

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3920
June 8, 1995RESOLUTION

(RES. W-3920), COUNTY WATER COMPANY (CWC). ORDER AUTHORIZING THE ESTABLISHMENT OF A LATE PAYMENT FEE ON A TEMPORARY BASIS AND A REQUEST TO INCORPORATE PUC CODE SECTION 2714 WITH SCHEDULE NO. 1.

BY ADVICE LETTER NO. 54, FILED ON APRIL 3, 1995.

SUMMARY

This Resolution, authorizes the establishment of a late charge of one and one-half percent (1.5%) of the balance owed for delinquent payments with a minimum of one dollar. The late charge is being established on a temporary basis and will be reevaluated when CWC files its next general rate case at which time it will be discontinued or made permanent. This late charge will have a negligible effect on annual revenues.

BACKGROUND

CWC, by Advice Letter No. 54 filed on April 3, 1995, requests authority to establish a late charge to help defray the additional costs of collection and to discourage late payment of bills.

In addition, CWC has requested that it be allowed to add the following to its Schedule No. 1:

"In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner."

CWC states that it has experienced a significant loss of revenues resulting from renters moving out and leaving their water bills unpaid. CWC presently serves approximately 2,670 metered customers in its service area located in portions of Artesia, Bellflower, Norwalk, and vicinity, Los Angeles County.

DISCUSSION

The inclusion of Section 2714 language in CWC's tariffs is perfunctory. The establishment of a late charge is more problematical. CWC proposes a late charge of 1.5% of the unpaid balance with a minimum charge of \$1.00. The Water Utilities Branch (Branch) agrees that the additional costs of collection imposed by the customers who do not pay their bill in a timely manner should be borne by those customers causing the additional expense.

The Commission has in the past authorized a late payment fee on a trial basis for other water companies. In those cases, the Water Utilities Branch (Branch) initially had opposed the imposition of any late charge because tariff rules already had a provision to collect delinquent accounts by turning

off the water service. CWC's tariff rules also have the same provisions. Usually, delinquent payments are not significant. Also, the establishment of a late charge without hearings or workshops does not allow the utilities and interested parties to comment on this precedential change in policy. Branch believes that generic or general rate case proceedings (GRC) are beneficial in developing uniform, well-thought out rules without some of the inherent problems with piecemeal policy development.

However, it will be valuable during the next GRC to have information about the late bill problem, and how a late charge might help solve it.

Therefore, the Branch recommends that the late payment charge with a minimum of \$1 is reasonable, on a temporary basis. The late charge should be evaluated when CWC files its next general rate case at which time it will be made permanent or discontinued.

FINDINGS AND CONCLUSIONS

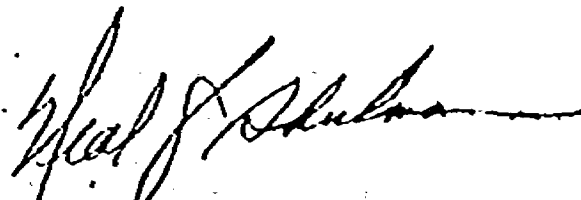
1. CWC should be authorized to establish a late charge of 1.5% of the delinquent balance with a minimum charge of \$1.00 on a temporary basis. The late charge should be applied only once for each bill.
2. When CWC files its next general rate case, the Branch should review the effectiveness of the charge and recommend appropriate action for the temporary tariff by extending, eliminating, modifying, or making the tariff permanent.

IT IS ORDERED that:

1. County Water Company is authorized, five days after the effective date herein, to make effective revised Schedule No. 1, General Metered Service and to incorporate (new) Schedule No. LC, Late Payment Charge, both attached to Advice Letter No. 54 and concurrently to cancel the presently effective Schedule No. 1.
2. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on June 8, 1995. The following Commissioners approved it:

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
Commissioners


NEAL J. SHULMAN
Executive Director