

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 18, 2010

Draft Resolution W-4857
Agenda ID #10001

TO: All Interested Parties

Enclosed is draft Resolution W-4857 of the Division of Water and Audits. It will be on the Commission's December 16, 2010 agenda. The Commission may act then act on this resolution or it may postpone action until later.

When the Commission acts on a draft resolution, it may adopt all or part of it as written, amend, modify or set it aside and prepare a different resolution. Only when the Commission acts does the resolution become binding on the parties.

Parties to this matter may submit comments on this draft resolution. An original and two copies of the comments, with a certificate of service, should be submitted to:

Division of Water and Audits, Third Floor
Attention: Terence Shia
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Parties may submit comments on or before December 8, 2010. The date of submission is the date the comments are received by the Division of Water and Audits. Parties must serve a copy of their comments on the utility on the same date that the comments are submitted to the Division of Water and Audits.

Comments shall be limited to five pages in length plus a subject index listing the recommended changes to the draft resolution, a table of authorities and appendix setting forth the proposed findings and ordering paragraphs.

Comments shall focus on the factual, legal, or technical errors in the draft resolution, and shall make specific reference to the record or applicable law. Comments which fail to do so will be accorded no weight and are not to be submitted.

Persons interested in comments of parties may write to Terence Shia, email him at ts2@cpuc.ca.gov, or telephone him at (415) 703-2213.

/s/RAMI S. KAHLON
Rami S. Kahlon, Director
Division of Water and Audits

Enclosures: Draft Resolution W-4857
Certificate of Service
Service List

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch****RESOLUTION NO. W-4857
December 16, 2010****R E S O L U T I O N**

**(RES. W-4857), GOLDEN STATE WATER COMPANY (GSWC),
REGION I, BAY POINT CUSTOMER SERVICE AREA (CSA). ORDER
AUTHORIZING SURCHARGES TO RECOVER \$72,133 FOR GSWC'S
BAYPOINT CSA IN REGION I FOR LOST REVENUES FROM
REDUCED CUSTOMERS' CONSUMPTION.**

SUMMARY

This resolution grants Golden State Water Company (GSWC) the authority to recover in rates \$72,133 for its Bay Point Customer Service Area (CSA) in Region I by adding the following surcharges to each customer's bill in each respective tier: \$0.085 per hundred cubic feet (Ccf) in Tier 1, \$0.098 per Ccf in Tier 2, \$0.113 per Ccf in Tier 3 for residential metered customers on Schedule No. BY-1-R, and \$0.059 per Ccf for non-residential customers on Schedule No. BY-1-NR. These temporary surcharges would be in effect for a 12-month period beginning on January 1, 2011. GSWC requested to amortize this recovery as a one-time combination of the under-collected balance of \$566,888 for lost revenues tracked in GSWC's Water Revenue Adjustment Mechanism balancing account (WRAM) and the Modified Cost Balancing Account (MCBA)¹ and the over-collected balance of \$494,755 from the Bay Point Mandatory Conservation and Rationing Implementation Memorandum Account (BPMCRIMA), which tracks the operating and administrative costs associated with implementing Schedule 14.1-BY.² The one-time

¹ The WRAM tracks the difference between the total quantity rate revenues authorized by the Commission and the total quantity rate revenues actually recovered via quantity charge. The MCBA tracks the differences between adopted and actual costs for purchased water, power and pump tax. The WRAM and MCBA came into effect on September 1, 2009.

² Schedule 14.1 is activated in response to a governing agency, such as a water wholesaler or the Contra Costa Water District (CCWD), declaring a water shortage and imposing mandatory rationing on a utility that may result in the utility's reduction of customer water allocations based on a percentage of the customer's historical usage.

combination of these two balances results in an under-collection of \$72,133 or 1.22% of 2009 adopted revenues.

BACKGROUND

GSWC, a California corporation, is a Class A utility and a subsidiary of American States Water Company. As one of California's largest Commission-regulated water utilities, it serves approximately 250,000 customers in three regions, which are comprised of nine rate-making areas. GSWC's Region I service territory includes roughly 55,600 customers in seven districts, which include Arden Cordova, Bay Point, Clearlake, Los Osos, Ojai, Santa Maria, and Simi Valley.

