

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3378
DATE: December 9, 1987

R E S O L U T I O N

R.R. LEWIS SMALL WATER CO. (RRL). ORDER
AUTHORIZING METERED SERVICE RATES PRODUCING
NO ADDITIONAL ANNUAL REVENUE.

By letter dated August 26, 1987, RRL requested authority to meter customers suspected of water wasting or unauthorized use, and approval of a metered rate schedule to be used in such situations. RRL serves approximately 91 full time and seasonal flat rate customers in the area of Sierra City in Sierra County.

The present rates became effective on May 1, 1985 pursuant to Resolution No. W-3244 which authorized a general rate increase. The Commission found an 11.0% rate of return on rate base to be reasonable. This resolution will not result in a rate of return greater than last authorized.

Because of its limited supply of water, RRL is currently under a new connection moratorium imposed by Sierra County. RRL has been working with the county and the other entities with which it shares its supply source to improve its supply. Toward that end, RRL desires to implement metered rates to curtail water waste and reduce usage.

By RRL's Tariff Rule No. 11 it has authority to take certain measures to reduce water waste including metering but it has no metered rate schedule to apply. Paragraph 3.a. states that where negligent or wasteful use of water exists on a customer's premises, the utility may discontinue the service if such practices are not remedied within five days after it has given the customer written notice to that effect. Paragraph 3.b. allows the utility to meter any flat rate service and apply the regularly established metered rates where the customer continues to misuse or waste water after the utility has notified the customer to discontinue waste or misuse.

RRL reports that despite its requests to conserve water some residents continue to use excessive amounts of outside water, thus worsening an already tight water supply situation. RRL believes, and the Water Utilities Branch (Branch) agrees, that by metering such customers there will be a financial incentive for conservation by the customers.

RRL also reports that it believes certain commercial customers tell it that they have their own source of water when in fact they are actually receiving water from the utility through an illegal interconnection to a flat rate service. RRL maintains, and the Branch agrees, that metering the suspect connection will reduce the incentive to make such illegal crossties. In any case, switching the customer to a metered rate tariff would introduce a measure of equity by charging more for the increased usage.

The proposed metered rate structure is designed to meet two criteria. First, the break-even point between the present flat rate schedule and the new metered schedule is high enough to provide the utility an incentive to meter only excessive users. Setting the break-even at 21 Ccf (hundred cubic feet) per month, 150% of the average user's consumption, ensures that should the utility choose to meter customers who use less, the result would be a lowered monthly bill. Second, the proposed rate schedule consists of a service charge and one quantity block, and the service charge is set to bring in revenues proportional to 50% of the utility's fixed costs. This is consistent with D.86-05-064 which established the Commission's rate design policy for water utilities. Appendix B contains a comparison of bills at various usage levels.

RRL has provided the Branch with a copy of the conservation plan it submits periodically to the Department of Water Resources. RRL's plan calls for frequent checks of the service area for waste, strict system flow rate monitoring, and prompt response to customer leak and wastage complaints. The plan stresses the need for selective metering as an important step toward controlling waste and excessive usage. This resolution will allow RRL to meet that portion of its conservation plan.

RRL has given public notice of the request for increase by publishing in the local newspaper on October 15, 1987. No customer protests or correspondence have been received.

With the exception of the water shortage and the resultant new connection moratorium, service is satisfactory. There are no Commission orders requiring system improvement, nor are there significant service problems requiring corrective action.

The Branch recommends that the Commission authorize the metered service rates contained in Appendix A.

FINDINGS


1. RRL is experiencing a water shortage and Sierra County has imposed a new connection moratorium.
2. Enabling RRL to meter customers suspected of excessive water usage provides an appropriate method for encouraging water conservation.
3. The metered service rates set forth in Appendix A would encourage customers with high usage to conserve water while at the same time providing an incentive for RRL to meter only those customers who are excessive users.
4. Implementing the metered service schedule set forth in Appendix A is justified, and the resulting rates are just and reasonable.

IT IS ORDERED that:

1. Authority is granted under Public Utilities Code Section 454 for R.R. Lewis Small Water Company to file an advice letter incorporating the rate schedule attached to this resolution as Appendix A. Such filing shall comply with General Order 96-A.
2. The effective date of the rate schedule shall be the date of filing.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on December 9, 1987. The following Commissioners approved it:

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
JOHN B. OHANIAN
Commissioners



VICTOR R. WEISSEN
Executive Director

Commissioner G. Mitchell Wilk
being temporarily absent, did
not participate.

APPENDIX A

Schedule No. 1

(N)

METERED SERVICE

(N)

APPLICABILITY

(N)

Applicable to all metered water service.

TERRITORY

The area northeast of Sierra City, north of the North Yuba River, adjacent to Highway 49.

RATES

Quantity Rates:

All usage, per 100 cu.ft. \$ 0.295

Service Charge:

Per Month

For all metered service \$ 6.25

The Service Charge is a readiness-to-serve charge, which is applicable to all metered service and to which is to be added the monthly charge computed at the Quantity Rates.

(N)

APPENDIX B

COMPARISON OF RATES

The table below shows typical bills for residential customers at various usage levels, Branch proposed metered rates, and flat rates:

<u>Monthly Usage</u>	<u>Per Month Per Customer</u>	
	<u>Flat Rate</u>	<u>General Metered Rate</u>
0 cu.ft.	\$12.44	\$ 6.25
300	12.44	7.14
1,000	12.44	9.20
1,400 (Avg)	12.44	10.38
2,000	12.44	12.14
2,100 (150% of Avg)	12.44	12.44
3,000	12.44	15.10
4,000	12.44	18.05
5,000	12.44	21.00