

WATER/JPT/MXK/EYC/jlj

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4623

November 9, 2006

**R E S O L U T I O N**

**(RES. W-4623), DEL ORO WATER COMPANY (DOWC), PARADISE PINES DISTRICT (PPD). ORDER AUTHORIZING AN OFFSET RATE INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES OF \$26,524 OR 1.8% FOR INCREASES IN THE COST OF PURCHASED POWER.**

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**SUMMARY**

By Advice Letter (AL) No. 151, filed September 8, 2006, DOWC seeks revision of tariff Schedule PP-1A, Annual General Metered Service, to provide for an increase in revenues. This resolution grants DOWC's request for authority to increase rates by \$26,524 or 1.8% to offset purchased power rates increased by Pacific Gas and Electric (PG&E). The offset rate increase will not result in a rate of return greater than last authorized for DOWC. This resolution also authorizes DOWC to establish and maintain a purchased power reserve account to take into account any positive or negative balance remaining in the reserve account.

**BACKGROUND**

DOWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset \$26,524 increase in purchased water costs. The higher cost for purchased power was based on PG&E's increasing rates on May 1, 2006.

DOWC's PPD serves approximately 4,634-metered service connections in and around the community of Paradise Pines in Butte County. The present rates for DOWC became effective January 27, 2006, by Resolution (Res.) No. W-4576 which authorized DOWC to reduce the rates to reflect the removal of the emergency generator from rate base. The last general rate increase was granted on May 5, 2005 by Res. No. W-4533.

## DISCUSSION

The offset increases requested herein are for the purpose of recovering in rates, on a dollar-for-dollar basis, changes in expenses that have occurred since the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

The reason for the above changes is as follows: PG&E increased its rates on rate schedules A-6 and A-1, effective May 1, 2006. The impact of the increase to PPD will be \$26,524 per year. The increases in PG&E's purchased power cost is directly related to water consumption and therefore the associated rate increase for PPD shall be applied to the quantity rates. In order to recover the higher costs, DOWC will increase its quantity charge by \$0.045/Ccf (One Ccf is equal to one hundred cubic feet) in the PPD. The monthly bill for an average residential customer in PPD utilizing 1,000 cubic feet of water per month would increase by \$0.45 from \$24.96 to \$25.41, or 1.87%.

The Water Division analyzed DOWC's request and supporting workpapers, and concurred with DOWC's estimates. DOWC-PPD's present rate structure consists of one schedule: No. PP-1A, Annual General Metered Service.

DOWC has also requested in AL 151 authorization to establish a purchased power reserve account for PPD. DOWC is authorized to establish a reserve account for purchased power in accordance with provision of the Public Utilities Code Section § 792.5<sup>1</sup>.

Service by DOWC is satisfactory. There are no Commission orders requiring neither system improvements nor are there any service problems requiring corrective action. DOWC is currently earning 7.83% on a recorded basis, which does not exceed its last authorized rate of return of 8.42% pursuant to Res. No. W-4533, dated May 5, 2005.

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<sup>1</sup> Public Utilities Code Section § 792.5 states:

“Whenever the commission authorizes any change in rates reflecting and passing through to customers specific changes in costs, except rates set for common carriers, the commission shall require as a condition of such order that the public utility establish and maintain a reserve account reflecting the balance, whether positive or negative, between the related costs and revenues, and the commission shall take into account by appropriate adjustment or other action any positive or negative balance remaining in any such reserve account at the time of any subsequent rate adjustment.”

**NOTICE AND PROTESTS**

DOWC has given public notice of the request for an increase by publishing in a local newspaper of wide circulation in the Paradise Pines District in Butte County as evidenced by a Proof of Publication provided to the Water Branch by the utility. No protest letters were received concerning the proposed offset increase.

**FINDINGS**

1. Effective May 1, 2006, PG&E increased its power rates for rate schedules A-6 and A-1, resulting in an annual increase of \$26,524.
2. DOWC has requested to increase its quantity charge by \$0.045/Ccf to offset the \$26,524 in increased costs for purchased power.
3. DOWC is currently earning 7.83% on a recorded basis, which does not exceed its last authorized rate of return of 8.42% pursuant to Res. No. W-4533, dated May 5, 2005.
4. DOWC has requested to establish a purchased power reserve account for PPD.
5. DOWC is authorized to establish a reserve account for purchased power in accordance with provision of the Public Utilities Code Section 792.5.
6. The Commission finds, after investigation by the Water Division, that the rate increase requested is justified and the resulting rates are just and reasonable.

**THEREFORE IT IS ORDERED THAT:**

1. Del Oro Water Company, Paradise Pines District, is authorized to make effective revised Schedule No. PP-1A, Annual General Metered Service, attached to Advice Letter No. 151, and to cancel the corresponding presently effective rate schedule. The effective date of the revised rate schedule shall be five days after the date of this resolution.
2. Del Oro Water Company, Paradise Pines District is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

3. This resolution is effective today.

I hereby 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 November 9, 2006; the following Commissioners approved it:

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STEVE LARSON  
Executive Director