On May 29, 2009, GSWC filed for the activation of Stage 1³ of Schedule 14.1-BY via Advice Letter (AL) 1331-W with the effective date of May 29, 2009. GSWC activated the Stage 1 in response to the reduced allocation program of the CCWD, which issued declarations to GSWC to reduce its allocations to 15% below its 2004-2006 historical usage.

With the activation of Stage 1, the BPMCRIMA and the Bay Point Water Rationing and Conservation Memorandum Account (BPWRCMA) became effective. The BPMCRIMA was created to track the operating and administrative costs associated with implementing Schedule 14.1-BY, such as educating customers about conservation concerns and providing information through mailers and outreach events. This memorandum account also was created to track any penalty charges that a governing agency, e.g. CCWD, imposed on GSWC if the utility exceeded its allocation, and any additional penalties GSWC collected from its customers in implementing Schedule 14.1. The BPWRCMA was created to track the revenue shortfall associated with the implementation of Schedule 14.1.⁴

³ GSWC's Schedule 14.1-BY provides for a series of progressively restrictive water allocations (stages) to the utilities' customers corresponding to decreasing levels of available water supply. Schedule 14.1 is first *activated* when a governing authority, such as a water wholesaler, imposes on GSWC mandatory water use allocations (as opposed to voluntary conservation measures). Once this happens, GSWC files for initial activation of Schedule 14.1, and GSWC can ask for more restrictive stages as/if they become necessary by filing a Tier 1 AL stating a specific need for decreased water allocations to its customers. Stage 1 activation sets customer allocations at 90-95% of the 3 year historical average usage for the period 2005-2007 and establishes fines for non-essential or unauthorized water use.

⁴ The BPMCRIMA and BPWRCMA were created pursuant to AL 1331-W. The BPWRCMA only tracked the revenue shortfall that was outside the scope of what was being tracked in the Water Conservation Memo Account (WCMA) approved in AL 1284. The WCMA tracked extraordinary expenses and revenue shortfalls associated with voluntary water conservation

On September 1, 2009, the Conservation Rate Design⁵ went into effect. In light of the establishment of the WRAM (see footnote 1 above), lost revenues due to mandatory conservation began being tracked in the WRAM, and not in the BPWRCMA. Therefore, the BPWRCMA was no longer needed and did not track any lost revenues. This memorandum account was then closed by GSWC on September 1, 2009.

On May 1, 2010, CCWD made effective its 2010 Conservation Program, and this conservation program did not carry any penalty charges. With the implementation of this new conservation program, GSWC could deactivate Stage 1 of Schedule 14.1-BY. GSWC deactivated the Stage 1 schedule via AL 1387-W, which became effective on May 1, 2010.

On April 30, 2010, GSWC filed AL 1395-W to amortize the balance in the WRAM/MCBA for the period of September 1, 2009 through December 31, 2009. AL 1395-W complied with Decision (D.) 09-05-005, which adopted a Settlement Agreement between the Division of Ratepayer Advocates (DRA) and GSWC regarding the joint implementation of the WRAM/MCBA and Conservation Rate Design effective September 1, 2009. GSWC filed AL 1395-W as a Tier 1 filing in accordance with GO-96-B. On May 14, 2010, the Division of Water & Audits (DWA) suspended GSWC's AL 1395-W in order to grant DRA adequate time to conduct an independent audit of the amount collected in the WRAM/MCBA for appropriateness.

GSWC held an informational meeting with its independent auditor PricewaterhouseCoopers (PWC) on June 2, 2010. At this meeting, PWC presented its audit findings for GSWC's Region I WRAM/MCBA filings to DWA and DRA. Also, during this period, DRA conducted an investigation on the balance of the WRAM/MCBA in Bay Point along with the other CSA filings from Region I. Following this investigation, GSWC agreed to make the following two corrections.

First, GSWC had understated its actual sales for its California Alternative Rates for Water Customers for Region I⁶ and corrected this understatement. Second, GSWC

measures GSWC implemented as a result of the Governor's June 4, 2008 Executive Order declaring drought conditions in the State of California. On October 16, 2009, GSWC filed AL 1353-W to recover lost revenue tracked in the WCMA up to August 31, 2009, and the Commission approved recovery of this lost revenue in Resolution W-4840.

