

PROPOSED RESOLUTION

Resolution W-4991
DWA/RSK/BMD/PTL/ds4

AGENDA ID #13103

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION W-4991
August 28, 2014

RESOLUTION

**(RES. W-4991) HILLVIEW WATER COMPANY. ORDER
AUTHORIZING A SURCHARGE OF 5% ON THE
MONTHLY SERVICE CHARGE FOR 36 MONTHS TO
RECOVER DIFFERENCE IN INTERIM AND FINAL RATES
OF \$231,782 FOR TEST YEAR 2009 GENERAL RATE CASE.**

SUMMARY

Hillview Water Company filed Advice Letter 99 on December 19, 2013, seeking to collect \$233,536 through a surcharge of 5% on its monthly service charge for 36 months to recover the difference between the interim rates and final rates in its Test Year 2009 general rate case. This Resolution authorizes Hillview Water Company to implement a surcharge to recover \$231,782.

BACKGROUND

Hillview Water Company (Hillview) is a Class C water utility which currently provides service to approximately 1,432 customers in the foothills of eastern Madera County, southwest of Yosemite National Park.

Hillview submits this request by Advice Letter (AL) 99 to recover the revenue difference between the interim rates adopted in AL 88, effective January 1, 2009, and final rates adopted by Resolution (Res.) W-4785, effective October 6, 2009.

PROPOSED RESOLUTION

Resolution W-4991
DWA/RSK/BMD/PTL/ds4

August 28, 2014

Hillview submits this request pursuant to Res. W-4540 Ordering Paragraphs (O.P.) 1 and 3 and O.P. 1 of Res. W-4658. O.P. 1 and 3 of Res. W-4540, effective June 16, 2005 state:

1. When a Class B, C, or D water or sewer system utility files a general rate case, it may file an Advice Letter for a CPI-U increase, subject to refund or increase to the rates found reasonable in the general rate case resolution or decision, for the requested test year. This advice letter shall be made effective by Commission resolution. No earnings test is required.

3. At the completion of the general rate case application, the authorized but not collected revenues shall be adjusted for the CPI-U inflation revenues or the cash flow revenues received by the utility and the difference recovered by surcharge or refunded by surcredit.

O.P. 1 of Res. W-4658, effective September 20, 2007 states:

1. A Class B, C, or D water or sewer system utility is authorized to file for an interim General Rate Case rate increase based on the consumer price index or cash flow, with the final general rate increase subject to refund back to the date of approval of the increase, by Tier 1 advice letter.

Hillview had previously requested recovery of these funds by AL 95, a Tier 1 AL and AL 96, a Tier 2 AL, on December 19, 2012 and August 1, 2013, respectively. The first AL was withdrawn on the advice of the Division of Water and Audits (DWA) and the second AL was rejected by the DWA. DWA made the rejection primarily on the theory that there was no ordering paragraph in the general rate case (GRC) Resolution, Res. W-4785, so the Commission had not authorized recovery. Hillview argues in the instant filing, AL 99, that the GRC Resolution acknowledges the interim filing in the background section, that at the time it was not customary for GRC Resolutions to include a paragraph authorizing recovery of the interim shortfall, and that Res. W-4540 and Res. W-4658 provide a general authorization for such recovery.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in the Sierra Star on December 26, 2013. General Order (G.O.) 96-B, Water Industry Rule 3.1 allows such newspaper notice when the relief requested is an offset increase of less than ten percent of the last authorized revenue requirement. In accordance with G.O. 96-B, General Rule 7.2, AL 99 was sent to Hillview's service list, which included adjacent utilities. A certificate of service and copy of the service list were included in AL 99. No protests were received.

PROPOSED RESOLUTION

Resolution W-4991
DWA/RSK/BMD/PTL/ds4

August 28, 2014

DISCUSSION

DWA has verified that AL 88 was filed on December 31, 2008 as an interim increase, properly citing Res. W-4658 for authority. Hillview has provided evidence of notice to customers of the AL 88 increase printed on the bills mailed February 25, 2009. This notice is consistent with G.O. 96-B as the first billing notice process for Tier 1 ALs and had already been authorized by Res. W-4664 on November 1, 2007.

Although the ordering paragraphs in Res. W-4785 do not specifically authorize Hillview to file this AL, DWA concurs with Hillview's assertion that Res. W-4540 and Res. W-4658 provide general authority for this filing. Moreover, the interim increase established by AL 88 is referenced in the second paragraph of the background section of Res. W-4785. DWA finds no evidence that it was the intent of the Commission at the time to deprive Hillview of interim recovery. This filing is proper.

DWA has verified that the calculations of the shortfall and necessary rate increases are correct. DWA noted that the authority to collect interest cited in the advice letter workpapers does not apply in this case. Hillview has agreed. Hillview should be authorized to recover the interim shortfall of \$231,782.

COMMENTS

This is an uncontested matter that pertains solely to a water corporation. Accordingly, pursuant to Public Utilities Code Section 311(g)(3), this resolution is exempt from the 30-day public review period.

COMPLIANCE

There are no outstanding Commission orders requiring system improvements. The utility has been filing annual reports as required.

PROPOSED RESOLUTION

Resolution W-4991
DWA/RSK/BMD/PTL/ds4

August 28, 2014

FINDINGS

1. Hillview Water Company (Hillview) filed Advice Letter (AL) 99 on December 19, 2013, seeking to collect \$233,536 through a surcharge of 5% of its monthly service charge for 36 months to recover the difference between the interim rates and final rates in its Test Year 2009 general rate case.
2. Hillview is a Class C water company serving approximately 1,432 customers.
3. AL 99 was noticed in accordance with General Order (G.O.) 96-B.
4. AL 88 was filed on December 31, 2008 as an interim increase, citing Resolution (Res.) W-4658 for authority.
5. AL 88 was noticed in accordance with G.O. 96-B.
6. Res. W-4785, September 24, 2009, establishes in its background section that AL 88 was an interim increase.
7. There is no evidence in Res. W-4785 that the Commission intended to preclude Hillview from seeking to recover the difference between its interim rates and the final rates in its Test Year 2009 general rate case.
8. Res. W-4540 and Res. W-4658 provide general authority for Hillview to file AL 99.
9. DWA believes that it is reasonable to allow recovery of the revenue difference resulting from the difference between interim and final rates for Hillview.
10. Hillview should be authorized to file a supplemental advice letter to implement a surcharge to recover \$231,782 over a thirty-six month period.

PROPOSED RESOLUTION

Resolution W-4991
DWA/RSK/BMD/PTL/ds4

August 28, 2014

THEREFORE IT IS ORDERED THAT:

1. Hillview Water Company is hereby authorized to file a supplemental advice letter to implement a surcharge to recover \$231,782 over a thirty-six month period. This supplemental advice letter shall become effective upon approval by the Division of Water and Audits.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at the Public Utilities Commission of the State of California on August 28, 2014; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

**HILLVIEW WATER COMPANY
ADVICE LETTER NO. 99
SERVICE LIST**

Bass Lake Water Company
Attn: Steve Welch, President
P.O. Box 109
Bass Lake, CA 93604-0109

Yosemite Spring Park Utility
Attn: Steve Payne, Gen. Manager
30250-B Yosemite Springs Parkway
Coarsegold, CA 93614-9051