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WATER/RSK/PTL/SHI/jj

AGENDA ITEM #7676

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch**

**RESOLUTION NO. W-4691
June 26, 2008**

R E S O L U T I O N

(RES. W-4691), CALIFORNIA WATER SERVICE COMPANY (Cal Water) - LIVERMORE DISTRICT (Livermore). ORDER AUTHORIZING A RATE BASE OFFSET INCREASE PRODUCING AN INCREASE IN GROSS ANNUAL REVENUES OF \$136,820 OR 1.19%.

SUMMARY

By Advice Letter 1842 filed on December 13, 2007 and supplemented by Advice Letter 1842-A filed on May 20, 2008, Cal Water, a Class A water utility, requested a revenue increase of \$136,820 for its Livermore district due to increase in rate base arising from two completed capital improvement projects in 2007. This resolution authorizes an increase in revenues of \$136,820 or 1.19% relative to currently adopted revenues. The increase will not result in a rate of return greater than that last authorized for Cal Water.

BACKGROUND

By Decision 05-07-022, the Cal Water Company - Livermore District was authorized to file a rate base offset advice letter for projects 11037 (design) and 11059 (construction) for a 1.5 million gallon tank. The projects were needed to improve fire-flows and operational storage. The projects were subject to a combined cap of \$1,000,000.

Cal Water's Livermore District requests approval to increase the rate base by \$950,210 for completed projects 11037 and 11059. At the currently authorized rate of return of 8.47%, this increase in rate base results in an increase in the

revenue requirements amounting to \$136,820 or 1.19% relative to revenues at present rates.

Cal Water's Livermore District serves 18,161 customers located in Livermore, Alameda County. The present rates were established on April 1, 2008 by Advice Letter 1854.

DISCUSSION

The Division of Water and Audits (Division) examined workpapers for the completed projects and concluded that the proposed projects represented necessary and prudent investments that would benefit Cal Water's Livermore ratepayers. The Division also examined invoices supporting expenditures for projects 11037 and 11059 to validate the amounts requested by Cal Water's Livermore District.

At the rates proposed by Cal Water, for an average customer with a 5/8-inch x 3/4-inch meter who consumes 18 Ccf (or 1,800 cubic feet) of water per month, the monthly bill will increase 1.00% from \$45.51 to \$45.97.

NOTICE, PROTESTS, AND PUBLIC MEETING

An article announcing the proposed rate increase was published by Cal Water in a newspaper of general circulation, the Tri-Valley Herald, on December 12, 2007. The Division received no protests against the proposed project or the projected rate increases stemming from the project.

Due to timing issues, the rates published in the newspaper notice were since superseded by rates brought about by overlapping Advice Letter 1854. The Division determined that since the rate changes arising from Advice Letter 1854 were minor, the original newspaper notice fairly represented the rate changes in this current resolution and was thus sufficient. The Division recommends that no additional newspaper notice is warranted.

COMPLIANCE

Service by Cal Water's Livermore District is satisfactory. There are no Commission orders requiring system improvements. The utility has been filing annual reports as required.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to Public Utilities Code Section 311(g) (3), the otherwise 30-day period for public review and comment is being waived.

FINDINGS

1. Expenditures for completed projects 11037 and 11059 totaling \$950,210 should be allowed into California Water Service Company - Livermore District's rate base.
2. Revenue requirements should increase by \$136,820 or 1.19% to reflect the increase in rate base.
3. The Commission finds, after investigation by the Division of Water and Audits, that the rate increase hereby authorized is just and reasonable.
4. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g) (3).

THEREFORE IT IS ORDERED THAT:

1. California Water Service Company - Livermore District is authorized, five days after the effective date of this resolution, to make effective the revised rate schedule, No. LV-1, General Metered Service, which is attached to Advice Letter 1842-A, and to concurrently cancel the presently effective rate schedule.
2. Expenditures for completed projects 11037 and 11059 totaling \$950,210 are allowed into California Water Service Company - Livermore District's rate base.
3. California Water Service Company - Livermore District's revenue requirements are allowed to increase by \$136,820 or 1.19% to reflect the increase in rate base.

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This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on June 26, 2008; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

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