⁵ The Conservation Rate Design is a tiered rate design that sets increasing block rates in order to collect the quantity revenues from GSWC's ratepayers.

⁶ Region I has a different program from Region II and III and required a separate set of tariffs that its accounting program failed to account for.

updated its September 2009 MCBA amount to reflect the actual energy bills charged in this month rather than using the ledger balance. These changes resulted in a decrease

for the overall WRAM/MCBA balance to \$608,971, rather than the initial \$649,009 GSWC requested in AL 1395-W. Following additional discussions between DRA, DWA, and GSWC to accurately reflect WRAM/MCBA balances for the entire Region I filings for the four-month period, September through December 2009, the Bay Point balance was further reduced to \$566,888.

GSWC filed AL 1405-W on June 22, 2010, to amortize the over-collected balance in the BPMCRIMA of \$494,755. In this same AL, GSWC also requested to combine the WRAM/MCBA under-collected balance of \$649,009 with the over-collection in the BPMCRIMA that would result in a one-time amortization of \$154,255 or 2.62% of under-collection.

On July 22, 2010, DWA suspended GSWC's AL 1405-W in order to draft a resolution for Commission approval. During this period, DRA concluded its audit, and GSWC filed supplemental filings, AL 1395-WA and 1405-WA on November 3, 2010, to resolve the issues that DRA raised with respect to the original filings, AL 1395-W and AL 1405-W. These changes resulted in a decrease for the overall WRAM/MCBA balance to \$566,888, rather than the initial \$649,009 GSWC requested in AL 1395-W. With regards to the changes made in decreasing the WRAM/MCBA balance discussed above, this reduction for the under-collection combined with the BPMCRIMA over-collection results in a new net balance of \$72,133, to be collected in surcharges, rather than the initially filed amount of \$154,255 GSWC requested in AL 1405-W.

NOTICE AND PROTESTS

On June 22, 2010, GSWC gave public notice of its rate increase request by mailing a notice of this request, in the form of a postcard, to its Bay Point customers. Also on this day, GSWC filed AL 1405-W with the Commission and served this AL on the Bay Point District Service List. GSWC gave public notice of the rate increase and filed AL 1405-W in accordance with the provisions of GO 96-B.

One protest was received for GSWC's AL 1405-W; the content of this protest points out that any increase in rates for the Bay Point District would be devastating for the community. However, as we discuss below, by allowing GSWC to implement conservation programs, the Bay Point ratepayers were protected from much larger increases in rates associated with higher water supply costs.

DISCUSSION

GSWC seeks to amortize the over-collected balance in the BPMCRIMA for its Bay Point CSA from Region I. The over-collected balance in the BPMCRIMA is \$494,755. These monies reflect the administrative and operating costs GSWC incurred for implementing

conservation measures with respect to Schedule 14.1-BY, less penalty charges GSWC levied against its customers per Schedule 14.1-BY for excess water usage.⁷ GSWC also requests to offset this over collection with the under collection in the WRAM/MCBA of \$566,888 resulting from reduced water consumption by customers because of GSWC's implementation of the Conservation Rate Design during the period from September 1, 2009, through December 31, 2009. The under collected amount in the WRAM/MCBA requested to be amortized in AL 1395-WA, which has been adjusted as discussed above to \$566,888, is recognized in the filing of AL 1405-WA to consolidate conservation related costs that we will resolve below. The DWA approved GSWC's AL 1395-WA as a Tier 1 compliance filing.

When a utility seeks recovery of costs recorded in a memorandum account, it has the burden to show that: 1) the utility acted prudently when it incurred these costs; 2) the utility paid reasonable amounts for these costs; 3) the memorandum account costs are not covered by other authorized rates; and 4) it is appropriate for ratepayers to pay for these costs in addition to otherwise authorized rates. (See, e.g., Resolution W-4824, dated April 8, 2010.)

