

PROPOSED RESOLUTION

Resolution W-5046
DWA

AGENDA ID #14012 (Rev. 1)
ITEM #17

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION W-5046
June 25, 2015

RESOLUTION

**(RES. W-5046). PINON VALLEY WATER COMPANY.
ORDER AUTHORIZING A LATE PAYMENT CHARGE
INCREASE FROM \$5.00 TO \$16.00.**

SUMMARY

By Advice Letter 13, filed on May 1, 2015, Pinon Valley Water Company, a Class D water utility, seeks authorization to increase its Schedule No. LC, Late Payment Charge rates from \$5.00 to \$15.82.

This Resolution authorizes Pinon Valley Water Company to increase its Schedule No. LC, Late Payment Charge rates from \$5.00 to \$16.00.

BACKGROUND

Pinon Valley Water Company's (PVWC) present rates became effective on May 1, 2015, pursuant to Advice Letter (AL) 12, which authorized a Consumer Price Index increase of \$259.20, or 0.8%. The existing \$5.00 Late Payment Charge was established by Resolution No. W-4035 dated April 9, 1997, but was not put into effect until July 12, 1997.

DISCUSSION

PVWC has had problems with a number of customers paying late for the past several years. On average, eight of PVWC's customers typically receive the Account Delinquency Notice every month, and about every quarter, one customer needs to be served a Delinquent Final Notice.

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Due to the frequency of Account Delinquency Notices that must be sent each month, the increased workload and supplies associated with processing the notices with the current late fee comes at a cost to PVWC. The labor and supplies associated with mailing one notice costs \$15.82 per late paying customer, resulting in a net loss of \$10.82 per late paying customer.

The Division of Water & Audits (DWA) has reviewed PVWC's cost basis for late changes in AL 13 and finds the proposed late payment charge of \$15.82 reasonable. DWA staff proposes rounding \$15.82 up to \$16.00 for billing efficiency. PVWC agrees with DWA's proposal.

Appendix A provides a copy of DWA's recommended Schedule No. LC, Late Payment Charge, which increases the late payment charge from \$5.00 to \$16.00.

Therefore, it is recommended that the late payment charge should be increased to cover both the additional processing costs and to provide an incentive for late-paying customers to remit payments properly.

DEFINITION AND TIER CLASSIFICATION

This matter is defined as a Tier 3 Classification in accordance with General Order 96-B; this matter is a change to a rate or charge pursuant to a methodology approved by the Commission for use in an advice letter.

SAFETY AND COMPLIANCE

Since AL 13 pertains solely to a late fee increase, AL 13 has no bearing on PVWC's water quality or infrastructure. In accordance with Standard Practice U-9-W and General Order 103-A, PVWC will be subject to a field inspection upon its next informal general rate case.

NOTICE AND PROTESTS

In accordance with General Order 96-B, Section III.G., a copy of PVWC's AL 13 was mailed to competing and adjacent utilities and other utilities and interested parties having requested such notification. A service list of such utilities and/or parties was included in the filing.

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A copy of this request was mailed or electronically transmitted to all customers on May 1, 2015. No protests were received.

COMMENTS

This is an uncontested matter that pertains solely to a water corporation. Accordingly, pursuant to Public Utilities Code Section 311(g)(3), this resolution is exempt from the 30-day period for public review and comment.

FINDINGS

1. By Advice Letter 13, filed on May 1, 2015, Pinon Valley Water Company, a Class D water utility, seeks authorization to increase its Schedule No. LC, Late Payment Charge rates from \$5.00 to \$15.82.
2. Advice Letter 13 was served by mail or electronically transmitted to the Service List.
3. No protests against Advice Letter 13 were received.
4. The existing \$5.00 Late Payment Charge was established by Resolution No. W-4035 dated April 9, 1997, but was not effective until July 12, 1997.
5. Pinon Valley Water Company has experienced problems with customers paying late for the past several years.
6. The late payment charge should be increased to cover both additional processing costs and to provide an incentive for late-paying customers to remit payments promptly.
7. After consideration of the costs resulting from late charges, the Division of Water and Audits (DWA) proposes increasing the late payment charge to \$16.00. Pinon Valley Water Company agrees with the DWA's proposal.
8. The late payment charge increase authorized herein is justified and the resulting rates are just and reasonable.

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9. This matter is defined as a Tier 3 Classification in accordance with General Order 96-B, Section 5.3 (9); this matter is a change to a rate or charge pursuant to a methodology approved by the Commission for use in an advice letter.

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 to Pinon Valley Water Company to file a supplemental advice letter with the revised rate schedule attached to this Resolution as Appendix A and concurrently cancel its presently effective, Schedule No. LC, Late Payment Charge. The effective date of the revised schedule shall be five days after the date of filing.
2. This Resolution is effective today.

