

WATER/RSK/FLC/JB5/jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION NO. W- 4731
December 18, 2008

R E S O L U T I O N

(RES. W- 4731), GOLDEN STATE WATER COMPANY (Golden State). ORDER AUTHORIZING A RATE BASE OFFSET INCREASE IN RATES PRODUCING ADDITIONAL GROSS ANNUAL REVENUES OF \$16,492 OR 0.15% FOR ITS ARDEN-CORDOVA DISTRICT.

SUMMARY

By Advice Letter (AL) 1310 filed on November 24, 2008, Golden State requests a revenue increase of \$16,492, or 0.15%, for its Arden-Cordova District to provide a return on the addition to its rate base of \$98,184 for the cost of the roof replacement survey and interior recoat painting performed on the Arden Cordova Coloma Reservoir #1.

This resolution grants Golden State's request. This increase will not result in a rate of return greater than that last authorized for Golden State in Decision (D.) 08-01-043.

BACKGROUND

Golden State provides water service to approximately 240,000 residential, commercial, and industrial customers in various areas in California including the counties of Contra Costa, Imperial, Lake, Los Angeles, Orange, Sacramento, San Bernardino, San Luis Obispo, Santa Barbara, Ventura, and electric service in the vicinity of Big Bear Lake in San Bernardino County.

D.08-01-043 approved a stipulation between Golden State and the Division of Ratepayer Advocates (Stipulation) resolving a number of disputed issues in Golden State's most recent general rate case for Region I of its service area. In accordance with Section 2.02 of the Stipulation, Golden State is authorized to file an advice letter to recover in rates specified costs of the engineering roof replacement survey and interior recoat painting performed on its Arden Cordova Coloma Reservoir #1. In pertinent part, Section 2.02 of the Stipulation states,

“If it is determined by the survey that the roof support system does not need replacement then Golden State may file an advice letter to include in ratebase the cost of the survey and to recoat the interior of the reservoir not to exceed \$76,000 plus overhead and contingency as resolved by the Commission in this proceeding.”

The engineering survey that was conducted determined that there was no need to replace the roof support system on Coloma Reservoir #1. The cost cap provided in the Stipulation is shown below.

<u>Coloma Reservoir #1</u>	<u>Stipulated Costs</u>
Roof Replacement Survey	\$6,000
Interior Recoat	\$70,000
Overhead @ 26.37%	\$20,041
Contingency @ 5%	<u>\$3,800</u>
Total	\$99,841¹

Golden State filed AL 1310 to request approval of a rate base increase for the completed work on its Coloma Reservoir #1 as authorized in D.08-01-043.

DISCUSSION

The Project

The Division of Water and Audits (DWA) reviewed the documentation associated with the engineering roof replacement survey and the interior recoat of Coloma Reservoir #1, including invoices supporting expenditures for this project. DWA confirmed that: (1) the project's requested cost recovery did not exceed the amount authorized, and (2) this project had been completed and is currently used and useful.

Invoices for the roof replacement survey and the interior recoat painting show the work was done during January and February 2008. AL 1310 states the project was completed in July 2008. Golden State indicates that the actual interior recoat cost of the project was \$192,000. This is greater than the \$70,000 cost cap provided for in the Stipulation and authorized by D.08-01-043. Golden State requests that the authorized amount of \$70,000 for the interior recoat cost be allowed in rate base and DWA concurs.

¹ The ratebase figure requested in AL 1310 is based on the capital cost of \$99,841 less the accumulated depreciation of \$1,657 for six months.

Revenue Requirement

To determine the necessary revenue requirement to recover the addition of \$98,184 to rate base, Golden State used Commission approved figures in D.08-01-043 for rate base, rate of return, net-to-gross multiplier, depreciation rate and ad valorem taxes.

Using the authorized Rate of Return of 8.87%, a depreciation rate of 3.32%, an ad valorem tax rate of 0.38% and a Net-to-Gross Multiplier of 1.78765, DWA confirms Golden State's calculation of an additional revenue requirement of \$16,492, or 0.15%.

Rate Impact

Current rates for the Arden-Cordova District became effective on August 31, 2008 by AL 1285-W, pursuant to D.08-01-043. For a metered customer using 72 Ccf per month, the additional revenue requirement will result in a monthly bill increase of \$0.11 or 0.21% from \$51.99 to \$52.10. For a customer taking service at a flat rate, the additional revenue requirement will result in a monthly bill increase of \$0.05 or 0.13% from \$39.70 to \$39.75.

NOTICE AND PROTESTS

Public notice is not required because notice was completed by Golden State at the time of its general rate case proceeding, Application 07-01-009. In compliance with General Rule 4.3 of General Order 96-B, a copy of this advice letter was mailed to all interested and affected parties as detailed in Advice Letter No. 1310 for Golden State. The DWA received no protests against the rate base adjustment or the projected rate increase related to the rate base adjustment.

COMPLIANCE

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

COMMENTS

This is an uncontested matter in which the decision grants the relief requested. This proceeding is subject to the public review and notice comment exclusion pursuant to Public Utilities Code 311(g) (3).

FINDINGS

1. The requested increase in rate base of \$98,184 and the resulting annual revenue requirement increase of \$16,492 or 0.15% are reasonable and should be adopted.

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2. The Commission finds that, after investigation by the Division of Water and Audits, the rate base and revenue requirement increases and the resulting rate increase hereby authorized are just and reasonable.
3. This is an uncontested matter subject to the public notice comment exclusion provided in Public Utilities Code 311(g) (3).

