

PROPOSED RESOLUTION

Resolution W-5009
DWA/RSK/BMD/drs

AGENDA ID #13328

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION W-5009
November 6, 2014

RESOLUTION

(RES. W-5009) ON THE COMMISSION'S OWN MOTION, THIS RESOLUTION MODIFIES RESOLUTION W-4785 TO ADD A FINDING AND AN ORDERING PARAGRAPH PROVIDING THAT HILLVIEW WATER COMPANY IS AUTHORIZED TO FILE A TIER 1 ADVICE LETTER TO RECOVER THE DIFFERENCE BETWEEN FINAL RATES AUTHORIZED IN RESOLUTION W-4785 AND INTERIM RATES ESTABLISHED THROUGH HILLVIEW WATER COMPANY'S ADVICE LETTER 88.

By Advice Letter No. 88 filed on December 31, 2008

SUMMARY

Pursuant to Section 1708 of the California Public Utilities Code, the Commission on its own motion modifies Resolution W-4785. Resolution W-4785 is the Commission resolution authorizing Hillview Water Company an increase in general rates for Test Year 2009. Resolution W-4785 did not include a Finding or an Ordering Paragraph providing that Hillview Water Company could recover the difference between final adopted rates and those interim rates established on December 31, 2008, pursuant to approval of Hillview Water Company's Advice Letter 88. This recovery of the difference between final rates and interim rates is consistent with the Commission's Resolution W-4658 which provides that all Class B, C and D water utilities may recover under-collected revenues from the date upon which interim rates are established and the date when final rates are established.

BACKGROUND

On December 31, 2008, Hillview Water Company (Hillview), a Class C water utility, filed Advice Letter (AL) 88 to increase water rates to recover increased operating

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expenses and earn an adequate return on plant investment, and to establish interim rates. Interim rates were established effective January 1, 2009. On September 24, 2009, the Commission adopted Resolution (Res.) W-4785 which authorized Hillview final rates. Res. W-4785 did not include either a Finding or an Ordering Paragraph (OP) authorizing Hillview to recover the difference between the interim rates established on January 1, 2009, and final rates adopted by Res. W-4785 (Revenue Recovery).

On December 19, 2012, Hillview filed AL 95 which requested the Revenue Recovery however AL 95 was subsequently withdrawn on the advice of the Division of Water and Audits (DWA). On August 1, 2013, Hillview filed AL 97 which again requested the Revenue Recovery however AL 97 was rejected by DWA on the basis that Res. W-4785 did not include an OP providing that the revenues could be recovered.

On December 19, 2013, Hillview filed AL 99 which requested the Revenue Recovery seeking to collect \$233,536 through a surcharge of 5% on monthly service charges. Hillview's AL 99 filing cites Res. W-4658, OP 1, as authority for its Revenue Recovery. Res. W-4658, OP 1 states:

"A Class B, C, or D water or sewer system utility is authorized to file for an interim General Rate Case Increase based on the consumer price index or cash flow, with the final general rate increase subject to refund back to the date of approval of the increase, by Tier 1 advice letter."

As this Resolution modifies Res. W-4785, AL 99 is moot.

DISCUSSION

Res. W-4785 does not provide for the Revenue Recovery by Finding or Ordering Paragraph. The Commission did not intend to preclude Hillview from recovering the difference between interim and final rates. Rather, provisions allowing for recovery were inadvertently left out of Res. W-4785. In order to provide clear direction to Hillview, the Commission adds Finding 8 and OP 5 to Res. W-4785:

Finding

8. Hillview should be allowed to file a Tier 1 advice letter within 30 days from the effective date of Resolution W-5009 to collect over a thirty-six month period the under-collected revenues from the interim rate date to the effective date of the new rates. This advice letter should become effective upon approval by Staff of the Division of Water and Audits.

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Ordering Paragraph 5

5. Hillview Water Company is authorized to file a Tier 1 advice letter within 30 days from the effective date of Resolution W-5009 to collect over a thirty-six month period the under-collected revenues from January 1, 2009, the interim rate date, to the effective date of the new rates, September 24, 2009. This advice letter shall become effective upon approval by Staff of the Division of Water and Audits.

NOTICE AND COMMENTS

Public Utilities Code Section 1708 provides: “the commission may at any time, upon notice to the parties, and with opportunity to be heard as provided in the case of complaints, rescind, alter, or amend any order or decision made by it. Any order rescinding, altering, or amending a prior order of decision shall, when served upon the parties, have the same effect as an original order or decision.”

Public Utilities Code Section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments on October 3, 2014, and will be placed on the Commission’s agenda no earlier than 30 days from today.

The draft resolution was served on to the utility and its service list, and made available for public comment on October 3, 2014.

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FINDINGS

1. Hillview filed AL 88 on December 31, 2008.
2. Interim Rates were established on January 1, 2009.
3. Res. W-4785, adopted September 24, 2009, established final rates for Hillview's AL 88.
4. Res. W-4785 referenced the Revenue Recovery, however it did not include a Finding or an OP permitting Hillview to recover revenues between January 1, 2009 and September 24, 2009.
5. Res. W-4658 provides that Class B, C and D water utilities may recover uncollected revenues between the date upon which interim rates are established and the date when final rates are adopted.
6. It is reasonable to allow Hillview to recover under-collected revenues between the date when interim rates were established and final rates were adopted.
7. In order to clarify that Hillview may recover under-collected revenues a Finding and an OP should be added to Res. W-4758.
8. Hillview should file a Tier 1 Advice Letter within 30 days to recover under-collected revenues from January 1, 2009, the date of interim rates through September 24, 2009, the date for final adopted rates for AL 88.

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THEREFORE IT IS ORDERED THAT:

1. Finding 8 is added as follows to Resolution W-4758, “Hillview Water Company should be allowed to file a Tier 1 advice letter within 30 days from the effective date of Resolution W-5009 to collect over a thirty-six month period the under-collected revenues from the interim rate date to the effective date of the new rates. This advice letter should become effective upon approval by Staff of the Division of Water and Audits.”
2. Ordering Paragraph 5 is added as follows to Resolution W-4758, “Hillview Water Company is authorized to file a Tier 1 Advice Letter within 30 days from the effective date of Resolution W-5009 to collect over a thirty-six month period the under-collected revenues from January 1, 2009, the interim rate date, to the effective date of the new rates, September 24, 2009. This advice letter shall become effective upon approval by Staff of the Division of Water and Audits.”

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 November 6, 2014; the following Commissioners voting favorably:

PAUL CLANON
Executive Director

CERTIFICATE OF SERVICE

I certify that I have by either electronic mail or postal mail, this day, served a true copy of Proposed Resolution No. W-5009 on all parties in these filings or their attorneys as shown on the attached lists.

Dated October 3, 2014, at San Francisco, California.

/s/DARLENE SUSTAITA

Darlene Sustaita

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

HILLVIEW WATER COMPANY SERVICE LIST

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