PALO ALTO PARK MUTUAL WATER COMPANY

POLICY AND PROCEDURE FOR CUSTOMERS
APPEAL OF ASSIGNED WATER SERVICE RATE CATEGORY

The Palo Alto Park Mutual Water Company is committed to providing excellent customer service and ensuring that all customer concerns are addressed in a timely and satisfactory manner. The Company believes it is important to have a fair and transparent process in place for Customers to Appeal their assigned Rate Category and present evidence that a different Rate Category should be assigned to his or her Parcel. The Company has adopted this Policy so there are reasonable measures in place to safeguard against Customers being potentially subject to Fees resulting from being incorrectly assigned to a particular Rate Category.

If there is a conflict between the terms of this Policy and those in any other Company policy or rule pertaining to appealing an assigned Rate Category, this Policy shall prevail.

I. Introduction and Purpose of Policy. Because of the State of California’s current shortage of affordable housing, some property owners in the Service Area are renting out open rooms and living quarters in their single-family homes, garage structures, or accessory dwelling units that do not have separate water meters to measure any additional water usage attributed to any occupants of the Rental Units. It is the Company’s policy to use its adopted Rate Structure to assign Rate Categories to Customers based on direct evidence of (i) the Dwelling Classification for every unit receiving Water Service at a Parcel, and (ii) the factual situation used to determine the monthly surcharge associated with the Dwelling Classification; which, in turn, the Company then uses to calculate Fees to cover its Water Service costs for the total amount of water usage at each Parcel. Although the Company strives to assign Rate Categories which are based on direct evidence of the Dwelling Classification and all facts giving rise to any associated monthly surcharge under the Rate Structure, if a Customer believes its Parcel has been assigned an incorrect Rate Category, the Customer can follow the procedures in this Policy to Appeal the assigned Rate Category.

II. Definitions. The capitalized terms in this Policy have the meanings stated in this Article. References to words or defined terms in this Policy importing the singular shall include the plural and vice versa.

a. “Appeal” means the appeal to the Company that a Customer makes for review and possible revisions of the Customer’s assigned Rate Category pursuant to the process and procedures in this Policy.
b. “Appellant” means a Customer appealing an assigned Rate Category or fact used to determine that Rate Category.

c. “Bill” means a bill or invoice for Water Service that is mailed or delivered to each Customer following the billing period for which the Bill is rendered.

d. “Board” means the Company’s Board of Directors.

e. “Company” means the Palo Alto Park Mutual Water Company and “Company Address” means 2190 Addison Avenue, East Palo Alto, California, 94303.

f. “Customer” means a member of the Company that is the owner of a Parcel that receives Water Service from the Company.

g. “Disputed Rate Category” means an assigned Rate Category being disputed by an Appellant.

h. “Dwelling Classification” means the dwelling description under the “classification” column in the Rate Structure, which include the following classifications: “Dwelling Unit,” “Single Family Residential,” “Multifamily Residential” “Duplex-Individual,” “Duplex-Joint,” “Single Room Occupancy Facilities,” “Accessory Dwelling Unit,” “Institutional,” “Commercial,” and “Vacant.”

i. “Fees” means the total amount of monthly fees and assessments for all Water Services listed on a Bill.

j. “Hearing Officer” means the Company’s general manager or his or her designee.

k. “Parcel” means a single Parcel of real property in the Service Area with one assessor’s parcel number.

l. “Petition” means the Appeal form that can be picked up as a hard copy from the Company’s office or can be downloaded from its website and used by a Customer to submit an Appeal under this Policy.

m. “Policy” means the collective policies, procedures, terms, conditions, and requirements set forth in this Policy document that can be used by Customers to Appeal an assigned Rate Category.

n. “Service Area” means all areas in the City of East Palo Alto and Menlo Park which receive Water Service from the Company.

o. “Supporting Documents” means copies of any supporting documentation or records in the Company’s possession at the time an Appeal is received or discovered during
an Appeal which provides evidence or support as to why an Appellant’s specific Rate Category was assigned to its Parcel.

p. “Rate Category” means each Parcel’s specifically assigned (a) User Classification; (b) associated monthly rate; and (c) any additional monthly surcharge that may be based on the use and size of the dwelling type under the User Classification category.

q. “Rate Structure” means the system adopted by the Board pursuant to that certain “Resolution Establishing Water Service Assessments and Fees Rate Structure” which the Company uses to determine each Customer’s specific Rate Category.

r. “Rental Unit” means an area within a structure or dwelling unit at a single Parcel that contains separate or independent living facilities which may be rented out.

s. “Water Service” means the water and water-delivery services provided to Customers in the Service Area.

III. Customer Review of Monthly Bill and Rate Structure to Determine Assigned Rate Category. Each month, Customers can check the specific Rate Category assigned to them by reviewing the Fees on their Bill against the definitions and Rate Categories in the Rate Structure posted on the Company’s website.¹ By comparing their Bill against the applicable category or categories the Customer falls under in the Rate Structure, the Customer can determine whether the Rate Category assigned to their Parcel is accurate. Alternatively, after reviewing each monthly Bill, Customers can call the Company’s office to request that a written breakdown of all account details used to determine their assigned Rate Category be sent to the Customer by mail.

