

WATER/FLC/JPT/MXK:jj

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION  
Water Branch**

**RESOLUTION NO. W-4519  
February 10, 2005**

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

**(RES. W-4519), DEL ORO WATER COMPANY (DOWC), LIME SADDLE DISTRICT (LSD). ORDER AUTHORIZING A WATER QUANTITY SURCHARGE PRODUCING AN INCREASE IN REVENUE OF \$75,241 TO RECOVER THE UNDER-COLLECTION REFLECTED IN THE FULL COST PURCHASED WATER BALANCING ACCOUNT.**

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**SUMMARY**

By Supplemental Advice Letter No. 131-A, filed on January 4, 2005, DOWC-LSD seeks to collect a quantity surcharge for purchased water and associated power. This resolution grants DOWC-LSD's request for authority to collect a quantity surcharge of \$0.3743 per 1,000 gallons from each customer for 36 months. DOWC-LSD seeks to revise its tariff schedule LS-1A, Annual General Metered Service, to provide an increase in revenues of \$75,241 to reflect increased purchased water and associated power costs for the years 2001, 2002, and 2003. This increase will not result in earnings in excess of the authorized rate of return.

**BACKGROUND**

DOWC-LSD is a Class B utility with approximately 457-metered rate connections serving in the service area in and around the community of Lime Saddle, in Butte County near Chico.

The present rates became effective on October 25, 2001, pursuant to Res. W-4302, which authorized a general rate increase of \$25,387 or 12.28%.

DOWC-LSD requested authority under General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to recover the cost of purchased water

recorded in the full cost water supply balancing account. DOWC-LSD was authorized to establish a full cost water supply balancing account in Res. W-4176 and record the actual purchased water costs. The purchased water was needed to meet the demand of customers during the period of peak demand in the summer.

## **DISCUSSION**

DOWC-LSD proposes a surcharge to its quantity rate of \$0.3743 per 1,000 gallons in order to recover the under-collection in LSD's purchased water full cost balancing account for purchase water and associated power charges for the years 2001, 2002, and 2003. This will produce an estimated additional \$75,241 in revenues over a period of 36 months from the date that this resolution is adopted. The increase in purchased water costs has been applied to the quantity portion of the rates, since this component varies and is directly related to water consumption.

The increase requested in this advice letter is 32.42% greater than the last adopted revenue. Decision 03-06-072 allows recovery of the undercollection exceeding 10% to occur in three years.

The service is satisfactory. There are no Commission orders requiring system improvements, nor are there any service problems requiring corrective action. The authorized rate of return of 9.97% will not be exceeded as a result of this increase.

DOWC-LSD will continue making a reasonable attempt to improve system efficiency and reduce losses. This may eliminate the need for purchased water in the future.

The Branch analyzed DOWC-LSD's request and supporting workpapers, and concurred with DOWC-LSD's estimates.

DOWC-LSD's present rate structure consists of one schedule: No. LS-1A, Annual General Metered Service.

At the Branch's recommended rates, purchased water surcharge of \$0.3743 per 1000 gallons is added to each customer's bill. At the new rates, metered

customer's bill using 10,000 gallons per month will increase from \$40.95 to \$44.69 or 9.13% per month.

### **NOTICE AND PROTESTS**

A notice of the proposed rate increase was published in the June 24, 2004 edition of the Paradise Post in Paradise. There were no protests. The service is satisfactory. There are no significant service problems requiring corrective action.

### **COMPLIANCE**

There are no outstanding Commission orders requiring system improvements. The utility has been filing annual reports and its Year 2000 questionnaires as required.

### **FINDINGS**

1. DOWC-LSD was authorized to establish a full cost water supply balancing account in Res. W-4176 and record the actual purchased water costs into a full cost water supply balancing account pursuant to Res. W-4302.
2. DOWC-LSD seeks to recover \$75,241 reflected under-collection in the existing full cost purchased water-balancing account for the years 2001, 2002, and 2003.
3. These water purchases were reasonable and required to meet summer peak demand.
4. The surcharge recommended by the Branch is reasonable and should be authorized.
5. 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. Del Oro Water Company's Lime Saddle District is authorized to make effective the revised rate Schedule LS-1A, Annual General Metered Service, attached to Supplemental Advice Letter 131-A and concurrently to cancel its

presently effective rate schedule. The effective date of the schedule shall be made five days after the date of this resolution.

2. 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 10, 2005; the following Commissioners voting favorably thereon:

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STEVE LARSON  
Executive Director

MICHAEL R. PEEVEY  
President  
GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
DIAN M. GRUENEICH  
Commissioners