

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 26, 2007

TO ALL CLASS B, C AND D WATER AND SEWER UTILITIES

Subject: Rate Adjustments due to CPI-U Increase for 2006

On March 31, 1992, the Commission issued Decision 92-03-093 authorizing Class C and D water utilities to file each year by advice letter for a rate increase based on the most recent year-end increase in the Consumer Price Index for All Urban Consumers (CPI-U) announced by the Bureau of Labor Statistics, U.S. Department of Labor. Subsequent resolution (Res.) W-4493, dated September 2, 2004 and Res. W-4540, dated June 16, 2005 authorized sewer utilities and Class B water utilities to file a CPI-U advice letter each year.

Any Class B, C and D water utility and sewer utility presently not earning the rate of return authorized in its most recent rate case and not presently subject to a test year, attrition year, or other general rate increase is authorized to file once each year, by advice letter, for this CPI-U increase.

Please keep in mind that any utility that missed a filing during the year **may not file retroactively** the next year.

An advice letter requesting such an increase must be filed in accordance with General Order 96-A. According to Decision 92-03-093:

“no CPI-U increase will be granted if the rate of return based on the increased revenues exceeds the rate of return authorized in a utility’s most recent rate case”.

Appendix A shows a sample Summary of Earnings (SOE) Table. Please follow the same format shown on Appendix A and determine whether the rate of return (ROR) based on increased revenues exceeds the last authorized ROR.

Please file an advice letter and use the following procedures to request a CPI-U increase **only** if the ROR based on increased revenues calculated in the above SOE table **does not** exceed the authorized ROR:

- 1) Publish a notice similar to Attachment 1 in a newspaper of general circulation in your area. At your discretion, you may notify your customers by including similar wording in a bill insert.

- 2) Revise the existing rates shown on your tariff schedules to reflect the increase that you are requesting.

Increase each quantity as well as service charge rate by **2.5%, the CPI-U increase for 2006.**

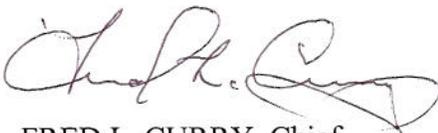
Attachment 2 shows a sample of revised tariff sheets and also includes blank tariff forms. You may either follow the samples exactly, or modify them to suit your particular needs.

Submit updates for all of your tariff sheets that contain rates by an Advice Letter similar to Attachment 3. All rates must be calculated by the same percentage for this filing to be correct. To establish present revenues and rate of return, please provide the following information as shown on Attachment 1 :

- 1) Actual revenues for 2006.
- 2) Estimate of increased revenues (apply the 2.5% CPI-U inflation factor to actual revenues for 2006 as shown on Appendix A).
- 3) Actual Expenses for 2006. Provide actual individual expenses for 2006 based on the line item accounts as they appear in your last general rate case (GRC) Summary of Earnings Table and a copy of the GRC Summary of Earnings.
- 4) Estimate of Rate Base (show additions and removals since last GRC increase).
- 5) A copy of the 2005 Annual Report if advice letter is filed before March 31, 2007.
Provide a copy of the 2006 Annual Report if advice letter is filed after March 31, 2007.

If you have any questions, please feel free to call my Supervising Utilities Engineer, Mr. Mohsen Kazemzadeh, at (415)703-2148.

Very truly yours,



FRED L. CURRY, Chief
Water Branch
Water Division

Attachments

APPENDIX A
ABC Water/Sewer Utility Company, Inc.

