

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch****RESOLUTION NO. W-4955****R E S O L U T I O N**

(RES. W-4955), CALIFORNIA AMERICAN WATER COMPANY (CAL-AM). AUTHORIZING REQUEST TO ESTABLISH THE SAND CITY MORATORIUM EXCEPTION SERVICE SURCHARGE PURSUANT TO DECISION (D.) 13-04-015.

By Advice Letter No. 1011 filed May 10, 2013.

SUMMARY

This resolution authorizes California American Water Company (Cal-Am) to establish the Sand City Moratorium Exception Service surcharge pursuant to Decision (D.) 13-04-015. The special condition added to the general metered tariff for the Monterey County District includes a surcharge amount of \$0.3317 per 10 cubic feet (cf) and will be applied to new service connections in Sand City and will reflect incremental costs of the Sand City Desalination Plant over the current average cost of water production in Monterey County District.

BACKGROUND

In Advice Letter No. 1011, filed on May 10, 2013, Cal-Am requests authority to establish the Sand City Moratorium Exception Service surcharge pursuant to D.13-04-015. The special condition added to the general metered tariff includes a surcharge amount of \$0.3317 per 10 cf for new service connections in Sand City. The surcharge is based on the incremental costs of the Sand City Desalination Plant over the current average cost of water production in Monterey County District.

The revenues collected from the total water production costs on new services connections in Sand City that are subject to the Sand City Moratorium Service surcharge will be tracked separately and will be excluded from Monterey County District recorded revenues and water production associated with the new connections will be excluded from Monterey County District recorded production. The bill impact for an average residential customer using 740 cf per month will be an increase of \$24.55 or 34.9 percent. The corresponding increase for the average commercial customer bill based on a consumption of 3040 cf will be an increase of \$100.84 or 21.1 percent.

NOTICE AND PROTESTS

Cal-Am served Advice Letter No. 1011, in accordance with General Order (GO) No. 96-B Section 4.3 to its GO 96-B Monterey County District Service List, all interested and affected parties. No protests were received for Advice Letter No. 1011.

DISCUSSION

The Division of Water and Audits reviewed the work papers submitted by Cal-Am for Advice Letter No. 1011. The surcharge rate of \$0.3317 per 10 cf proposed by Cal-Am was determined by subtracting from the authorized cost of water for the Sand City Plant (\$2,599 per acre foot or \$0.5966 per 10 cf) the embedded cost of water production in the Monterey County District (\$0.2649 per 10 cf). The Division of Water and Audits determined that the requested surcharge amount of \$0.3317 per 10 cf is appropriately calculated consistent with D.13-04-015.

The Division of Water and Audits recommends that Cal-Am should be authorized to establish the Sand City Moratorium Exception Service surcharge pursuant to D.13-04-015. Given our approval of the requested Sand City Moratorium Exception Service surcharge, Cal-Am should file a supplement to Advice Letter No. 1011 no later than five days after the adoption of this Resolution, indicating the effective date for the Sand City Moratorium Exception Service surcharge to be the date of this Resolution.

COMMENTS

Advice Letter No. 1011 is an uncontested matter pertaining solely to a water corporation request in which this Resolution grants the authority requested. Pursuant to Public Utilities Code § 311(g) (3), this Resolution was not served for comments.

FINDINGS AND CONCLUSIONS

1. Cal-Am timely filed Advice Letter No. 1011 on May 10, 2013 to establish the Sand City Moratorium Exemption Service surcharge as authorized by D. 13-04-015.
2. In Advice Letter No. 1011, Cal-Am calculated a quantity based surcharge of \$0.3317 per 10 cf to be applied to new service connections in Sand City to reflect the incremental costs of the Sand City Desalination Plant over the current average cost of water production in Monterey County District.
3. A review of documentation provided to support Cal-Am's request for a usage based surcharge of \$0.3317 per 10 cf for new service connections in Sand City is appropriate and should be approved by the Commission.
4. Advice Letter No. 1011 is an uncontested matter.
5. Cal-Am's request to establish the Sand City Moratorium Exception Service surcharge is appropriate and it is reasonable to make the surcharge effective upon adoption of this Resolution.

THEREFORE IT IS ORDERED THAT:

1. California American Water Company's request to establish the Sand City Moratorium Exception Service surcharge as requested in Advice Letter 1011 is hereby approved.
2. Within 5 days of the effective date of this Resolution, California American Water Company is authorized to file a Supplement to Advice Letter No.1011 incorporating the following Tariff Sheet shown in Attachment A for the Monterey County District Tariff Area: 1) Schedule No. MO-1: General Metered Service (Replacing CPUC Sheet No. 7032-W) indicating the effective date for the Sand City Moratorium Exception Service surcharge is the date of this Resolution.
3. 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 July 11, 2013; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

Attachment A

Schedule No. MO-1 (Continued)
Monterey County District Tariff Area
GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued):

- 28. Per Advice Letter 987, a surcharge is included in each bill in the Monterey Main system to recover the under-collection in the Monterey-Style Water Revenue Adjustment Mechanism (WRAM) Balancing Account of \$2,413,408. The surcharge is shown in the table below and will remain effective for 21 months beginning April 1, 2013. (T)

Monterey Main

	<u>Monterey-Style WRAM Surcharge (per 10 CF)</u>
<u>Residential, Multi-Residential & Sale for Resale:</u>	
Block 1: For the first 10 cu. ft. x Customer Allotment	\$0.0000
Block 2: For the second 10 cu. ft. x Customer Allotment	\$0.0200
Block 3: For the third 10 cu. ft. x Customer Allotment	\$0.0400
Block 4: For the fourth 10 cu. ft. x Customer Allotment	\$0.0799
Block 5: All Water over 40 cu. ft. x Customer Allotment	\$0.1399
 <u>Non-Residential:</u>	
Block 1: For all water delivered up to monthly allotment, per 10 cu. ft.	\$0.0200
Block 2: For the next 15% of monthly allotment delivered, per 10 cu. ft.	\$0.0599
Block 3: For all water delivered over Block 2, per 10 cu. ft.	\$0.1399
 <u>Dedicated Irrigation:</u>	
Block 1: For all water delivered up to monthly allotment, per 10 cu. ft.	\$0.0400
Block 2: For all water delivered over monthly allotment, per 10 cu. ft.	\$0.1399
 <u>Special Use:</u>	
For all water delivered, per 10 cu. ft.	\$0.0400

- 29. Per Advice Letter 1011, a surcharge is to be included as a part of the cost of water authorized by D.13-04-015 for each new service connection in Sand City authorized by D.11-03-048 to reflect the additional incremental cost of the Sand City Desalination Plant over the current average cost of production. The surcharge will be \$0.3317 per 10 cf and will be effective July 11, 2013, and will terminate in accordance with lifting of the Moratorium authorized by D.11-03-048. (N)