With respect to the first item above, we find that GSWC acted prudently in incurring the costs recorded in the BPMCRIMA. Among other actions, here GSWC hired conservation specialists to conduct community outreach events and to inform customers of the necessary water allocations; and GSWC had customer service representatives available to answer customer questions and concerns about allocation programs. Through these and other activities, GSWC endeavored to educate its customers on the need to conserve water in order to meet the water allocations set by its wholesale water supplier. Thus, by educating its customers about conservation concerns, GSWC helped to promote conservation of water, and to discourage excess water usage, by its customers, and thus helped its customers to ultimately avoid conservation related penalties.

⁷ GSWC accumulated excess charges in the form of penalties assessed to customers that went over allocations at 90-95% of the 3 year historical average usage for the period 2005-2007 and fines for non essential or unauthorized water use. Through its conservation efforts discussed above, GSWC ultimately met the water allocations CCWD set and thus avoided penalties; therefore, GSWC is seeking now to return to its customers the accumulated excess charges mentioned above.

With respect to the second item above relating to the reasonableness of the costs incurred, we find that GSWC paid reasonable amounts for the services it procured with respect to its conservation efforts. DWA Staff reviewed, on a monthly basis, invoices concerning administrative and conservation costs GSWC incurred in implementing

Schedule 14.1 and determined that the amounts GSWC expended here were reasonable as compared to the amounts allocated to administrative and conservations costs granted by the Commission in GSWC's last General Rate Case Decision (D.08-01-043). The penalty charges levied on its customers followed the penalty rate schedule set forth in its filing to activate Schedule 14.1, and DWA Staff has reviewed these amounts for conformity.

With respect to the third item above, to date GSWC has not sought rate relief for any of the costs recorded in the BPMCRIMA, and none of the costs recorded in the BPMCRIMA are part of any existing base rate expense component. Accordingly, the costs in the BPMCRIMA are not covered by rates we have previously authorized.

Finally, with respect to the fourth item above, as a matter of policy, we find that ratepayers here should pay for the costs tracked in the BPMCRIMA in addition to otherwise authorized rates. By acting to educate its customers on conservation measures, GSWC protected the interests of its customers in two ways. First, GSWC helped its customers avoid conservation related penalties and, thus, minimized increased supply expenses.⁸ Second, through its conservation efforts, GSWC helped to preserve its water supply, including historic ground water pumping rights, and by conserving these water supplies, preserved its ability to continue providing adequate and reasonably priced service to its customers.

Additionally, Staff reviewed GSWC's records and determined that GSWC incurred the costs in the BPMCRIMA for authorized matters, and these costs were incurred after the date of the creation of the BPMCRIMA. Accordingly, for all the reasons discussed above, we find that GSWC has made an adequate showing allowing for recovery of the costs recorded in the BPMCRIMA. Once these costs are offset from penalties GSWC collected from customers for monthly over-usage, an over collection of \$494,755 remains in the BPMCRIMA. We authorize GSWC to refund in rates the \$494,755 balance in the BPMCRIMA.

⁸ As discussed above, if GSWC had not enforced its water supply allocations on its ratepayers, the utility would have been penalized by its water wholesaler. These higher costs for water would have then been passed through to ratepayers.

With respect to the WRAM/MCBA balance, the Commission authorized a mechanism for the amortization of these accounts based on the Settlement Agreement we adopted in D.09-05-005. This Settlement Agreement in Section IX.C states that GSWC shall file an advice letter that amortizes the balance in both of the accounts in any ratemaking area that exceeds 2.5% of the ratemaking area's total recorded revenue requirement. The balance of \$566,888 is 9.61% of Bay Point's recorded revenue requirement and exceeds this threshold requirement. Offsetting this balance with the BPMCRIMA

amount of \$494,755 leads to an under collection of \$72,133, or 1.22% of Bay Point's recorded revenue requirement. Because the BPMCRIMA and the WRAM/MCBA track conservation related costs and because the timing of filing for recovery of these costs is similar in both cases, GSWC should be allowed on a one-time basis to combine the amortization for these two accounts. A surcharge for conservation and a sur-credit for drought would only add confusion to Bay Point customers. The under-collection from the WRAM/MCBA and the over-collection from the BPMCRIMA when considered separately are substantial amounts for the Bay Point CSA. By combining the two accounts, the under collected amount would be recovered over a period of 12-months per D.03-06-072 and Standard Practice U-27-W.⁹ Recovery over this time period would better allow customers who caused the under-collection and/or over-collection to receive the benefit from the netting of the surcharge and sur-credit.¹⁰

