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Decision 97-05-061 May 21, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ROGER and PATRICIA NELSON, et al.,

Complainants,

vs.

SOUTHERN CALIFORNIA WATER COMPANY,

Defendant.

**ORIGINAL**

Case 92-08-044  
(Filed August 31, 1992)

## OPINION

### Summary

The Commission adopts Southern California Water Company's (SoCalWater) plan for installing water meters in its Calipatria - Niland District (District).

### Background

This complaint was filed by several residents of the City of Calipatria who, as new customers of SoCalWater, were refused water service under a flat-rate schedule, and instead were provided water service under a metered-rate schedule. The customers complained that it was discriminatory for SoCalWater not to offer them the flat rate which was available to other customers in the District.

Following an evidentiary hearing, the Commission ordered SoCalWater to install water meters within one year throughout the District (Decision (D.) 93-05-015). Petitions to modify D.93-05-015 were filed by the City of Calipatria, and the Concerned Citizens Committee of Niland. In response to the petitions, the Commission stayed its order since none of the findings required by Public Utilities (PU) Code § 781 were made, and, SoCalWater was directed to address the § 781 issues (D.93-11-060). When it became apparent that the required § 781 findings could not be made, the assigned

administrative law judge directed the parties to develop a plan for installing water meters that would accommodate the citizens' concerns.

**Discussion**

Specifically, § 781 prohibits the Commission from requiring a water corporation to install water meters,

"...except after a public hearing held within the service area of the corporation at which hearing all of the following findings have been made:

- (a) Metering will be cost effective within the service area of the corporation.
- (b) Metering will result in a significant reduction in water consumption within the service area of the corporation.
- (c) The costs of metering will not impose an unreasonable financial burden on customers within the service area of the corporation unless it is found to be necessary to assure continuation of an adequate water supply within the service area of the corporation."

On January 31, 1997, SoCalWater filed a Motion for Adoption of Settlement and Settlement Proposal. The parties' state their conclusion that it is unlikely that the Commission will be able to make the three findings required by § 781 to compel metering throughout the District. Essentially, the parties agree that:

- (a) The installation of water meters throughout the District within one year may not be cost-effective, reduction in water usage is not certain, and there may be unreasonable financial burdens on certain customers.
- (b) Water waste is not a problem as it is elsewhere in the state, and it is not clear that metering will result in a significant reduction of water usage.

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<sup>1</sup> Parties include: Roger and Patricia Nelson, Complainants; Southern California Water Company, Defendant; Daniel R. Paige, Commission's Water Division; Jim Dearmore, Concerned Citizens' Committee; and Mayor John Woelke, City of Calipatria.

- (c) Since the Calipatria - Niland area is one of the most economically depressed areas in the entire state, installing meters on all presently unmetered customers may impose an unreasonable financial burden on some customers.

Following settlement discussions, the parties agreed to the following course of action in settlement of all issues in this proceeding:

1. SoCalWater will install meters on services in the District at the customer's request, and as new customers (both existing structures and new construction) are added to the system. These costs (unless funded by others) will be included in the general rate cases filed from time to time with the Commission.
2. SoCalWater will continue to seek outside funding for the installation of meters, and will install all meters for which outside funding is received.
3. SoCalWater will complete the task of metering all services in the District at the earlier of: (1) time when 90% of the services in the District are metered, or (2) the year 2010.
4. Until all services in the District are metered, customers will have the option of receiving water service under either a flat rate or a metered-rate schedule. Once all services are metered, SoCalWater will apply to the Commission for discontinuance of its flat-rate service and, once approved, all customers in the District will receive water service under a metered rate.

The Commission and its Water Division generally support metering of utility services to promote conservation and to fairly recover revenue based on usage. (Re Graeagle Water Company (1990) 36 CPUC2d 565.) This position is shared by the Legislature, which added § 110 to the California Water Code to require, generally, that meters be installed on all new water service in the state after January 1, 1992. (See, Senate Bill 229, filed with the Secretary of State on September 17, 1991.) However, on rare occasions, the Commission has denied a change from flat rates to meters where there was a clear showing that the change would unnecessarily impose an unreasonable financial burden on customers. (Re Graeagle Water Company, at 579.)

In the case before us, we note that the Calipatria - Niland area is one of the most economically depressed areas in California. Rate shock that would result from the installation of meters in one year is mitigated by spreading the installation through to the year 2010,<sup>2</sup> and the utility will continue to seek outside funding for this purpose.

This appears to be a win-win situation for all concerned.

Therefore, we believe that the above plan for metering the District is a reasonable compromise and should be adopted.

Lastly, we note that § 110 of the California Water Code requires that after January 1, 1992 water companies must install water meters, but it does not require that the customer must pay a metered rate. As we stated in the first decision in this proceeding (D.93-05-015), the proper application of § 110 is to permit customers with water meters to be billed under a metered schedule only when the circumstances are such that it is reasonable to bill under a metered schedule. In a situation where billing under a metered schedule would lead to a discriminatory result, then an alternate solution is needed. In this case the clear alternate solution is for metered customers to be given the choice of taking service under the flat-rate schedule or the metered-rate schedule until all customers are metered.

