81-2

READING FILE.

Service Date: January 20, 1981

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * *

IN THE MATTER of the Application of the CITY OF GLENDIVE For A Special Rule Governing Water Service.)	UTILITY DIVISION DOCKET NO. 80.9.88 PROPOSED ORDER 4749

APPEARANCES

FOR THE PETITIONER:

Gerald Navratil, City Attorney, and Dale M. Hubber, Assistant City Attorney, 300 S. Merrill, Glendive, Montana 59330.

BEFORE:

Eileen E. Shore, Hearing Examiner.

SUMMARY OF PROCEEDINGS

1. Official notice is taken that this proceeding had its genesis in a customer complaint received by the Commission. A customer of the City of Glendive's Water Department protested a $25.00 charge for installation of a remote meter reading device.

2. Official notice is further taken that the Commission resolved the complaint by issuing a declaratory ruling on August 4, 1980. The declaratory ruling found that the charge had not been approved by the Commission and was, therefore prohibited by the provisions of 69-3-305, MCA, and that the device is an integral part of the meter whose cost, under existing rules, must be borne by the utility.

3. On August 4, 1980, the City of Glendive petitioned the Commission for its approval of the following rules:

1. Special Rule #4: That in particular situations of water service where access to the specific water meter is denied of foreclosed for any reason the City shall be authorized to install a remote meter-reading device. Such a device shall be installed only after notice is given to the specific consumer and access to the water meter subsequently foreclosed, or after such a device is specifically requested. The cost of the device shall be charged to the consumer and become part of that consumer's water and sewer rates subject to all the rules and regulations governing water use in the City of Glendive.

2. Special Rule #15: That in all situations when water and sewer service is first introduced to a premises or when a conveyance is made of the legal or equitable title to property which is the subject of water and sewer service, a remote meter-reading device shall be installed by the City and the cost of such device charged to the party which shall benefit from water and sewer service to the said premises and shall become part of that party's water and sewer rates subject to all the rules and regulations governing water use in the City of Glendive.

Attached to that petition was the following narrative:

NARRATIVE TO ACCOMPANY
APPLICATION OF THE CITY OF GLENDIVE FOR
SPECIAL RULES NUMBER 14 and 15 GOVERNING WATER SERVICE

* * * * *

The City of Glendive, Montana, has been encountering regular and frequent difficulties in obtaining readings of water meters installed in customer residences. Remote meter-reading devices have become available which can be installed on the outside of customer residences, thus enabling the relatively easy availability of meter information. The City has found it extremely advantageous to install such devices since they provide access to such information which in some cases has not been available and since they also provide protection to the privacy of the customer and a significant increase of efficiency in the obtaining of such information by the City.

A number of such devices have already been installed, most of them at customer expense. It would appear to be the reasonable course to provide that all customers in the future be likewise charged for the installation of such devices. Customers would thereby be relieved of the necessity of increased water rates to cover such installations. The considerable convenience to the customer would appear to easily justify such a charge.

The rules hereby submitted cover all possible situations. Rule #14 specifically addresses the situation where the City is unable to obtain access to the existing water meter or where such a device is specifically requested. In both of these situations the instigation for the installation of the remote meter-reading device is with the customer, thereby creating a clear rational for requiring payment from the customer.

The second rule, Rule #15, would apply in situations where there has been new construction or where water and sewer service is first introduced or in the final instance, where title passes to another party. In these situations the convenience of the device to both the customer and the City is the controlling factor. Since the City has already installed a considerable number of such devices, and since installation takes place only under described situations, billing the individual customer for such installation would appear to be a reasonable alternative.

4. On November 21, 1980, the Commission issued a notice of public hearing on the City's petition. Pursuant to that notice, a hearing was held December 23, 1980 in the Dawson County Courthouse Community Room in Glendive.