The temporary surcharges implemented in AL 1395-W for Bay Point to recover the under-collection of net WRAM and MCBA balancing accounts, would have been recovered over a 24-month period at \$0.177 per hundred cubic feet (Ccf) in Tier 1, \$0.204 per Ccf in Tier 2, and \$0.234 per Ccf in Tier 3 for residential metered customers on Schedule No. BY-1-R, and \$0.143 per Ccf for non-residential customers on Schedule No. BY-1-NR. Since the amortization amount will be reduced to \$72,133, and recovered over a period of 12 months, the temporary surcharge in Bay Point is revised to \$0.085 per Ccf in Tier 1, \$0.098 per Ccf in Tier 2, \$0.113 per Ccf in Tier 3 for residential metered

⁹ Per D.03-06-072, utilities shall seek recovery of a net under collection in the balancing accounts by amortizing the under collection and applying a surcharge to the quantity rates. If the amount is less than 5% of the last authorized revenue requirement, recovery should occur in one year, for 5%-10% in two years and over 10% in three years. Standard Practice U-27-W recognizes the recovery procedures adopted in D.03-06-072.

¹⁰ For example, if the recovery here occurred over a longer time period, customers who were involved with the over and under collection of funds may move out of the system and different customers may move into the system, and these new customers might be paying or receiving the surcharge or sur-credit.

customers on Schedule No. BY-1-R, and \$0.059 per Ccf for non-residential customers on Schedule No. BY-1-NR. The revised temporary surcharge would be in effect for a 12-month period beginning on January 1, 2011.

The monthly bill of a residential customer on Schedule No. BY-1-R with a 5/8" x 3/4" meter using 13 Ccf would increase during the 12-month amortization period by \$1.17 or 1.7% from \$70.65 to \$71.82. The monthly bill of a non-residential customer on Schedule No. BY-1-NR with a 1" meter using 16 Ccf would increase during the 12-month amortization period by \$0.94 or 0.79% from \$119.31 to \$120.25.

COMMENTS

Public Utilities Code Section 311(g) (1) provides that resolutions must generally be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. However, Public Utilities Code section 311(g) (3) permits the Commission to adopt rules providing for reduction of this time period. Rule 14.6(c)(9) of the Commission's Rules of Practice and Procedure permits reduction in the comment period on a draft resolution in circumstances where the public interest in the Commission adopting a resolution before expiration of the 30-day review and comment period clearly outweighs the public interest in having the full 30-day period for review and comment. Here, there is a strong public interest in adopting this resolution at the last Commission meeting of the year on December 16 in order to implement the requested surcharge on January 1, 2011, simultaneously with the establishment of base rates from GSWC's GRC decision in A.10-01-009. Failure to do so would burden the ratepayers with multiple rate changes and add extra administrative costs for GSWC in implementing multiple rate changes that would be ultimately funded by the ratepayers. So long as we allow the usual twenty days from the date of service for submitting comments, and reduce only the Staff's time to consider the comments by one day, the public interest in having the full thirty day comment period is not great. Under these circumstances, the public interest in the Commission adopting this resolution on December 16 clearly outweighs the public interest in having the full 30-day period. Accordingly, on November 18, 2010, the draft resolution was mailed to parties based on the service lists attached to the AL with comments due on December 8, 2010. Comments were received from _____ on December ____, 2010. The DWA has reviewed these comments and has made changes as appropriate.

FINDINGS AND CONCLUSIONS

1. On April 30, 2010, Golden State Water Company filed Advice Letter 1395-W to recover in rates the amount of \$649,009 by adding surcharges over a 24-month amortization period of \$0.177 per Ccf in Tier 1, \$0.204 per Ccf in Tier 2, and \$0.234 in

Tier 3 for residential metered customers on Schedule No. BY-1-R, and \$0.143 per Ccf for non-residential customers on Schedule No. BY-1-NR.

