

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: June 13, 2012

Board Item: V-C-1

Amendments to Operating Rules Regarding License Cancellation Process

Action by Consent

Action

Information

During the week of April 30, a LEAN Rapid Improvement Event (RIE) was conducted to review Denver Water's current policy of cancelling water service licenses.

Current Process

In the current system, a customer is issued a water service license for a property upon payment of the full SDC and other costs. The customer arranges for the main to be tapped, which requires that a service line be installed. The account is not activated until the meter pit is installed and the meter is set.

- Two-year cancellation: If the meter is not set within 2 years, the license is cancelled. The SDC is refunded if the customer requests a refund within 5 years after the license was issued. The unused service lines remain in the ground, which can create water quality and administrative problems.
- Five-year cancellation: Some properties are vacant for long periods or are abandoned. A license will be cancelled after 5 years without any consumption (meaning no consumption of more than 1000 gallons during any billing period). Issuance of a new license requires payment of a new SDC, which may be unknown to a subsequent purchaser.

In addition to making the process more customer-friendly, the goal of the RIE was to avoid: tapping into the main for connections that will not be used; incurring unreimbursed costs of reading and billing inactive accounts; and refunding SDC's years after payment was made.

Revised Process

In essence, the RIE resulted in elimination of the two-year and five-year cancellations, and a new approach based on activation and deactivation of accounts. Payment of an SDC entitles a property to water service; the capacity in the system has been paid for. An account may be active or inactive, but the property itself will remain licensed. Once the SDC is paid and a license is issued, the license remains on the books and no tracking of time for potential cancellation will be needed.

The new rules require that the meter be set within three days of the tap connection into the main. There is no deadline on when tapping must occur, so tapping will now be scheduled only when the licensee is ready to proceed with actual water service. No unused service lines will be tapped into the mains. Stub-in permits remain available for licensees who need to install infrastructure in advance of development of individual properties.

With regard to water service that becomes unused, the property owner will have a choice: pay the monthly service charge, which recovers the cost of reading the meters, and keep the account active; or request deactivation of the account. For an active account, water service will be restored through the normal "turn-on" process, which requires payment of actual costs of restoring service, but no other fees. For a deactivated account, the water service will need to be brought up to current standards for reactivation. After 5 years of deactivation, additional fees may apply, and repairs and inspection are often required to bring the service up to current standards. However, no SDC payment will be required to reactivate service.

Several sections of the Operating Rules require amendment to effectuate the results of the RIE. Attached are both highlighted and final versions of the applicable rules.

Recommendation:

It is recommended that the Board approve the attached amendments to the Operating Rules.

Approvals:

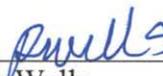
Respectfully submitted,



Julie Anderson
Director of Customer Relations



James S. Lochhead
CEO/Manager



Patricia Wells
General Counsel