IV. The Appeal Process. If a Customer believes its Parcel has been assigned an incorrect Rate Category, the Customer can Appeal the Disputed Rate Category and be credited or reimbursed for any Fees determined by the Company to be attributed to an incorrectly assigned Rate Category as follows:

a. Optional Step: Contesting Rate by Phone. Before proceeding with the steps (b)-(d) in this Article below, a Customer may call the Company to request (i) an explanation and (ii) any Supporting Documentation for the Rate Category assigned to the Parcel. If the Customer still believes the assigned Rate Category is incorrect after discussing the Disputed Rate by phone and reviewing any Supporting Documentation, the Customer can proceed with filing an Appeal Petition. Although a Customer is not required to contest a Rate Category by phone before filing a Petition, it is recommended and can often result in a more efficient resolution of an Appeal.

¹ The Company’s Rate Structure can be accessed at the following URL: https://www.papmwc.org/water-rates.
b. **Step One: Filing Petition for Appeal to Initiate Appeal Process.** If a Customer believes it has received a Bill with an incorrectly assigned Rate Category, the Customer must deliver a written notice of Appeal, as well as all materials it wishes to submit in support of the Appeal, to the Company using the Petition form and accompanying instructions no later (30) calendar days of the Customer receiving the Bill with the Disputed Rate. This Petition should include sufficient details explaining the reasons why the Disputed Rate is being appealed. During the Appeal period, the Appellant will not be required to pay the Fees stated on the Bill with the Disputed Rate in question until the Appeal is resolved or disposed of in accordance with the terms of this Policy.

c. **Step Two: Preparing for and Completing Hearing with Hearing Officer.** After the Company receives the Petition requesting an Appeal hearing in front of a Hearing Officer, a hearing date will be set for no later than thirty (30) calendar days after the Company receives the Appellant’s Petition. Appellant will be mailed a notice of the scheduled hearing date and any Supporting Documentation that may not have already been provided to Appellant no later than fifteen (15) calendar days before the hearing date so the Appellant has sufficient time to inspect any of those materials in advance of the hearing. On the day of the hearing, after evaluating all evidence provided by the Customer and the Supporting Documentation on file with the Company, the Hearing Officer will render a decision as to the accuracy of the Disputed Rate Category and resulting Fees set forth on the Bill in question and provide the Appellant with a brief written summary of the facts, evidence, and reasoning in support of the Hearing Officer’s decision at the end of that hearing. Additionally:

1. If the Hearing Officer determines the assigned Rate Category and associated Fees are **incorrect**, the Company will provide a revised Bill to the Customer within ten (10) calendar days of the hearing, and the Customer must pay the total amount of Fees on that revised Bill no later than (10) calendar days after the Customer receives the revised Bill.

2. If the Disputed Rate and associated Fees in question are determined to be **correct**, the Customer must pay the total amount of Fees on the disputed Bill within two (2) business days after the Hearing Officer’s decision is rendered.

3. At the end of the hearing, the Appellant will be advised of their right to appeal the Hearing Officer’s decision before the Company’s Board in accordance with the procedures outlined in subsection (d) below. If Appellant wishes to appeal the decision, the Appellant must pay the Fees
for the disputed Bill in accordance with subsection c.2. above and file a written request for a hearing in front of the Board using the same Petition form no later than ten (10) calendar days after the Hearing Officer’s decision is rendered. If the Customer does not timely appeal the decision to the Company’s Board, the Hearing Officer’s decision shall be final.

d. Step Three: Requesting a Hearing Before the Board of Directors. As discussed, the Appellant has ten (10) business days from the date of the Hearing Officer’s decision to accept the decision or appeal the decision to the Board by sending a written request to the Company’s Address using the same Petition form. The Appeal hearing will occur at the next regular meeting of the Company’s Board unless the Customer and Company agree to a later date. At the hearing, the Customer will be required to personally appear before the Board and present evidence and reasons why the assigned Rate Category is inaccurate. The Board shall evaluate the evidence presented by the Customer, and the Supporting Documentation on file with the Company, and it will render a written decision outlining the specific grounds why the Appeal is either granted or denied as follows:

1. The Board shall have up to fifteen (15) business days to issue a final, written decision justifying its decision.

2. The Board’s written decision will be delivered to the Customer by personal delivery or certified mail and will include a summary of the facts, evidence, and reasoning in support of its decision.

3. If the Board finds that the Rate Category in question is incorrect, the Customer will be sent a new Bill for the revised Fees, which must be paid no later than ten (10) calendar days from the date the revised Bill is received.

4. If the Board finds the Rate Category in question is correct, and Customer has not already paid the Bill in question, the Customer must pay the total amount of Fees shown on the disputed Bill within two (2) business days of receiving the Board’s written decision.

5. If the Board determines that a Customer incurred overcharges or additional Fees caused by an incorrectly assigned Rate Category, and the Customer receives any Bills after the initial Bill with the Disputed Rate which prompted the Customer’s Appeal, any incorrect and additional Fees on those subsequent Bills attributed to an incorrectly assigned Rate Category
will be reflected as a credit on the Customer’s account and will be applied to future Bills.

6. Water Service for any Appellant shall not be discontinued at any time during an Appellant’s Appeal to the Company or its Board is pending.

7. The Board’s decision is final and binding.

V. Implementation and Amendments. The Company’s staff is directed to take all steps necessary to implement the foregoing Policy and shall recommend any changes to other Company’s policies, rules, and regulations necessary to implement its principles. The Company reserves the right to amend this Policy from time to time with the approval of the Company’s Board at a properly noticed public meeting. If amended, the Company will strive to provide written notice of any amended terms to Customers on or with their Bill, or through a public posting on the Company’s website.