2. Advice Letter 1395-W was filed to recover the under-collection of the Water Revenue Adjustment Mechanism Balancing Account and the Modified Cost Balancing Account for the period of September 1, 2009 through December 31, 2009.
3. On June 22, 2010, Golden State Water Company filed Advice Letter 1405-W to combine the under-collected amount of \$649,009 from the Water Revenue Adjustment Mechanism Balancing Account and the Modified Cost Balancing Account with the over-collected amount of \$494,755 from the Bay Point Mandatory Conservation and Rationing Implementation Memorandum Account as a one time amortization of \$154,255 or 2.62% of under-collection.
4. The temporary surcharge in Bay Point per this filing would be collected over a 12-month amortization of \$0.126 per hundred cubic feet (Ccf) in Tier 1, \$0.145 per Ccf in Tier 2, \$0.167 per Ccf in Tier 3 for residential metered customers on Schedule No. BY-1-R, and \$0.102 per Ccf for non-residential customers on Schedule No. BY-1-NR.
5. The Division of Ratepayer Advocates investigated the balance of the Water Revenue Adjustment Mechanism/Modified Cost Balancing Accounts in Bay Point along with the other Customer Service Area filings from Region I.
6. Following this investigation, Golden State Water Company agreed to make two corrections in its calculations: (a). First, Golden State Water Company corrected an understatement in its actual sales for its California Alternative Rates for Water Customers for Region I; and (b) Golden State Water Company updated its September Modified Cost Balancing Account amount to reflect the actual energy bills charged in September rather than using the ledger balance.
7. These changes resulted in a decrease for the overall Water Revenue Adjustment Mechanism Balancing Account / Modified Cost Balancing Account balance to \$608,971, rather than the initial \$649,009 requested.
8. Following additional discussions with the Division of Ratepayer Advocates and the Division of Water and Audits on Golden State Water Company's Region I Water Revenue Adjustment Mechanism Balancing Account / Modified Cost Balancing Account filings, the Bay Point balance in Advice Letter 1395-WA was further reduced to \$566,888.

9. Golden State Water Company filed supplemental Advice Letters 1405-WA and 1395-WA on November 3, 2010, to address this reduction for the under-collection in the Water Revenue Adjustment Mechanism Balancing Account / Modified Cost Balancing Account and to combine it with the over-collection in the Bay Point Mandatory Conservation and Rationing Implementation Memorandum Account.
10. The new net balance to be collected in surcharges is \$72,133 (rather than the initially filed amount of \$154,255).

11. Amortization of the Bay Point Mandatory Conservation and Rationing Implementation Memorandum Account (BPMCRIMA) requested by Golden State Water Company was reviewed using criteria the Commission considers in determining whether to authorize a utility to recover costs recorded in a memorandum account.
12. We find that Golden State Water Company acted prudently in incurring the costs recorded in the BPMCRIMA.
13. Among the costs included in the BPMCRIMA were costs for the following: GSWC hired conservation specialists to conduct community outreach events and to inform customers of the necessary water allocations; and GSWC had customer service representatives available to answer customer questions and concerns about allocation programs.
14. Through these and other activities, GSWC endeavored to educate its customers on the need to conserve water in order to meet the water allocations set by its wholesale water supplier.
15. By educating its customers about conservation concerns, GSWC helped to promote conservation of water, and to discourage excess water usage, by its customers, and thus helped its customers to ultimately avoid conservation related penalties.
16. DWA Staff reviewed, on a monthly basis, invoices concerning administrative and conservation costs GSWC incurred in implementing Schedule 14.1 and determined that the amounts GSWC expended here were reasonable as compared to the amounts allocated to administrative and conservations costs granted by the Commission in GSWC's last General Rate Case Decision (D.08-01-043).
17. DWA Staff reviewed the penalty charges GSWC levied on its customers and determined that they conform to the penalty rate schedule set forth in GSWC's filing to activate Schedule 14.1.
18. We find that GSWC paid reasonable amounts for the services it procured with respect to its conservation efforts.
19. GSWC has not sought rate relief for any of the costs recorded in the BPMCRIMA, and none of the costs recorded in the BPMCRIMA are part of any existing base rate expense component. Accordingly, the costs in the BPMCRIMA are not covered by rates we have previously authorized.

