



Horse Creek Water Services Inc.

Terms and Conditions of Service

January 11, 2018

Alberta Utilities Commission
Decision 23098-D01-2018
Horse Creek Water Services Inc.
Terms and Conditions of Service
Proceeding 23098

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Alberta Utilities Commission
Fifth Avenue Place, Fourth Floor, 425 First Street S.W.
Calgary, Alberta
T2P 3L8

Telephone: 403-592-8845
Fax: 403-592-4406

Website: www.auc.ab.ca

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1 Introduction

1. On November 14, 2017, Horse Creek Water Services Inc. (HCWS) filed its updated terms and conditions (T&Cs) for water service, pursuant to the directions in Decision 21340-D01-2017.¹ On December 5, 2017, HCWS modified its terms and conditions to clearly identify that the date of issue and due date are the same date.

2. The Alberta Utilities Commission published notice of the compliance filing on November 29, 2017, and advised interested parties that it would follow the streamlined process for compliance filings as set out in Bulletin 2016-18.² The Commission considered that the updates to HCWS' terms and conditions for water service were routine in nature and did not include any contentious issues. On this basis, the Commission indicated it was prepared to make its decision on the application without intervention by other parties. In the event an intervener wanted to challenge this process, submissions were due December 13, 2017. The Commission did not receive any submissions.

2 Background

3. In Decision 21340-D01-2017, the Commission directed HCWS to make the following changes to its terms and conditions for water service:

4. Section 1.3 – Forecast Information

143. The Commission is of the view that a typical residential customer may not know or be able to forecast their expected water use. Business or commercial customers, depending on their use of water, may have an estimate of their requirements. The utility will need to take this into account when working with customers to provide service. The Commission directs HCWS to update this section by adding the following wording:

The Utility may ~~require~~ assist the Customer at the property to provide forecasts of water use for the Premises for a specific period of time.

5. Section 2.7(b) – Change in Ownership or Tenancy of Property

145. While this section refers to a “new owner” the Commission is of the view that it could be the original owner renting the premises. The Commission directs HCWS to update this section by deleting the following word:

¹ Decision 21340-D01-2017, Horse Creek Water Services Inc., 2016 General Rate Application, Proceeding 21340, October 20, 2017.

² Bulletin 2016-18, Rates proceedings process improvements, October 18, 2016.

(b) if an ~~new~~ owner is leasing or renting a Premises and wants the Utility bill sent to a tenant, ...

6. Section 10.9 – Owner’s Responsibility for Payment

146. With respect to dealing with unpaid utility bills, the Commission will not require a new owner to take responsibility for unpaid bills of a former owner or tenant, as proposed by HCWS in its T&Cs. The Commission directs HCWS to delete the following clause in this section and Section 10.9(b):

In the event that a previous owner or tenant vacates the Premises leaving an outstanding Utility bill, the Utility’s agreement to provide Water Service is subject to the new property owner paying the outstanding balance owing on the water bill.

7. Section 5.1(b) – Security for Payment of Bills

148. The Commission finds the security requirement, which could equal the estimate of the total bill for the six highest consecutive months’ consumption of water by the customer, to be excessive. This is particularly so in light of HCWS’ proposal to disconnect if an account is overdue for one month or more. The Commission is of the view that the amount of the security deposit should be related to a similar time frame as the disconnection period. Therefore, the Commission finds that the security deposit amount should not exceed the highest of two consecutive months. The Commission directs HCWS to make this change to its T&Cs: [footnote deleted]

(b) exceed an amount equal to the estimate of the total bill for the ~~six (6)~~ two (2) highest consecutive months’ consumption of water by the Customer or applicant for the Premise, provided such estimate is not less than \$100.00. If there is no water usage history for the Premise, then a similar Premise’s water usage may be used.

8. Section 10.1 – Basis for Billing

151 The Commission has considered HCWS’ proposed late payment charge in light of its findings in Decision 2012-343.³ In Decision 2012-343, the Commission found that clarification with respect to the “statement date”, the “due date” and the “current charges due date” for determining the start date for the calculation of the late payment penalty was required. The Commission considers that the same reasoning applies to HCWS’ T&Cs. Accordingly, the Commission directs HCWS to update Section 10.1 as follows:

10.1 Basis for Billing | The Utility will bill the Customer in accordance with the applicable Schedules attached to these Terms and Conditions, payable at the Utility’s office or at any duly authorized collecting agency. The total amount of each bill is due on the date of issue. A late payment charge may be incurred if the total amount owing is not paid and payable within twenty (20) days of the date of issue.

³ Decision 2012-343: Direct Energy Regulated Services, 2012-2014 Default Rate Tariff and Regulated Rate Tariff, Proceeding 1454, Application 1607696-1, Section 6.2, December 21, 2012.

152. In addition, the Commission directs HCWS to clearly identify and label the issue date on its bills, and submit a sample bill confirming this change.

