

WATER/FLC/PTL/OE2/ijj

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

**DIVISION OF WATER AND AUDITS  
Water & Sewer Advisory Branch**

**RESOLUTION W-4715  
October 16, 2008**

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

**(RES. W-4715), OWENS VALLEY WATER COMPANY (OWENS).  
ORDER AUTHORIZING A SURCHARGE OF \$6.85 FOR TWELVE  
MONTHS FOR RECOVERY OF ITS UNANTICIPATED EXPENSE  
MEMORANDUM ACCOUNT (UEMA) FOR A TOTAL OF \$9,130.**

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**SUMMARY**

By Letter dated July 9, 2008, Owens seeks to recover unanticipated expenses of \$9,130 for the repair of its well. This Resolution authorizes Owens to implement a surcharge of \$6.85 for its 111 customers for a twelve-month period to recover costs incurred from this well repair. This surcharge will not result in a rate of margin greater than the last authorized for Owens.

**BACKGROUND**

Decision (D.) 92-03-093, dated March 31, 1992, authorized Class C and Class D water utilities to establish a memorandum account to track unanticipated costs of repairs and to notify the Division of Water and Audits (Division) when it has done so. Owens informed the Division by letter dated July 9, 2008, that substantial unanticipated repairs to its fairly new well was necessary and that it needed a recovery for this expense especially with the financial hardship the company is going through.

Owens presently provides service to approximately 111 residential flat rate customers in a service area located in the unincorporated community of Inyo County adjacent to the City of Bishop.

**NOTICE AND PROTESTS**

Notice of the recovery of the UEMA surcharge to customers was sent out on the 30<sup>th</sup> of August 2008. No protest was received.

## **DISCUSSION**

The increase requested herein is for the purpose of recovering through a surcharge, on a dollar-for-dollar basis, expenses which Owens incurred in unanticipated repairs to its well. In Decision (D.) 92-03-093, the Commission authorized Class C and D water companies to establish memorandum accounts for unanticipated expenses. Owens followed the prescribed procedure by timely advising Division in writing of the need for the memorandum account on July 9, 2008. Using Owens 2007 Annual Report, the Division determined that Owens did not exceed their authorized rate of return on a recorded basis. The increase will not result in a rate of return greater than last authorized for Owens.

Division has reviewed Owens' last general rate increase authorized in November 2, 2000 (Res. W-4230) and believes that Owens could not have anticipated the expenses and, therefore, did not receive enough revenue for the recently incurred expenses to repair their well. Division reviewed Owens' expenditures recorded in its invoices and checks and found them reasonable. Division also determined that the repairs did not increase the overall capacity of the treatment plant.

The recommended surcharge is \$ 6.85 for each rate category for a period of twelve months. The surcharge rates are shown in Appendix A. At the Division's recommended rates shown in Appendix A, the monthly bill for a residential customer using 10 Ccf (1 Ccf equals to 100 cubic feet) of water with a 5/8 x 3/4- inch meter, will increase from \$32.83 to \$39.68, which is \$6.85 or 20.87%. The Division recommends that Owens's be required to track revenues collected under the surcharge and refund any excess revenues collected to the ratepayers.

## **COMPLIANCE**

There are no outstanding Commission orders requiring system improvements. The utility has been filing annual reports as required.

## **COMMENTS**

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to Public Utilities Code Section 311 (g) (2), the otherwise 30-day period for public review and comment is being waived.

## **FINDINGS**

1. The expenses incurred from the unexpected well repair are reasonable.

2. The rate proposed by the Division of Water and Audits (Appendix A) is reasonable and should be adopted.
3. The Commission finds, after investigation by the Division of Water and Audits that the rate surcharge hereby authorized is justified and the resulting rates are just and reasonable.
4. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section § 311 (g) (2).

**THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 for Owens Valley Water Company to file an advice letter incorporating the revised schedules Nos. 1, General Metered Service, and 2R, Residential Flat Rate Service, attached to this resolution and concurrently cancel its presently effective rate schedules. The effective date of the revised schedules shall be five days after the date of filing.
2. Owens Valley Water Company shall track the revenue from the surcharge in a balancing account as required by Public Utilities Code § 792.5.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at the Public Utilities Commission of the State of California on October 16, 2008; the following Commissioners voting favorably thereon:

/s/ PAUL CLANON

Paul Clanon  
Executive Director

MICHAEL R. PEEVEY  
President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON

Commissioners

**APPENDIX A**  
**Sheet 1**  
**OWENS VALLEY WATER COMPANY**

**Schedule No. 1**

**GENERAL METERED SERVICE**

**APPLICABILITY**

Applicable to all metered water service.

**TERRITORY**

Lazy A Estates and vicinity, adjacent to Highway 395, located approximately one and one-half miles north of Bishop, Inyo County.

**RATES**

Quantity Rate:

All Water used per 100 cu. ft..... \$0.42

Service Charge:

Per Meter  
Per Month

For	5/8 x 3/4-inch meter	\$28.63
For	3/4-inch meter	\$29.51
For	1-inch meter	\$32.95
For	1-1/2-inch meter	\$37.27

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

**SPECIAL CONDITIONS**

1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
2. As authorized by the California Public Utilities Commission, a surcharge of (N)  
\$6.85, for 12 monthly intervals, beginning November, 2008, to recover |  
accumulated costs in the Unanticipated Event Memorandum Account for |  
a well repair and tree removal. (N)

**APPENDIX A**  
**Sheet 2**  
**OWENS VALLEY WATER COMPANY**

**Schedule No. 2R**

**RESIDENTIAL FLAT RATE SERVICE**

**APPLICABILITY**

Applicable to all flat rate residential water service.

**TERRITORY**

Lazy A Estates and vicinity, adjacent to Highway 395, located approximately one and one-half miles north of Bishop, Inyo County.

**RATES**

	<u>Per Service Connection Per Month</u>
For a single-family residential unit including premises	\$33.57
For each additional single-family residential unit on the same premises and served from the same service connection	\$25.76

**SPECIAL CONDITIONS**

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classification shall be furnished only on a metered basis.
3. A meter may be installed at the option of the utility in which event service thereafter will be furnished under Schedule No. 1, General Metered Service.
4. As authorized by the California Public Utilities Commission, a surcharge of \$6.85, (N)  
for 12 monthly billing intervals, beginning November 2008, to recover accumulated |  
costs in the Unanticipated Event Memorandum Account for a well repair and tree |  
removal. (N)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.