

WATER/DON/KKE:jj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION  
Water Advisory Branch

RESOLUTION NO. W-4317  
January 9, 2002

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

**(RES. W-4317), CALIFORNIA UTILITIES SERVICE, INC., (CUS).  
ORDER AUTHORIZING AN OFFSET RATE INCREASE OF  
\$22,628 OR 4.0% IN ADDITIONAL REVENUE DUE TO  
PURCHASED POWER COSTS AND LOCAL FRANCHISE  
TAXES.**

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**SUMMARY**

By Advice Letter 28, filed July 16, 2001, CUS seeks to increase rates by \$22,628 or 4.04% to offset increases of purchased power from Pacific Gas & Electric Company (PG&E), and related local franchise taxes. The increase will not result in a rate of return greater than last authorized for CUS.

**BACKGROUND**

CUS requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to offset the increase in its purchased power and local franchise taxes. CUS originally sought \$24,387 for the increase in purchased power and related franchise taxes. Through negotiations with Advisory Branch staff, CUS reduced its request to \$22,628. This Resolution grants the reduced request.

Pursuant to Commission Decision (D.) 01-03-082, SCE and PG&E were granted a rate surcharge of \$0.03 per kilowatt-hour due to the recent increase in wholesale electricity costs. As a result of the surcharge granted to PG&E, CUS is seeking to increase its rates by increasing its flat rate schedules to offset the \$22,184 estimated increase in purchased power and \$444 in related franchise fees.

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## **NOTICE AND PROTESTS**

Notice of the proposed rate increase was mailed to the individual customers on July 16, 2001. The Water Division received no letters objecting to the rate increase.

## **DISCUSSION**

Effective June 3, 2001, pursuant to D.01-05-064, PG&E's rates were increased for summer and winter consumption. These PG&E rate increases have resulted in a \$22,184 increase in purchased power costs for CUS and, at two percent of revenue franchise rate, \$444 in related franchise fees. The total annual increase is \$22,628.

Since CUS is a sewer system with flat rates, the increase in PG&E's purchased power costs and related franchise fees are applied to the flat rates as an equal percentage.

CUS' year 2000 recorded rate of return was a loss. Its last authorized rate of return was 13.00% as provided by D.95-10-001, dated October 16, 1995. CUS is not earning more than its authorized rate of return.

The offset increase requested herein is for the purpose of recovering in rates on a dollar-for-dollar basis changes in items that have occurred since the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

## **FINDINGS**

1. The Commission finds, after investigation by the Water Division, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

## **THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 for California Utilities Service, Inc. to file a supplemental advice letter incorporating the

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revised rate schedule attached to this resolution as Appendix A, and concurrently to cancel its presently effective rate schedule, No. 1, Metered

Service. Its filing shall comply with General Order No. 96-A. The effective date of this new schedule shall be 5 days after the date of filing.

2. California Utilities Service, Inc. is directed to maintain a purchased power balancing account as required by Public Utilities Code Section 792.5.
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 January 9, 2002; the following Commissioners voting favorably thereon:

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WESLEY M. FRANKLIN

Executive Director

LORETTA M. LYNCH

President

HENRY M. DUQUE

RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN

Commissioners

APPENDIX A

Schedule No. 1

**GENERAL FLAT RATE SERVICE**

**APPLICABILITY**

Applicable to all sewer service.

**TERRITORY**

An area midway between the cities of Salinas and Monterey. In the vicinity of and along Highway 68, Monterey County.

**RATES**

	<u>Per Month</u>	
All service per single dwellings and/or business units,		
Except as follows .....	\$ 43.87	(I)
Toro Park School.....	614.35	
Corral de Tierra Country Club.....	351.38	(I)

**SPECIAL CONDITIONS**

1. Bills will be rendered in advance of the period for which service will be provided.
2. The above rates for individual-named customers are based upon an equivalent number of single-family residential service connections. Customers so classified may appeal the classification the Commission under the provisions of Rule No. 10, Disputed Bills.
3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
4. A late charge will be imposed per Schedule No. LC.
5. In accordance with Section 2714 of the Public Utilities Code and PUC Resolution No. W-3976, if a tenant in a rental unit leaves owing the utility, service to subsequent tenants in that unit will at the utilities' option, be furnished on the account of the landlord or property owner.