20. GSWC helped its customers avoid conservation related penalties and, thus, minimized increased supply expenses.
21. Through its conservations efforts, GSWC helped to preserve its water supply, including historic ground water pumping rights, and by conserving these water supplies, preserved its ability to continue providing adequate and reasonably priced service to its customers.
22. As a matter of policy, we find that ratepayers here should pay for the costs tracked in the BPMCRIMA in addition to otherwise authorized rates.
23. Because the Bay Point Mandatory Conservation and Rationing Implementation Memorandum Account and the Water Revenue Adjustment Mechanism Balancing Account / Modified Cost Balancing Account track conservation related costs and because the timing of filing for recovery of these costs is similar in both cases, Golden State Water Company should be allowed on a one-time basis to combine the amortization for these two accounts.
24. The Division of Water and Audits approved Golden State Water Company's Advice Letter 1395-WA as a Tier 1 compliance filing with the attached tariff sheets effective January 1, 2011.
25. The Division of Water and Audits recommends approval of Golden State Water Company's Advice Letter 1405-WA. The tariff sheets attached to Advice Letter 1405-WA should replace those tariff sheets approved in Advice Letter 1395-WA.
26. Public Utilities Code Section 311(g) (1) provides that resolutions must generally be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. However, Public Utilities Code section 311(g) (3) permits the Commission to adopt rules providing for reduction of this time period. Pursuant to Rule 14.6(c)(9) of the Commission's Rules of Practice and Procedure, this resolution was served with at least 20 days notice as the public interest in the Commission adopting this resolution on December 16 clearly outweighs the public interest in having the full 30-day period.
27. The surcharges herein would allow Golden State Water Company to recover in rates the \$72,133 in lost revenues from its Bay Point Customer Service Area.
28. It is consistent with D.03-06-072 (Appendix A, p. 3) and Standard Practice U-27-W for Golden State Water Company to assess a 12-month surcharge for recovery.

29. The following tariff schedules attached to Advice Letters 1405-WA should be approved and made effective January 1, 2011: 1) Schedule BY-1-R, Residential Metered Service, and 2) Schedule BY-1-NR, Non-Residential Metered Service.

THEREFORE IT IS ORDERED THAT:

1. Advice Letter 1405-WA and the attached tariff sheets are approved.
2. Golden State Water Company is authorized to make effective the surcharges found in the following schedules attached to this resolution:
 - a. Schedule BY-1-R, Residential Metered Service; and
 - b. Schedule BY-1-NR, Non-Residential Metered Service.
3. Golden State Water Company is authorized to cancel the rate schedules approved by Advice Letter 1395-WA and replace them with the rate schedules listed in Ordering Paragraph 2 above.
4. The effective date of these tariff sheets shall be January 1, 2011.
5. 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 December 16, 2010; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

Schedule No. BY-1-R

Bay Point District

RESIDENTIAL METERED SERVICE

APPLICABILITY

Applicable to all residential metered water services provided to single-family residential customers.

TERRITORY

Portions of the City of Pittsburg and vicinity, Contra Costa County.

RATES

Per Meter
Per Month

Quantity Rates:

First 800 cu. ft. per 100 cu. ft.....	\$ 3.309
Next 600 cu. Ft., per 100 cu. ft.....	\$ 3.805
Over 1,400 cu. ft., per 100 cu. ft.....	\$ 4.376

Service Charge:

For 5/8 x 3/4-inch meter.....	\$ 25.15
For 3/4-inch meter.....	37.75
For 1-inch meter.....	62.90
For 1 1/2 inch meter.....	126.00
For 2-inch meter.....	201.00
For 3-inch meter.....	378.00
For 4-inch meter.....	629.00
For 6-inch meter.....	1,258.00
For 8-inch meter.....	2,013.00
For 10-inch meter.....	2,894.00

