The time schedule required by Ordering Paragraph No. 7 would be of doubtful value.

Conclusions of Law

1. Ridgecrest should make refunds to existing customers by means of a credit on the monthly bill in the amount of \$1.00.

2. Ridgecrest should be authorized to continue to implement its plan of refunding five full connection charges each month to former customers.

3. Ridgecrest should comply with the requirement of Ordering Paragraph No. 4 to publish a list of former customers who are due refunds.

4. Priority of payment should be based on order of receipt of customer requests.

5. The requirement of Ordering Paragraph No. 7 for an improvement time schedule should be rescinded.

6. Annual reports on the status of refunds should be required.

7. Ridgecrest's petition for rehearing should be denied since the modifications requested are essentially being granted.

O R D E R

IT IS ORDERED that:

1. Ordering Paragraph No. 3 of Decision No. 89661 is modified to read as follows:

"3. Ridgecrest shall refund the amount of connection charge received from a customer currently being provided water service by crediting that amount to the customer's account and applying that credit each month to one dollar of the customer's water bill for that month until the full amount of the credit has been depleted; provided, however, if service is disconnected the customer shall be transferred to the list of former customers and the remaining credit shall be refunded in the same manner as provided herein for former customers."

2. Ordering Paragraph No. 4 of Decision No. 89661 is modified to read as follows:

"4. Ridgecrest shall implement its refund plan for former customers by making refunds at the rate of five per month until all refunds have been accomplished. Ridgecrest shall post in its office for a period of not less than thirty consecutive days and shall cause to be published in a newspaper of general circulation in Ridgecrest for five consecutive issues a notice listing the names of those persons to whom refund is due, the amount of the refund due, and the address at which the

service connection had been made. Requests received from customers will be time dated upon receipt, and refunds will be made each month to the five persons whose requests are the earliest received which remain unpaid."

3. Ordering Paragraph No. 7 of Decision No. 89661 is modified to delete the statement "and the estimated time within which the modification will be accomplished" and upon modification will read as follows:

"7. Within ninety days after the effective date of this order, Ridgecrest shall submit to the Commission a report, countersigned by the registered professional engineer, setting forth with respect to each item listed in Ordering Paragraph 6 its plans for modification of its practices, procedures, and water system to meet the requirements and standards of General Order No. 103 and other accepted engineering standards. The report shall itemize each such modification and estimated cost thereof. Any subsequent changes in the practices, procedures, and water system modifications set forth in the report may be made only after approval by the Commission upon written request countersigned by the professional engineer."



4. Except as modified herein, the requirements set forth in Decision No. 89661 and in Decision No. 87224, as modified by Decision No. 87476, remain in full force and effect.

5. Ridgecrest shall report annually, commencing February 1, 1981, the number of refunds still due to existing and former customers, separately, and the total dollar amounts refunded to these two groups of customers during the last calendar year with the total amounts remaining to be refunded at the end of the calendar year. Such reports to continue until all connection charges have been refunded.

6. The petition for rehearing is denied.

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

Dated APR 15 1980, at San Francisco, California.

Commissioner John E. Bryson,  
being necessarily absent, did  
not participate.

\_\_\_\_\_  
President

*Vernon L. Stearns*

\_\_\_\_\_  
*Robert W. Haville*

\_\_\_\_\_  
*Clayton J. DeFuria*

\_\_\_\_\_  
*James W. Smith*

Commissioners