SUMMARY OF TESTIMONY

5. John Hamilton, Water Clerk for the City, testified that:

a. The City currently has 2,026 accounts.

b. The City employs one full time meter reader and one person who reads meters four days per month.

c. It takes an average of three minutes to read each meter located inside a building and an average of one minute to read a meter with a remote reading device located on the outside of a building.

d. Problems encountered in reading meters inside a building include inability to gain access because no one is there or because some individuals, especially senior citizens, are unwilling to admit unfamiliar persons into their homes.

e. The City currently has 1,280 remote reading devices installed, leaving 740 accounts where the meter reader must gain access to the inside of the building. Approximately one hundred cards which are left when access is impossible are not returned each month.

f. Installation of remote meter reading devices save the ratepayers money and assure the privacy of individual customers. Because of the devices the City has been able to absorb 300 new accounts with no additional meter readers. The City began to install the devices in 1969.

g. Remote meter reading devices have been installed only when the customer has agreed to the installation and the $25.00 charge which had been assessed prior to the Commission's declaratory ruling. Public reaction to installation of the devices has been very favorable, and most of those who have not had them installed reside in older homes.

h. It is preferable to charge individual customers for installation of the devices since, if these costs were included in general rates, customers would pay "forever."

i. Following the Commission's declaratory ruling, the City refunded $3800 to customers who had had the devices installed during the past two years.

6. Bruce Miller, a City employee who installs the remote meter reading devices, and reads water meters testified that:

a. In addition to the problems mentioned by Mr. Hamilton in reading meters located inside buildings, he also encountered difficulties in getting access because stored material made the meter unaccessible, and that conditions such as unsafe stairs, trap doors, ladders and salamanders made indoor meter reading unpleasant and treacherous, which contributed to low employee morale.

b. When he suggested installation of devices, customers, many of whom live on Social Security, sometimes refused because they couldn't afford the installation charge.

7. William Wallace, the City's Director of Public Works, testified that:

a. It costs $25.00 to install the device in a new home (at time of construction) and approximately $35.00 - $40.00 for installation in an existing home.

b. Studies prepared for an anticipated rate increase request do not reflect costs of installing remote meter reading devices.

c. Since many customers have already paid for devices installed at their residences, if the cost of future installations were included in rates, some customers would be paying twice for the devices.

8. The City introduced Exhibits 1 through 4, which are letters from the Cities of Miles City, Hardin, Glasgow and Sidney, indicating that those Cities charge individual customers for installation of remote meter reading devices.

9. No witnesses appeared in opposition to the City's petition.

HEARING EXAMINER'S FINDINGS

10. Remote meter reading devices benefit both the utility and the individual customer who has it installed at her or his residence. However, the testimony, the City's narrative, and letters from other cities (Exhibits 1-4) show that the primary reason for installing the devices is to increase the utility's efficiency and lower its costs.

11. The utility's increased efficiency and lowered costs benefit all customers.

12. Individual charges of from $25.00 to $40.00 can be a significant disincentive to installation of the devices.

13. The testimony suggests that the customers who have not consented to installation of the devices are those least able to

pay, and include senior citizens who are sometimes reluctant to allow meter readers into their homes. Equity suggests that these individuals should not be forced to pay for installation of the remote meter reading devices when those who have had those devices installed in the past two years have not been held responsible for similar charges.

14. Because of the City's reimbursement of charges for installation of the devices, a number of customers with remote meter reading devices have not been charged for their costs; therefore, the argument that customers would be paying twice for the benefits of the devices is not particularly persuasive.

15. The City has the opportunity to include in its planned rate increase request, the cost of an ongoing program for installing the remote meter reading devices; the ratemaking process is sufficiently flexible that the Commission and the City can insure that ratepayers do not absorb the installation costs indefinitely. (See paragraph 5 h)

16. The Commission's declaratory ruling is accurate, and no testimony in this docket supports an order which allocates costs of installing remote meter reading devices, which are part of the meters, to individual customers.

CONCLUSIONS OF LAW

1. The City of Glendive provides water service within the State of Montana and as such is a public utility within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's operations, pursuant to Title 69, Chapter 3, MCA.

3. It is a reasonable exercise of the Commission's discretion to deny the City's petition for authorization to charge individual customers for the cost of remote meter reading devices.

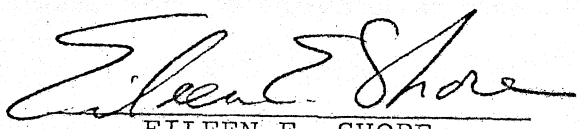
ORDER

1. The City's petition to charge individual customers for the cost of remote meter reading devices is hereby denied.

2. All motions and objections not previously ruled upon are denied.

Done and dated this 12th day of January, 1981.

Respectfully Submitted



EILEEN E. SHORE
Hearing Examiner