

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Water Branch

RESOLUTION NO. W-4366
December 5, 2002

R E S O L U T I O N

**(RES. W-4366), TWIN VALLEY WATER COMPANY. (TVWC).
ORDER AUTHORIZING A SURCHARGE TO RECOVER
WATER TESTING EXPENSES PRODUCING AN INCREASE IN
ANNUAL REVENUE OF \$9,260 OR 11.0%.**

SUMMARY

By Advice Letter No. 17, filed October 11, 2002, TVWC seeks revision of tariff Schedule No. 1, Metered Service, to provide an increase in revenues of \$9,260 or 11.0% to recover an undercollection in its water quality memorandum account (WQMA), which was accrued in June and July 2002. This resolution authorizes a monthly surcharge of \$27.89 per customer for four consecutive months commencing with the January 2003 billing, to recover an undercollection in its WQMA producing an increase in revenue of \$9,260 or 11.0%. The rate increase will not result in a rate of return greater than last authorized for TVWC.

BACKGROUND

TVWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset the \$9,260 uncollected balance in its WQMA.

TVWC serves approximately 83 metered customers in the unincorporated area west of the City of Morgan Hill on Watsonville Road, Santa Clara County.

The present rates of TVWC became effective on March 1, 2002, pursuant to D.92-03-093, authorizing a purchased power increase of \$19,877 or 32.0%.

On March 6, 2002, the Commission approved Resolution W-4327, (superseding Resolution W-4013) which authorized the establishment of a memorandum account for the Department of Health Services' (DHS) Drinking Water Field

Operations Branch's fees that were being billed under Section 4019.10 of the California Health and Safety Code and water testing costs mandated by the DHS for Water Quality. The resolution authorized Class B, C, and D Water Utilities to establish two memo accounts to track water quality expenses, the first – a WQMA and the second – a user fee memorandum account (UFMA) to track DHS' fees not presently included in their rates. The memorandum accounts shall remain open until the Commission cancels them or January 1, 2008, whichever occurs first.

DISCUSSION

TVWC has duly established the WQMA as authorized in Res. W-4327, and recorded therein \$9,260 representing water-testing costs incurred in June and July 2002 and paid to CM Analytical, Inc. Gilroy, CA, a certified testing laboratory. Staff reviewed the invoices and determined that the charges are reasonable. TVWC proposes to recover the undercollection by assessing a monthly surcharge of \$27.89 per customer for four consecutive months for a total of \$111.56 per customer, commencing in the January 2003 billing. The Division has reviewed the utility's request and find it to be reasonable and recommend that it be authorized.

TVWC's recorded earnings for the year 2001 show that utility operated at a loss. Its authorized rate of return was 14.0%, therefore, TVWC was not over-earning its authorized rate of return during the period (year 2001) when the undercollection was accumulated.

NOTICE AND PROTESTS

Notice of the proposed rates was mailed to each customer on October 10, 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 Twin Valley Water Company to make effective the revised Schedule No. 1, Metered Service, attached to Advice Letter No. 17, and concurrently to cancel its presently effective rate schedule. 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 December 5, 2002; the following Commissioners approved it:

WESLEY M. FRANKLIN
Executive Director

HENRY M. DUQUE
CARL W. WOOD
GEOFFREY F. BROWN
MICHAEL R. PEEVEY
Commissioners

President Loretta M. Lynch, being necessarily absent did not participate.