Since no other issues remain, this proceeding should be closed.

#### **Findings of Fact**

1. The parties conclude that installation of water meters throughout the District within one year may not be cost-effective, reduction in water usage is not certain, and there may be unreasonable financial burdens on certain customers.

2. Rather than install water meters within one year as ordered by D.93-05-015, the parties reached settlement on a plan to install meters throughout the District by the year 2010.

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<sup>2</sup> SoCalWater estimates the installed cost of metering at \$272,000 or \$328/meter, approximately a 16% increase to rate base.

**Conclusions of Law**

1. The settlement is reasonable in light of the whole record, consistent with the law, and in the public interest.
2. D.93-05-015, wherein the Commission mandated the installation of water meters within a period of one year, should be vacated.
3. Since the parties have on their own accord agreed on a plan for installing water meters throughout the District by the year 2010, there is no requirement for the Commission to make § 781 findings with regard to the proposed plan.<sup>3</sup>
4. The plan for installing water meters throughout the District by 2010 is in the public interest since metering could allow the utility to defer long-term capital investment to meet future increased customer demand and more stringent water quality standards.
5. The plan for installing water meters is not discriminatory since new customers have the option of taking flat rate service or metered service until such time as meters are installed throughout the District by the year 2010.
6. The Commission should approve the plan for installing meters in the District and adopt the Settlement proposal.

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<sup>3</sup> The findings provided for in PU Code § 781 need only be made when the Commission mandates metering (see Application of PG&E Co. (1980), D.92489, nūmco. P. 14; reaffirmed in Graeagle Water Company, 36 CPUC2d at 571).

**O R D E R**

**IT IS ORDERED that:**

1. The plan submitted by Southern California Water Company (SoCalWater) for installing water meters in its Calipatria - Niland District (District) is approved.
2. The Settlement, attached as Appendix A to this decision, is adopted.
3. Until all services in the District are metered, customers shall have the option of receiving water service under either a flat rate or a metered-rate schedule. Once all services are metered, SoCalWater shall apply to the Commission for discontinuance of its flat-rate service and, once approved, all customers in the District shall receive water service under a metered rate.
4. Decision 93-05-015, issued in this proceeding, is vacated.
5. This proceeding is closed.

This order is effective today.

Dated May 21, 1997, at Sacramento, California.

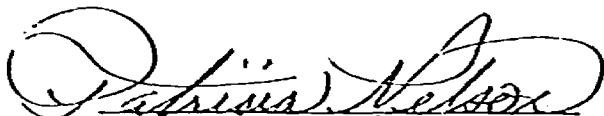
P. GREGORY CONLON  
President  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
RICHARD A. BILAS  
Commissioners

CASE NO. 92-08-044  
NELSON V. SOUTHERN CALIFORNIA WATER COMPANY

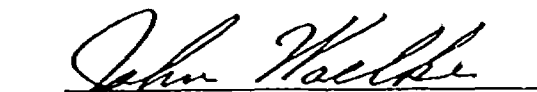
SETTLEMENT

The signatories below, having discussed and carefully considered the pending issues in this proceeding, agree as follows:

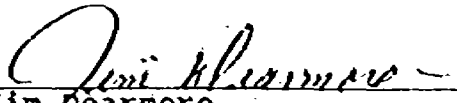
1. Southern California Water Company (SCWC) will install meters on services in its Calipatria-Niland District (District) at the customer's request, and as new customers (both existing structures and new construction) are added to the system.
2. SCWC will continue to seek outside funding for the installation of meters, and will install all meters for which outside funding is received.
3. SCWC will complete the task of metering of all services in the District at the earlier of: 1) time when 90% of the services in the District are metered, or 2) the Year 2010.
4. Until all services in the District are metered, customers will have the option of receiving water service from SCWC under either its flat or metered rate. Once all services are metered, SCWC will apply to the Commission for discontinuance of its flat-rate service and, once approved, all customers will receive water service under a metered rate.
5. This agreement will not be effective until signed by all parties listed below and approved by the California Public Utilities Commission.
6. This agreement resolves all pending issues in this proceeding. SCWC will petition the California Public Utilities Commission, on behalf of all signatories, to approve this settlement agreement and to close this proceeding.

  
Roger & Patricia Nelson  
Complainants

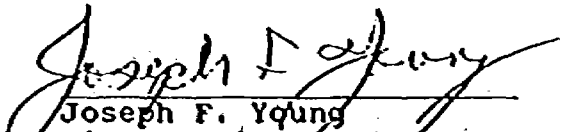
Date: 1/17/95

  
Mayor John Woelke  
City of Calipatria

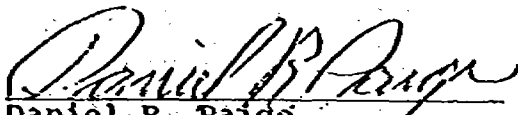
Date: 1-17-95

  
Jim Dearmore  
Concerned Citizens' Committee

Date: 1/20/95

  
Joseph F. Young  
Vice President, Southern  
California Water Company

Date: 1-16-95

  
Daniel R. Paige  
Public Advisor's Office  
California Public Utilities Commission

Date: FEB 18 1997