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AGENDA ID #1063

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4349
September 19, 2002**

R E S O L U T I O N

**(RES. W-4349), MAR VISTA WATER COMPANY, INC. (MVWC).
ORDER AUTHORIZING A SURCHARGE TO RECOVER AN
UNDERCOLLECTION IN ITS PURCHASED POWER
BALANCING ACCOUNT PRODUCING AN INCREASE IN
ANNUAL REVENUE OF \$3,441 OR 5.1%.**

SUMMARY

By Advice Letter No. 30, filed July 22, 2002, MVWC seeks revision of tariff Schedule No. 1A, Annual Metered Service, and Schedule No. 2AR, Annual Residential Flat Rate Service, to provide an increase in revenues of \$3,441 or 5.1% to recover an undercollection in its purchased power balancing account which was accrued between January 2001 and December 2001. This resolution authorizes a surcharge of \$1.65 per customer per month for twelve months for flat rate customers, and \$0.07 per hundred cubic feet (Ccf) of the consumption for metered customers for twelve months, to recover an undercollection in its purchased power balancing account providing an increase in revenue of \$3,441 or 5.1%. The rate increase will not result in a rate of return greater than last authorized for MVWC.

BACKGROUND

MVWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset the \$3,441 uncollected balance in its purchased power balancing account. The purchased power increases were approved by California Public Utilities Commission's (Commission) Decisions Nos. (D.) 01-01-018, D.01-03-082, and D.01-05-064, which authorized the Pacific Gas and Electric Company (PG&E) to increase its rates.

MVWC serves approximately 65 metered customers and 115 flat rate customers in the unincorporated area known as Forest Glen Subdivision near Aptos, Santa Cruz County.

The present rates of MVWC became effective on August 16, 2002, pursuant to D.92-03-093, authorizing a Consumer Price Index increase of \$1,087 or 1.6%.

DISCUSSION

Effective January 4, 2001 and March 27, 2001, PG&E was allowed to surcharge purchased power by one cent per kilowatt-hour (kWh) and three cents per kWh, respectively, pursuant to D.01-01-018 and D.01-03-082.

Effective June 1, 2001, pursuant to D.01-05-064, PG&E rates were increased by an average of six cents per kWh for summer consumption and an average of three and a half cents per kWh for winter consumption for rate schedules A-1 and A-10. These PG&E rate increases have resulted in MVWC' purchased power balancing account to accumulate an under-collection of \$3,441. The Water Division staff (Division) has reviewed MVWC's request and find it to be reasonable.

MVWC's recorded earnings for the year 2001 show that the utility's rate of return was 0.07%. Its authorized rate of return was 13.31%, therefore, MVWC was not over-earning its authorized rate of return during the period (year 2001) when the under-collection was accumulated.

Ordinarily, balancing account under-collections for purchased power are recovered through a surcharge on water use. Since MVWC has both a flat rate and metered rate customers, the Division concurs with MVWC's request and recommends that the utility be authorized to assess a surcharge of \$1.65 per customer for flat rate customers and \$0.07 per Ccf for twelve months for metered customers to recover the under-collection in its purchased power balancing account as of November 29, 2001. As ordered in Res. No. W-4294, dated November 29, 2001, all over/under-collection purchased power entries subsequent to November 29, 2001, must be placed in a separate balancing type

memorandum account, the disposition of which is to be determined in the OIR required by Res. No. W-4294.

NOTICE AND PROTESTS

Notice of the proposed rates was published in The Santa Cruz Sentinel on July 20, 2002. The Water Division received no letters objecting to the rate increase.

FINDINGS

The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED that:

1. Authority is granted under Public Utilities Code Section 454 for Mar Vista Water Company to make effective the revised Schedule No. 1, Annual Metered Service, and Schedule 2AR, Annual Residential Flat Rate Service, attached to Advice Letter No. 30, and concurrently to cancel its presently effective rate schedules. The effective date shall be five days after the date of this resolution.
2. In accordance with Public Utilities Code 792.5, the incremental costs and incremental revenues shall be booked in a balancing account.
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 September 19, 2002; the following Commissioners approved it:

WESLEY M. FRANKLIN
Executive Director