

WATER/ABJ/EYC:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4456
February 11, 2004**

R E S O L U T I O N

(RES. W-4456), TWIN VALLEY WATER COMPANY (TVWC). ORDER AUTHORIZING A ONE-TIME SURCHARGE TO RECOVER AN INCREASE IN WATER TESTING COSTS AND DEPARTMENT OF HEALTH SERVICES (DHS) FEES PRODUCING AN INCREASE IN ANNUAL REVENUE OF \$5,934 OR 5.08%.

SUMMARY

By Advice Letter No. 19, filed on December 3, 2003, TVWC seeks to add a one-time surcharge, spread over four months, to its tariff Schedule No. 1, Metered Service, resulting in an increase in annual revenues of \$5,934 or 5.08%. This increase is to recover water testing costs and DHS fees incurred from July 2002 through June 2004 over and above the amount allowed in the last general rate case. TVWC's present rates became effective on January 29, 2004, pursuant to Decision No. (D.) 92-03-093, which authorized a Consumer Price Index (CPI) offset increase. The last general rate case increase became effective August 11, 1995, pursuant to D.95-08-011. This rate increase will not result in a rate of return greater than that authorized by D.95-09-080 (corrected by D.95-08-011 for errors) since TVWC presently is operating at a loss.

BACKGROUND

TVWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to recover \$5,934 in water testing costs and DHS fees. TVWC serves approximately 83 metered customers in an unincorporated area of Santa Clara County, west of Morgan Hill, California. Staff reviewed all invoices for the water testing costs and the DHS fees. TVWC's recorded earnings test for the calendar year 2002 shows a loss, which is less than the amount last authorized and the company is therefore not overearning on an actual basis.

After discussion with staff, TVWC committed to filing for a CPI increase and will file a general rate case later in 2004. The owner has not had time to do so in the past.

DISCUSSION

Res. No. W-4013, dated December 20, 1996, which expired January 1, 2002, and Res. No. W-4327, dated March 6, 2002, authorized all Class B, C, and D Water Utilities to establish water quality memorandum accounts (WQMA) for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, treatment costs, and office of drinking water user fee memorandum accounts (UFMA) to track California DHS user fees not presently included in rates. Class B, C, and D Water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with General Order No. 96-A. WQMA recovery requires a resolution, while UFMA recovery does not. Since this advice letter requests recovery from both WQMA and UFMA, this resolution deals with both.

The surcharge requested herein would allow TVWC to recover the WQMA balance of \$4,980 from August 2002 through December 2003. It will also recover a \$954 balance in the UFMA for fees billed to cover the period July 1, 2002 to June 30, 2004. The Water Division recommends that TVWC be authorized to assess a one-time surcharge of \$71.50 per customer, spread over four months, to recover the \$5,934 balance, which will be booked in WQMA and UFMA balancing accounts.

Service is satisfactory. TVWC is in compliance with all Commission orders.

NOTICE AND PROTESTS

Notice of the proposed rate increase was placed in each customer's billing invoice on December 2, 2003. There were no protests concerning the proposed increase.

FINDINGS

1. Res. No. W-4327 authorizes all Class B, C, and D water utilities to establish WQMAs and UFMAs.
2. Class B, C, and D water utilities were also authorized to request recovery of these account balances by advice letter filings.
3. On December 3, 2003, TVWC filed Advice Letter No. 19 to increase rates to recover water testing and DHS fees.

DRAFT

Resolution W-4456
TVWC/AL 19/ABI/EYC:jlj

February 11, 2004

4. TVWC is currently operating at a loss and is therefore not earning in excess of its last authorized rate of return of 14.00%.
5. The surcharge herein would allow TVWC to recover WQMA and UFMA balances, which total \$5,934.
6. It is proper for TVWC to assess a one-time surcharge of \$71.50 per customer, spread over four months, to recover the WQMA and UFMA balances.
7. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g)(3).

THEREFORE IT IS ORDERED THAT:

1. Twin Valley Water Company is authorized, five days after the effective date herein, to make effective revised Schedule No. 1, Metered Service, attached to Advice Letter No. 19, and to cancel the corresponding presently effective rate schedule.
2. Twin Valley Water Company, Inc. is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
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 February 11, 2004; the following Commissioners approved it:

WILLIAM AHERN
Executive Director

APPENDIX A

Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area in Santa Clara County west of the City of Morgan Hill as delineated on the filed service area map.

RATES

Quantity Rate:

For all water delivered per 100 cu.ft.....\$2.39

Service Charge:

	<u>Per Meter</u> <u>Per Month</u>	<u>SDWBA</u> <u>Surcharge</u>
For 5/8 x 3/4-inch meter	\$ 21.60	\$ 10.80
For 1-inch meter	32.30	16.80
For 1-1/2-inch meter	42.99	33.60
For 2-inch meter	58.09	53.75

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

SPECIAL CONDITIONS

1. The SDWBA (Safe Drinking Water Bond Act) surcharge is in addition to the water bill. The surcharge is specifically for the repayment of the SDWBA loan authorized by this decision.
2. As authorized by the California Public Utilities Commission, all bills are subject to a \$17.88 surcharge for four consecutive months. This charge offsets the expenses resulting from the Environmental Protection Agency's adopted National Primary Drinking Water Regulations for water testing and maintain standards under the Surface Water Treatment Rule. The surcharge offsets the Department of Health Services fee as billed to Twin Valley Water Company for July 2002 to June 20, 2004. (N)
3. All bills are subject to the reimbursement fee set forth in Schedule No. UF. (N)