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ALJ/RLR/gab

Decision 97-11-081 November 19, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Richard E. Meoli, et al., )  
 )  
 Complainants, )  
 )  
 vs. )  
 )  
 Southern California Water )  
 Company, )  
 )  
 Defendant. )

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ORIGINAL

Case 96-07-031  
(Filed July 3, 1996)

Richard E. Meoli, for himself, complainant.  
Daniel A. Dell'Osa, for Southern California  
Water Company, defendant.

OPINION DISMISSING COMPLAINT WITHOUT PREJUDICE

Procedural Background

On July 3, 1996, complainants Richard E. Meoli and twenty-eight other water customers of Southern California Water Company (SCWC or defendant) filed a complaint against SCWC challenging the service charge increase implemented by SCWC on January 1, 1996. On August 14, 1996, the Commission's Docket office issued instructions for defendant to file its answer to the complaint within 30 days from that date. On September 11, 1996, SCWC timely filed its answer, alleging that the service charge increase was specifically authorized by the Commission in Decision (D.)95-12-027, SCWC's last General Rate Case (GRC), and that the complaint was therefore without merit.

On April 2, 1997, pursuant to notice, a Prehearing Conference was held in San Dimas, California, at which time complainants appeared represented by complainant Meoli, and SCWC appeared by counsel. After Meoli explained the basis for

complainants' complaint, SCWC's counsel orally moved to dismiss the complaint for failure to state a cause of action. The assigned Administrative Law Judge (ALJ) took the motion under advisement. We hereby grant the motion and dismiss the complaint without prejudice.

**Discussion**

In their complaint, complainants state that SCWC was granted a 9.09% rate increase by this Commission effective January 1, 1996, but charge that the actual increases in SCWC's service fees have been far in excess of 9.09%. As examples, complainants allege that the service charge for a number of residential customers increased from \$9 per month to \$13 per month, an increase of approximately 45%. In support of their position, complainants argue that the fact that SCWC's rates are too high is evidenced by the company's annual report for 1994 wherein a note headed "42 Consecutive Years of Increasing Dividend Pay Outs", indicates that over the preceding 42 years, the company has consistently paid dividends to its shareholders (RT p. 13, lines 21-24). It appears to be complainants' position that if defendant can pay increasing dividends to its shareholders year after year, it should, in the public interest, reduce the rates it charges its customers.

In addition, complainants object to their water bills being based on two elements; meter size and consumption. They object to a fixed service charge based on meter size, as that does nothing to encourage the conservation of water. Specifically, they allege that in order to encourage conservation, which would be in the public interest, all service charges based on meter size should be abolished and instead, all charges for water service should be based solely on consumption as measured by the meters.

**Amount of increase**

In D.95-12-027, SCWC's last GRC, the Commission granted SCWC a 9.09% "across the board" increase in its rates effective January 1, 1996. Because the increase granted was across the

board, it represents an average increase. That is, the exact dollar amount of increase may be greater than 9.09% for some customers and less than 9.09% for others. However, when the year's total "after increase" revenue generated is divided by the total number of consumers and compared to the total "before increase" revenue generated divided by the same consumers, the difference equals 9.09%. There is nothing in D.95-12-027 that requires that the increased cost to each customer equal 9.09%, and logic dictates that there will be individual differences of various sizes based on the size of meter installed, amount of consumption, class of consumer (residential or business) and a host of other variables. Thus, the mere fact that complainants' service charges may have increased from \$9 to \$13 per month is not proof that the increase is in excess of that allowed overall. While we understand complainant's frustration with both the amount of their individual increases and the fact that their bills are based on both a service fee and a commodity charge, we do not feel that a hearing on the complaint or an investigation is warranted at this time.

The argument advocating the abolition of a service fee has been previously ruled upon by the Commission and will not be reconsidered in this proceeding. That portion of the complaint challenging the impact of the rate increase on complainants does not warrant a hearing nor the opening of an investigation, but may be raised by complainants in SCWC's next GRC. Defendant's motion to dismiss the complaint should be granted without prejudice.

Findings of Fact

1. Complainants challenge increase in rates as applied and object to the concept of service fees, alleging that water charges should be based solely on consumption.

2. In D.95-12-027, defendant's last GRC, the Commission granted defendant a 9.09% "across the board" rate increase.

3. Complainants claim that their individual water bills have risen from \$9 to \$13 per month, an average increase of approximately 45%.

4. In D.86-05-064, 21 CPUC 2d 158 (5/28/86), the Commission defined "fixed costs" and adopted as a statewide goal the setting of a utility's service charge to recover up to 50% of its fixed costs.

Conclusions of Law

1. The argument advocating the abolition of a service charge as part of a water bill has previously been ruled upon by the Commission and will not be reconsidered in this proceeding.

2. That portion of the complaint that challenges the rate increase and its impact on complainants may, consistent with the restrictions imposed by the doctrine of retroactive ratemaking, be examined in SCWC's next GRC.

3. The complaint should be dismissed without prejudice.

O R D E R

IT IS ORDERED that the complaint is dismissed without prejudice.

This order is effective today.

Dated November 19, 1997, at San Francisco, California.

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