

**WATER/FLC/PTL/HJL/jlj**

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

**WATER DIVISION**

**RESOLUTION NO. W-4542**

**June 16, 2005**

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

**(RES. W-4542), ERSKINE CREEK WATER COMPANY, INC. (ECWC).  
ORDER AUTHORIZING A ONE-TIME SURCHARGE TO RECOVER  
AN INCREASE IN WATER TESTING COSTS PRODUCING AN  
INCREASE IN ANNUAL REVENUES OF \$7,485.35 OR 2.26%.**

**SUMMARY**

This resolution grants ECWC an offset rate increase in gross annual revenues of \$7,485.35 or 2.26%, which will be recovered through a one-time surcharge of \$6.56 per customer. This is in order to recover the balance in ECWC's Water Quality Memorandum Account (WQMA). This rate increase will not result in a rate of return greater than the last authorized for ECWC.

**BACKGROUND**

ECWC, by Advice Letter (AL) No. 65, filed on April 7, 2005, requests authority under Section VI of General Order (G.O.) 96-A and Section 454 of the Public Utilities Code to add a one-time surcharge to its tariff Schedule No. 1, Annual General Metered Service (Schedule No. 1), resulting in an increase in annual revenues of \$7,485.35 or 2.26%. This increase is to recover ECWC's WQMA balance. The WQMA account tracks water testing costs above and beyond the amount allowed in the last general rate case.

ECWC presently serves 1,136-metered customers in residential areas located in the unincorporated area known as Erskine Creek, located approximately 45 miles east of Bakersfield, Kern County.

ECWC's Schedule No. 1 rates became effective on June 16, 2005, pursuant to Res. No. W-4530, which authorized a one-time surcharge of \$5.01 per customer to offset Department of Health Services' fees, billed to ECWC for fiscal years 2002 to 2004.

ECWC's last general increase was authorized on August 5, 1999, pursuant to Res. No. W-4164, which authorized a rate increase of \$33,854.00 or 11.62%, and a rate of return of 12.50% for Test Year 1999.

## **DISCUSSION**

Res. W-4013, dated December 20, 1996, which expired January 1, 2002, and Res. W-4327, dated March 6, 2002, authorized all Class B, C, and D water utilities to establish WQMAs for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs, 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 G.O. No. 96-A. WQMA recovery requires a resolution.

The surcharge requested herein would allow ECWC to recover the WQMA balance, which totals \$7,485.35 from July 1, 2004 through December 31, 2004. The Water Division recommends that ECWC be authorized to assess a one-time surcharge of \$6.56 per customer to recover the \$7,485.35 balance, which will be booked in the WQMA balancing account.

Service is satisfactory. There are no Commission orders requiring system improvements and there are no service problems requiring corrective action. ECWC has been filing annual reports regularly and currently complies with all Commission orders and regulations.

## **NOTICE AND PROTESTS**

ECWC has given public notice of the proposed rate increase by publishing a notice in a local newspaper of general circulation on April 13, 2005. There were no letters of opposition to the requested increases.

## **FINDINGS**

1. Res. W-4327 authorized ECWC to establish a Water Quality Memorandum Account.
2. ECWC properly established its account and booked \$7,485.35 to it.
3. Staff reviewed the account and determined that recovery by a \$6.56 per customer surcharge for one month is reasonable.
4. The resultant rate increase authorized in this resolution will not result in a rate of return greater than the last authorized for ECWC.
5. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

6. 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. Erskine Creek Water Company's Advice Letter No. 65 is hereby approved.
2. Erskine Creek Water Company Inc. is authorized, five days after the effective date herein, to make effective the revised Schedule No. 1, Annual General Metered Service, attached to Advice Letter No. 65, and to cancel the corresponding presently effective rate schedules.
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 June 16, 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  
JOHN A. BOHN  
Commissioners