9. Section 11.1 – Back Billing:

155. The Commission directs HCWS to add the following wording to Section 11.1:

Any back billing charges or refunds shall be limited to the six month period immediately preceding the month in which the billing error was discovered. HCWS is not entitled to collect from a customer any amount undercharged of any kind more than 6 months before the date of the bill.

10. Section 12.1 – Administration Charges on Services:

157. The 15 per cent charge is also listed as a footnote in Schedule C – Service Charges. Given that a utility earns a return on its invested capital, in addition to being allowed an opportunity to recover its operating expenses, the Commission finds that the practice of adding a charge of fifteen per cent for overhead and administration would allow HCWS to earn an additional return beyond the return approved by the Commission. On this basis the Commission directs HCWS to remove all references to the additional charge of 15 per cent and amend any customer charges accordingly.

11. Section 14.4 – Responsibility Before Delivery:

159. A plain reading of subsection (a) suggests that a customer would be responsible for water prior to the water being delivered to the customer. It is unclear to the Commission how a customer could be expected to assume this responsibility and liability. The Commission directs HCWS to remove subsection (a) from Section 14.4 or to revise the section to clarify the intent of this section. If HCWS revises the section rather than removing the subsection altogether, HCWS should explain the reasoning of the subsection in the refiling of its T&Cs.

12. The Commission also stated as follows:

160. In addition, the Commission noticed that some references within the T&Cs are not correct, for example: Section 11.7 Under-Billing, refers to Section 12.4 (Tampering/Fraud) whereas Tampering/Fraud is Section 11.4. The Commission directs HCWS to review and correct these and any other administrative errors it discovers to ensure the document is internally consistent and up to date.

161. The Commission directs HCWS to update any other provisions of its T&Cs as required due to directions and findings of the Commission in this decision.

13. In addition, the Commission established the connection / tie-in fee amount as follows:

174. Based on these findings, and the fact that the connection fee will be contributed to a reserve fund to finance future costs, the Commission approves the tie-in fee of \$10,000, and directs HCWS to update its T&Cs to reflect this amount. To the extent that the tie-in fee is used to fund capital expenditures, the Commission directs HCWS to record any amounts received from the tie-in fee as a customer contribution, which will reduce the rate base of the utility.

3 Commission findings

14. The Commission has reviewed HCWS' changes to its terms and conditions of service as shown in the blackline version of the terms and conditions of service in Exhibit 23098-X0001.01. The Commission finds that HCWS has responded to the Commission directions and has implemented the required changes, subject to its findings below.

15. The Commission has also reviewed the sample bill, which shows that the due date is the date of issue. The Commission finds that the changes to the bill, including the information indicating the late payment amount after 20 days from the date of issue, is consistent with the intent and directions of the Commission.

16. In addition to the changes directed by the Commission, HCWS has made an additional change to Section 4.3(b) – Reconciliation to Actual Costs, as noted below:

- (b) Where the total Costs of the Service provided are more than the amount deposited for that purpose or an advance is not collected by the Utility, the Utility will provide an invoice to the Customer, and the outstanding balance is due and payable ~~within fifteen (15) days of~~ on the date of issue.

17. The Commission has considered this change, and finds that changing the balance due to the date of issue is consistent with the Commission's direction in Section 10.1 wherein the Commission set out that the amount of each bill is due on the date of issue. The Commission also directed HCWS to "review and correct these and any other administrative errors it discovers to ensure the document is internally consistent and up to date."⁴ The Commission is of the view that the change made by HCWS results in terms and conditions of service that are internally consistent. On this basis, the Commission finds this change to be reasonable, and approves the updated wording.

18. In Section 11.1 – Back Billing, HCWS added the following wording as directed by the Commission:

... Any back billing charges or refunds shall be limited to the six month period immediately preceding the month in which the billing error was discovered. HCWS is not entitled to collect from a customer any amount undercharged of any kind me than 6 months before the date of the bill.

19. This addition contains a minor typographical error: "... any kind me ..." should be "... any kind more ..." The Commission has updated the terms and conditions of service to correct this error, and has attached this version of the terms and conditions in [Appendix 2](#).

20. Based on the above findings, the Commission approves the terms and conditions of service effective January 11, 2018.

⁴ Decision 21340-D01-2017, paragraph 160.

4 Order

21. It is hereby ordered that:

- (1) The terms and conditions for Horse Creek Water Services Inc. attached in Appendix 2 to this decision are effective January 11, 2018.

Dated on January 11, 2018.

Alberta Utilities Commission

(original signed by)

Neil Jamieson
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
Horse Creek Water Services Inc. (HCWS)

Alberta Utilities Commission
Commission panel N. Jamieson, Commission Member
Commission staff K. Kellgren (Commission counsel) C. Burt

Appendix 2 – Commission-approved terms and conditions of service

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Appendix 2 -
Commission-approved
(consists of 36 pages)