THEREFORE IT IS ORDERED THAT:

1. Golden State Water Company is authorized, five days after the effective date of this resolution, to make effective the increased rates for its Arden-Cordova District in rate Schedules Nos.: AC-1, General Metered Service, and AC-2, Flat Rate Water, which are shown in Appendix A of this Resolution.
2. Expenditures for the completed project totaling \$99,841, less six months of accumulated depreciation of \$1,657, are allowed into the rate base of Golden State Water Company's Arden-Cordova District.
3. The revenue requirement of Golden State Water Company's Arden-Cordova District is allowed to increase annually by \$16,492 or 0.15% to provide a return for the increase in rate base.
4. 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 on December 18, 2008, with 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
Schedule No. AC-1
Arden-Cordova District
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all general metered water service.

TERRITORY

Arden Manor area located approximately six miles northeast of Sacramento and Rancho Cordova and vicinity, Sacramento County.

RATES

Quantity Rate:		
For all water delivered, per 100 cu.ft.	\$ 0.5889 (I)	
Service Charges:		
	Per Meter	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$ 9.70	(I)
For 3/4-inch meter	\$ 14.50	
For 1-inch meter	\$ 24.15	
For 1 1/2-inch meter	\$ 48.20	
For 2-inch meter	\$ 77.15	
For 3-inch meter	\$ 144.15	
For 4-inch meter	\$ 241.15	
For 6-inch meter	\$ 482.15	
For 8-inch meter	\$ 772.65	
For 10-inch meter	\$ 1,109.00	(I)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
2. Service with 5/8 x 3/4-inch meters and 3/4-inch meters is available only to customers served with 5/8 x 3/4-inch and 3/4-inch meters as of May 31, 1995.
3. As authorized by the California Public Utilities Commission in Decision 04-03-039, all bills are subject to a surcredit of \$0.0788 per Ccf for a 9-year amortization period, beginning May 6, 2004 on the effective date of Advice Letter 1150-W. This surcredit will refund the ratepayer portion of the revenues collected from the City of Folsom for the period of July 1, 1994 through March 16, 2004.
4. Pursuant to Decision 05-07-045, to recover the balance as of January 31, 2005 in the Water Quality Litigation Memorandum Account, a surcharge of \$0.12 per Ccf is to be added to the quantity rate for 20 years. The surcharge amount will be recalculated once in every rate cycle, or more frequently if in any year the receipt of Water Availability Fee (WAF) monies will permit a reduction of \$0.50 or more in the monthly bill under Tariff AC-2.
5. As authorized by the California Public Utilities Commission, an amount of \$0.02174 per Ccf is to be added to the Quantity Rate for a period of 24 months, beginning on the effective date of Advice Letter 1219-W which is January 1, 2007. This surcharge will recover the undercollection in the Balancing-Type Memorandum Account, as of August 31, 2006.
6. Effective May 1, 2008, pursuant to Decision No. 08-01-043, a surcharge of \$0.040 per Ccf will be applied to all metered Customer bills excluding customers that are receiving the CARW credit. This surcharge will offset the CARW credits and CARW administrative program costs recorded in the CARW Balancing Account.
7. As authorized by the California Public Utilities Commission, an amount of \$0.010 per Ccf is to be added to the Quantity Rate for a period of 12 months, beginning on the effective date of Advice Letter 1285-W, which is August 31, 2008. This surcharge recovers the difference between the interim rates and final rates for the period of January 1, 2008 through February 5, 2008. (T)

APPENDIX A
Schedule No. AC-2
Arden-Cordova District
FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service. This schedule is closed to new installations.

TERRITORY

Arden Manor area located approximately six miles northeast of Sacramento and Rancho Cordova and vicinity, Sacramento County.

RATES

	Per Service Connection Per Month	
For a single unit of occupancy, including premises not exceeding 12,000 sq. ft. in area.....	\$ 39.75	(I)
For a duplex including premises not exceeding 12,000 sq. ft. in area	\$ 78.40	(I)
For each additional detached unit of occupancy on the same premises and served from the same service connection.....	\$ 39.70	(I)
For each swimming pool equipped with are-circulating filter system, on the same premises and served from the same service connection	\$ 8.75	(I)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. For service covered by the above classification, if either the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. AC-1, General Metered Service.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
4. As authorized by the California Public Utilities Commission in Decision 04-03-039, all bills are subject to a surcredit of \$2.19 per month for a 9-year amortization period, beginning May 6, 2004, the effective date of Advice Letter 1150-W. This surcredit will refund the ratepayer portion of the revenues collected from the City of Folsom for the period of July 1, 1994 through March 16, 2004.
5. Pursuant to Decision 05-07-045, to recover the balance as of January 31, 2005 in the Water Quality Litigation Memorandum Account, a surcharge of \$4.72 is to be added to the monthly service connection charge for 20 years. The surcharge amount will be recalculated once in every rate cycle, or more frequently if in any year the receipt of Water Availability Fee (WAF) monies will permit a reduction of \$0.50 or more in the monthly bill under this tariff schedule.
6. As authorized by the California Public Utilities Commission, an amount of \$0.85 per meter, per month is to be added to the monthly service connection for a period of 24 months, beginning on the effective date of Advice Letter 1219-W, which is January 1, 2007. This surcharge will recover the undercollection in the Balancing-Type Memorandum Account, as of August 31, 2006.
7. Effective May 1, 2008, pursuant to Decision No. 08-01-043, a surcharge of \$1.26 per customer, per month will be applied to all flat rate customer bills excluding customers that are receiving the CARW credit. This surcharge will offset the CARW credits and CARW administrative program costs recorded in the CARW Balancing Account.
8. As authorized by the California Public Utilities Commission, an amount of \$0.376 per meter, per month is to be added to the monthly service connection for a period of 12 months, beginning on the effective date of Advice Letter 1285-W, which is August 31, 2008. This surcharge recovers the difference between the interim rates and final rates for the period of January 1, 2008 through February 5, 2008. (T)
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