

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER HANSEN  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL  
WORKING FILE

**FROM:** MICHAEL FUSS

**DATE:** AUGUST 22, 2003

**RE:** CAPITOL WATER CORPORATION BILLING ERROR  
CASE NO. CAP-W-02-1

### BACKGROUND

During its review of the Company's Rules Summary, Staff discovered that Capitol Water was not billing its customers according to the approved tariffs. Specifically, the Company was rounding the total billed amount to the nearest 5-cents rather than the actual tariff rate.

Staff questioned the Company about the practice and found that the Company believed the practice was acceptable based on a previous Order. In Case No. CAP-W-96-2 Capitol Water requested and the Commission granted rates that were set at the nearest 5-cents for ease of billing purposes. Order No. 27022. However, the current rates implemented in May of 2002 by Order No. 29035 were not rounded to the nearest 5-cents and should be billed at the actual rates established.

The Company's incorrect billing practices resulted an over-collection of \$989.24 over 14 months from its 2,392 flat rate customers. The Company has remedied the situation on a going-forward basis and is billing the appropriate tariff rates as of July 2003.

Staff recommends that the over-collection be credited to the Company's current surcharge account rather than crediting each flat rate customer approximately \$0.40 on average. Staff and the Company agree that crediting the surcharge account the \$989.24 will fairly distribute the over-collected funds back to customers, payoff the surcharge slightly faster, and would be the easiest bookkeeping remedy. Furthermore, crediting the surcharge account provides customers with an outcome similar to crediting individual customer accounts.

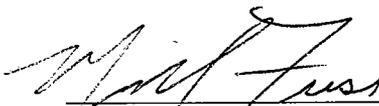
In addition to the billing error, Staff discovered a minor error in the Company's Tariff Schedule No. 1 franchise fee calculation. The franchise fee calculation for 1-inch metered service was shown at \$0.51 when the actual amount should have been \$0.52. Staff has worked with the Company to revise and resubmit this tariff page with the correct calculation. Even though the franchise fee calculation was shown incorrectly on the tariff page, the total rate was calculated correctly. Therefore, neither the Company nor customers will be affected by this tariff sheet correction.

#### **STAFF RECOMMENDATION**

Staff recommends and the Company agrees, that Capitol Water should credit the Company's surcharge account by the \$989.24 that was erroneously over-collected. Staff further recommends that the Commission accept the corrected Capitol Water Tariff Schedule No. 1 for filing.

#### **COMMISSION DECISION**

Does the Commission wish to direct Capitol Water to credit its surcharge account by \$989.24 and accept the corrected Tariff Schedule No. 1 for filing?

  
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Michael Fuss

MF/udmemos/capw02.1 billing error