I certify that the foregoing Resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on June 25, 2015; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director

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APPENDIX A

Pinon Valley Water Company

Schedule No. LC

LATE PAYMENT CHARGE

APPLICABILITY

Applicable to all general water service.

TERRITORY

Tract 3312, Kern County, in the vicinity of Sand Canyon Road (T)
approximately seven miles north of State Route 58 between
Cameron and Monolith.

RATES

Late Charge: A late charge of \$16.00 on unpaid balance subject to (I)
special conditions below.

SPECIAL CONDITIONS

1. The balance is unpaid and subject to a late charge if the bill is past-due, or delinquent, as defined in Rule No. 11, Section B.1.a.
2. The late charge should be imposed only once on a delinquent bill since the account would be shut-off before a subsequent bill and then subject to the reconnection fee as authorized in Tariff Rule No. 11.
3. All bills shall be subject to the reimbursement fee as set forth on Schedule UF.

END OF APPENDIX A

PINON VALLEY WATER COMPANY

ADVICE LETTER NO. 13 SERVICE LIST

Rob Luke & Heather Wilson 11804 Pasture Avenue Tehachapi, CA 93561	Oscar Acevedo 11700 Pasture Avenue Tehachapi, CA 93561	Martin T. & Lori Duran 11500 Pasture Avenue Tehachapi, CA 93561	Richard & Jerrine Fauble 11404 Pasture Avenue Tehachapi, CA 93561
Robert & Mary Roedel 25101 Maverick Court Tehachapi, CA 93561	Susan P. Burrignt 24005 Maverick Court Tehachapi, CA 93561	Liam & Marian O' Neill 25105 Maverick Court Tehachapi, CA 93561	John & Jean Grodewald 25104 Maverick Court Tehachapi, CA 93561
Nicolaos & Cheryl Sterris 11401 Pasture Avenue Tehachapi, CA 93561	Marcelina Saiz 11701 Pasture Avenue Tehachapi, CA 93561	Marcelina Saiz 11601 Pasture Avenue Tehachapi, CA 93561	Gideon & Denise Harvey 25016 Sunview Drive Tehachapi, CA 93561
Robert Kasey 25200 Sunview Drive Tehachapi, CA 93561	Jonathan & Jeanne Hamrick 25025 Sunview Drive Tehachapi, CA 93561	Karl Schlitz 11800 Appaloosa Road Tehachapi, CA 93561	Willem & Aneta Korving 25001 Sunview Drive Tehachapi, CA 93561
Melvin & Kathy Bassler 25005 Sunview Drive Tehachapi, CA 93561	James H. Mahan 25201 Sunview Drive Tehachapi, CA 93561	Michael & Lori Raubold 25301 Morgan Lane Tehachapi, CA 93561	Gaylord & Shirley Brubaker 25305 Morgan Lane Tehachapi, CA 93561
Rene J. Comstock 25401 Morgan Lane Tehachapi, CA 93561	Ranny & Sheela Taylor 22405 Morgan Lane Tehachapi, CA 93561	Martha R. Overfield 22505 Morgan Lane Tehachapi, CA 93561	Salvador Pantoja 11801 Appaloosa Road Tehachapi, CA 93561
Leonard J. Ricci 11701 Appaloosa Road Tehachapi, CA 93561	Flora Bassler 25601 Horseshoe Lane Tehachapi, CA 93561	Frances J. Smith 25613 Fernhill Drive Tehachapi, CA 93561	Jennifer Hanson 25617 Horseshoe Lane Tehachapi, CA 93561
John J. Koresko 25801 Horseshoe Lane Tehachapi, CA 93561	Rafael Jamie & Lavonda Trail 11901 Roundup Lane Tehachapi, CA 93561	Steve Steele 11805 Roundup Lane Tehachapi, CA 93561	Rory & Valerie Castleman 11800 Roundup Lane Tehachapi, CA 93561
Bryan Bigley & Johanna Biezeman 11804 Roundup Lane Tehachapi, CA 93561	Travis & Elizabeth VanKirk 11900 Roundup Lane Tehachapi, CA 93561	Marta A. VanKirk 11901 Roundup Lane Tehachapi, CA 93561	William Gerring 25604 Horseshoe Lane Tehachapi, CA 93561
Patty A. Birley 25600 Horseshoe Lane Tehachapi, CA 93561	Donald P. Roney 25605 Sand Canyon Road Tehachapi, CA 93561	Neil Wallace 11801 Pasture Avenue Tehachapi, CA 93561	Neil Wallace 11800 Halter Drive Tehachapi, CA 93561