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is added the charge for water used computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
2. New Services: Contra Costa Water District (CCWD) imposes a Facilities Reserve Charge for new or enlarged retail services in this district. An applicant for service must first pay this fee, if applicable, to CCWD before service will be rendered under this schedule.
3. Effective May 1, 2008, pursuant to Decision No. 08-01-043, a surcharge of \$0.040 per Ccf will be applied to all metered customer bills excluding customers that are receiving the CARW credit. This surcharge will offset the CARW credits and CARW administrative program costs recorded in the CARW Balancing Account.
4. As authorized by the California Public Utilities Commission, a one-time surcredit of \$1.54 is to be applied to customers bills on the effective date of Advice Letter 1410-WB. This surcredit will refund the balance recorded in the Temporary Interest Rate Balancing Account as of May 31, 2010.
5. As authorized by the California Public Utilities Commission, an amount of \$0.1449 per Ccf is to be added to the Quantity Rate until the balance in the "WCMA" is fully recovered, approximately 24 months, beginning on the effective date of Advice Letter 1353-WA. This surcharge will recover the net revenue loss as a result of the Governor's declared drought on June 4, 2008.
4. As authorized by the California Utilities Commission, an amount of \$0.085 per Ccf for Tier 1, \$0.098 for Tier 2 and \$0.113 for Tier 3 is to be added to the quantity rate for a period of 12-months beginning on effective date of Advice Letter 1405-WA. This surcharge will represent a one time combination of the under-collection in the WRAM/MCBA Balancing Account as of December 31, 2009 and the over-collection in the BPMCRMA Memorandum Account as of April 30, 2010. (N)
(N)
(N)

Schedule No. BY-1-NR

Bay Point District

NON-RESIDENTIAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service except those under BY-1-R.

TERRITORY

Portions of the City of Pittsburg and vicinity, Contra Costa County.

RATES

Per Meter
Per Month

Quantity Rates:

For all water delivered, per 100 cu. ft..... \$ 3.335

Service Charge:

For 5/8 x 3/4-inch meter.....	\$ 26.40
For 3/4-inch meter.....	39.55
For 1-inch meter.....	65.95
For 1 1/2 inch meter.....	132.00
For 2-inch meter.....	211.00
For 3-inch meter.....	396.00
For 4-inch meter.....	659.00
For 6-inch meter.....	1,319.00
For 8-inch meter.....	2,110.00
For 10-inch meter.....	3,033.00

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is added the charge for water used computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
2. New Services: Contra Costa Water District (CCWD) imposes a Facilities Reserve Charge for new or enlarged retail services in this district. An applicant for service must first pay this fee, if applicable, to CCWD before service will be rendered under this schedule.
3. Effective May 1, 2008, pursuant to Decision No. 08-01-043, a surcharge of \$0.040 per Ccf will be applied to all metered customer bills excluding customers that are receiving the CARW credit. This surcharge will offset the CARW credits and CARW administrative program costs recorded in the CARW Balancing Account.
4. As authorized by the California Public Utilities Commission, a one-time surcredit of \$1.54 is to be applied to customers bills on the effective date of Advice Letter 1410-WB. This surcredit will refund the balance recorded in the Temporary Interest Rate Balancing Account as of May 31, 2010.
5. As authorized by the California Public Utilities Commission, an amount of \$0.1449 per Ccf is to be added to the Quantity Rate until the balance in the "WCMA" is fully recovered, approximately 24 months, beginning on the effective date of Advice Letter 1353-WA. This surcharge will recover the net revenue loss as a result of the Governor's declared drought on June 4, 2008.
6. As authorized by the California Utilities Commission, an amount of \$0.059 per Ccf is to be added t the quantity rate for a period of 12-Months beginning on the effective date of Advice Letter 1405-WA. This surcharge will represent a one time combination of the under-collection in the WRAM/MCBA Balancing Accounts as of December 31, 2009 and the over-collection in the BPMCRMA Memorandum Account as of April 30, 2010. (N)
(N)
(N)

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of Draft Resolution W-4857 on all parties in this filing or their attorneys as shown on the attached list.

Dated November 18, 2010, at San Francisco, California.

/s/JOSIE L. JONES

Josie L. Jones

NOTICE

Parties should notify the Division of Water and Audits, Public Utilities Commission, 505 Van Ness Avenue, Room 3106, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the Resolution number of the service list on which your name appears.

SERVICE LIST
DRAFT RESOLUTION W-4857

vm1ca@comcast.net

kswitzer@gswater.com