Summary of Earnings

<u>Category</u>	<u>Adopted Res. W-0000</u>	<u>Actual 2006</u>	<u>CPI Increase at 2.5%</u>	<u>After Increased Revenues</u>
<u>Operating Revenues:</u>				
Flat Rate	208,181	187,363	5,205	192,567
Metered	3,706	3,595	93	3,687
Private Fire Protection	1,203	1,167	30	1,197
Total	213,090	192,125	5,327	197,452
<u>Operating Expenses</u>				
Purchased Water	-	-		-
Purchased Power	16,529	16,529		16,529
Purchased Chemicals	-	-		-
Other Volume Related Expenses	700	746		746
Employee Labor	7,300	7,775		7,775
Materials	7,106	7,568		7,568
Contract Work	7,443	7,927		7,927
Water Testing	-	-		-
Transportation Expense	8,973	9,556		9,556
Other Plant Maintenance Expense	308	328		328
Office Salaries	3,600	3,834		3,834
Management Salaries	24,190	24,190		24,190
Employee Pension and Benefits	7,592	8,085		8,085
Uncollectibles	55	59		59
Office Service & Rentals	3,240	3,451		3,451
Office Supplies & Expenses	5,198	5,536		5,536
Professional Services	1,956	2,083		2,083
Insurance	8,065	8,589		8,589
Regulatory Commission Exp.	1,055	1,124		1,124
General Expenses	2,289	2,438		2,438
minus expenses capitalized	-	-		-
Total Operating Expenses	105,599	109,816		109,816
<u>Deductions</u>				
Depreciation	20,246	20,853		20,853
Property Tax	4,333	4,463		4,463
Payroll Tax	1,799	1,853		1,853
Taxes Other Than Income	1,987	2,047		2,047
Total Deductions	28,365	29,216		29,216
Total Expenses including Deductions	133,964	139,032		139,032
Net income before taxes	79,126	53,092		58,420
State Income Tax	6,648	6,300		6,300
Federal Income Tax	13,118	1,200		
Net Revenue	59,360	46,792		52,120
State Income Tax				
Rate Base:				
Average Plant	815,647	825,000		825,000
Average Depr. Res.	(331,355)	(332,200)		(332,200)
Net Plant	484,292	492,800		492,800
Less: Advances/Contributions	(23,232)	(23,800)		(23,800)
Add: Materials and Supplies	4,560	4,700		4,700
Rate Base	465,620	473,700		473,700
Rate of Return	12.75%	9.88%		11.00%

Authorized Rate of Return (ROR) = 12.75%
Actual Rate of Return (ROR) = 9.88%

Since ROR of 11.00 % based on increased revenues is less than adopted ROR of 12.75% , CPI should be granted

Date

**NOTICE TO CUSTOMERS
OF THE PROPOSED RATE INCREASE**

_____ Water (or Sewer) Company, has requested authority from the California Public Utilities Commission to increase its water rates by \$ _____ or 2.5%, Consumer Price Index for 2006. Provision for this increase is authorized by Commission Decision 92-03-093, or Resolution (Res.) W-4493, or Res. W-4540. The resulting rates will not result in a rate of return in excess of that last found reasonable for _____ Water or(Sewer) Company.

The present rates have been in effect since _____, 199_.

The company proposes to increase rates as follows:

Metered Service:

Service Charge:

	<u>Present Rates</u>	<u>Per Meter Per Month Proposed Rates</u>	<u>Bi-Monthly* Surcharge</u>
For 5/8 x 3/4-inch meter	\$ _____	\$ _____	\$ _____
For 3/4-inch meter	_____	_____	_____
For 1-inch meter	_____	_____	_____

Quantity Rate:

All Water, per 100 cu. ft. \$ _____ \$ _____

The service charge is a readiness to serve charge which is applicable to all metered service and to which is added the monthly charge computed at Quantity Rates.

*The Safe Drinking Water Bond Act surcharge remains the same.

California law requires the company to show to the Commission's satisfaction that an increase is justified before it may raise its rates. Customers who would like to call the Commission's attention to any problems concerning their water service or who would like to provide any other information or comments regarding this requested increase, should write to the Commission at the following address:

California Public Utilities Commission
Water Branch, Room 3106
505 Van Ness Avenue
San Francisco, CA 94102

Comments should mention that they pertain to _____ Water (or Sewer) Company and must be sent no later than twenty (20) days after the date this notice was sent or the date of publication of this notice.

ANY WATER COMPANY
 _____ County

Cal. P.U.C. Sheet No. _____

Canceling _____ Cal. P.U.C. Sheet No. _____

TABLE OF CONTENTS

The following listed tariff sheets contain all effective rates and affecting rates and service of the utility, together with information relating thereto:

<u>Subject Matter of Sheet</u>	<u>Cal. P.U.C. Sheet No.</u>	
Title Page	1-W	
Table of Contents	112-W, 3-W	(T)
Preliminary Statement	4-W	
Service Area Map	5-W	
 Rate Schedules:		
Schedule 1, General Metered Service	97-W, 98-W	(C)
Schedule 2R, Residential Flat Rate Service	99-W, 100-W	(C)
 Rules:		
No. 1 Definitions	12-W, 13-W	
No. 2 Description of Service	14-W	
No. 3 Application for Service	15-W	
No. 4 Contracts	16-W	
No. 5 Special Information Required on Forms	17-W - 19-W	
No. 6 Establishment & Re-establishment of Credit	20-W	
No. 7 Deposits	21-W, 22-W	
No. 8 Notices	23-W, 24-W	
No. 9 Rendering and Payment of Bills	25-W, 27-W	
No. 10 Disputed Bills	28-W, 29-W	
No. 11 Discontinuance & Restoration of Service	103-W - 111-W	
No. 12 Information Available to Public	38-W, 39-W	
No. 13 Temporary Service	40-W, 41-W	
No. 14 Continuity of Service	42-W	
No. 15 Main Extensions	43-W - 57-W	
No. 16 Service Connections, Meters, and Customer's Facilities	89-W - 95-W	
No. 17 Measurement of Service	63-W	
No. 18 Meter Tests and Adjustment of Bills for Meter Error	64-W - 66-W	
No. 19 Service to Separate Premises and Multiple Units, and Resale of Water	67-W, 68-W	
No. 20 Water Conservation	69-W	

(continued)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. _____

NAME _____

Date Filed _____

Decision No. 92-03-093

TITLE _____

Effective _____

Resolution No. _____

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water service furnished on a metered basis.

TERRITORY

Any Water and vicinity, on the northwest shore of Lake Tahoe, Placer County.

RATES

Quantity Rate:	Per Meter Per Month	
Per 100 cu.ft.	\$ 0.68	(I)
Service Charge:		
For 5/8 x 3/4-inch meters	8.90	(I)
For 3/4-inch meters	9.70	
For 1-inch meters	13.10	
For 1-1/2-inch meters	17.60	
For 2-inch meters	23.50	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rate.

SPECIAL CONDITIONS

1. As authorized by the California Public Utilities Commission pursuant to Resolution W-3784, all bills are subject to a one-time surcharge of \$2.48. This charge offsets the Department of Health Services fee as billed to Any Water Company for the fiscal year 1993-1994.
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

(continued)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. _____

NAME

Date Filed _____

Decision No. 92-03-093

TITLE

Effective _____

Resolution No. _____

Schedule No. 2A

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service furnished on an annual basis.

TERRITORY

Tract No. 123, and vicinity, approximately 3 miles southwest of the city of Normala in Sonoma County.

RATES

Annual Flat Rate

Residential use, payable in advance on or before
January 1 of each year.....\$225.49 (I)

SPECIAL CONDITIONS

- 1. As authorized by the California Public Utilities Commission pursuant to Resolution W-3784, all bills are subject to a one-time surcharge of \$2.48. This charge offsets the Department of Health Services fee as billed to Any Water Company for the fiscal year 1993-1994. (N)
- 2. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (L)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. _____

NAME

Date Filed _____

Decision No. 92-03-093

TITLE

Effective _____

Resolution No. _____

Date

WATER (OR SEWER) COMPANY

COUNTY

Advice Letter No. _____

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

_____ Water Company hereby transmits for filing the following changes in its tariff schedules which are attached hereto:

<u>Cal. P.U.C</u> <u>Sheet No.</u>	<u>Title Sheet</u>	<u>Canceling</u> <u>Sheet No.</u>
_____	Schedule No. _____, General Metered Service	_____
_____	Schedule No. _____, Flat Rate Service	_____
_____	Table of contents	

The present rates became effective on _____, 19____ pursuant to Resolution W-_____ which authorized an offset rate increase of \$ _____ or _____%. The last general rate increase became effective _____, 19____ pursuant to Resolution W-_____, which authorized a general rate increase of _____ or _____%, and a rate of return of _____%.

These tariffs are submitted pursuant to Ordering Paragraph No. 1 of Decision No. 92-03-093, dated March 31, 1992, or Ordering Paragraph No. 2 of Resolution (Res.) W-4493 dated September 2, 2004, or Ordering Paragraph No. 1 of Res. W-4540, dated June 16, 2005. The decision and resolutions authorizes Class B, C and Class D water and sewer utilities to file once each year by Advice Letter for an increase over the prior year's adopted revenue, based on the most recent year end increase in the Consumer Price Index. The increased cost is to be passed on to the utility's customers in their quantity as well as service charge rates. D.92-03-093, or Res. W-4493, or Res. W-4540 authorizes _____ Water (or Sewer) Company to file the attached rate schedules and to concurrently withdraw and cancel its present schedules for such service.

_____ Water (or Sewer) Company requests permission to increase the present monthly quantity and service charge rates by \$ _____, or 2.5%, CPI-U for 2006. This increase of projected revenues will not result in a rate of return which exceeds the authorized rate of return of _____%. Workpapers justifying this increase have been provided to the CPUC Water Branch Staff.

This filing is made under the provisions of General Order No. 96-A.

_____ Water (or Sewer) Company, Inc. has given public notice of this request by publishing a notice in a local newspaper of general circulation. A copy of the notice is attached.

This filing will not cause withdrawal of service, nor conflict with any other schedule or rule.

_____ Water Company, Inc.

By: _____
(Title)

Attachments