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Decision 90-12-065 December 19, 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of CITIZENS UTILITIES COMPANY OF)
CALIFORNIA for authority to)
increase rates and charges for)
water service in its Guerneville)
District.)

ORIGINAL
Application 89-03-030
(Filed March 21, 1989)

SUPPLEMENTAL OPINION

By Decision (D.) 89-11-016 dated November 9, 1989 in this proceeding we found that Citizens Utilities Company of California (Citizens) had justified annual revenue increases of \$454,000, in order to achieve a rate of return of 10.29% as shown in Appendix E. The decision deferred authority to implement the increases until Citizens had submitted a master water plan addressing the many problems experienced by customers in the district, with recommendations for remedying those problems.

In February 1990 Citizens submitted its Water Plan in compliance with D.89-11-016. Comments on the plan were submitted by the Commission's Water Utilities Branch (Branch), by the California Department of Health Services (DHS), and by Sweetwater Springs Water District (Sweetwater). In response to the comments, Citizens submitted its Amended Water Plan in August 1990, addressing and adopting many of the revisions urged by the parties in their comments.

In the circumstances, Citizens should now be authorized to file revised schedules, with new rates reflecting the revenue increase found reasonable and necessary by D.89-11-016. The issues involved in implementing the Amended Water Plan were the subject of a separate evidentiary hearing, and will be addressed in a separate decision processed under the provisions of Public Utilities (PU) Code § 311(d). On November 14, 1990 Sweetwater filed a Petition To

Set Aside Submission of A.89-03-030 in order that the Commission may give consideration to its proposed master plan for improving water service in the Guerneville District. In the circumstances this Petition does not present a reason for holding up the rate increase portion of this proceeding already found reasonable and necessary. This proceeding will remain open pending disposition of the system improvement issues.

D.89-11-016, in Ordering Paragraph 9, directed that Special Condition No. 4 of Citizens' tariff Schedule GU-1A should be revised when rates are adjusted, in accordance with Finding 31, so that:

- a. There is no time limit in which a customer may receive a refund if he/she terminates service and another customer pays for and is subsequently served at the same location for the remainder of the initial customer's annual service charge period.
- b. Under no circumstances should the utility receive payment for the same service more than once.

The decision further found (Finding 32) that new customers in the Guerneville District should be allowed to pay their annual service charge in installments.

Findings of Fact

1. D.89-11-016 found that Citizens had justified annual revenue increases in its Guerneville District of \$454,000, necessary in order to achieve a rate of return on its results of operations in the district of 10.29%. Authority to file revised rate schedules containing increased rates was deferred until Citizens had submitted a master plan for remedying the many problems besetting the customers located in the Guerneville District.

2. Citizens has submitted an Amended Water Plan, which has been the subject of a separate evidentiary hearing in this proceeding. The plan has been recommended for implementation by

Branch, and is unopposed by Sweetwater, although Sweetwater urges that it be enhanced with respect to fire flows.

Conclusions of Law

1. Citizens should be authorized to file an advice letter, with rate adjustments reflecting annual revenue increases of \$454,000.
2. Since this rate increase has been previously found to be reasonable, the effective date of this order should be today.
3. Citizens' tariff Schedule GU-1A should be modified in accordance with Findings of Fact 31 and 32 of D.89-11-016.

SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Citizens Utilities Company of California is authorized to file the attached tariff schedules shown in Appendix A for its Guerneville District, reflecting revenue increases found necessary by Decision 89-11-016. The adopted quantities and income tax calculations shown in Appendices B and C are also adopted.
2. The effective date of the revised schedules shall be 5 days after the date of filing.

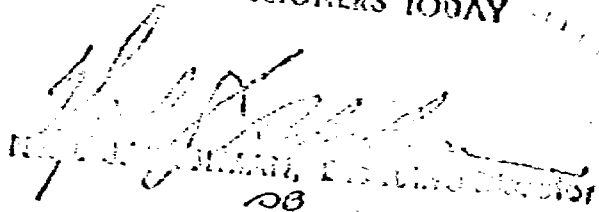
3. This application remains open with respect to the issue of system improvements to be implemented under an adopted master water plan.

This order is effective today.

Dated December 19, 1990, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


G. MITCHELL WILK, President
DB

APPENDIX A
1 of 4

Citizens Utilities Company of California
Guerneville District

Schedule No. GU-1A

ANNUAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Guerneville, Rio Nido, East Guernewood, Guernewood Park, Northwood, Monte Rio, Vacation Beach, River Meadows and vicinity, Sonoma County.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>	
For all water delivered, per 100 cu.ft.	\$ 1.93	(C)
Annual Service Charges:	<u>Per Meter</u> <u>Per Year</u>	
For 5/8 x 3/4-inch meter	\$ 281.55	(I) (I)
For 3/4-inch meter	427.50	
For 1-inch meter	616.00	
For 1 1/2-inch meter	1,133.00	
For 2-inch meter	1,791.00	
For 3-inch meter	3,533.00	
For 4-inch meter	5,086.00	

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the quantity charge computed at the quantity rates.

Service Reestablishment Charge:

For each reestablishment of water service \$ 4.00

(continued)

APPENDIX A
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Citizens Utilities Company of California
Guerneville District

Schedule No. GU-1A
(continued)

ANNUAL METERED SERVICE

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing January 1 and is due in advance. A new customer may pay its initial annual service charge in four equal installments, paid every three months in advance. (N)
A customer who has received service on a continuous basis for at least 12 months and has not had service discontinued for non-payment during that period may elect, prior to the beginning of the following calendar year, to pay prorated service charges in advance at intervals of less than one year (monthly, bi-monthly or quarterly) in accordance with the utility's established billing periods. Meters will be read and quantity charges billed monthly, bi-monthly or quarterly in accordance with the utility's established billing periods except that meters may be read and quantity charges billed during the winter season at intervals greater than three months. (N)
2. The opening bill for metered service shall be the established annual service charge. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period.
3. The service establishment charge provided for herein is in addition to the charges calculated in accordance with this schedule and will be made each time an account is opened or reopened for a customer at the time water service is established, restored after discontinuance at customer's request or transferred to a different customer.

(continued)

APPENDIX A
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Citizens Utilities Company of California
Guerneville District

Schedule No. GU-1A
(continued)

ANNUAL METERED SERVICE

4. Upon request any unused portion of the Annual Service Charge (prorated on a monthly, bi-monthly or quarterly basis) which has been prepaid by a customer is refundable, provided another customer is subsequently served at the same location and continues service for the remainder of the initial customer's annual service charge period. Applicants for water service will be advised that they may submit a request for such refunds within 60 days after the initial annual service charge period. (D)
5. All rates are subject to the reimbursement fee set forth on Schedule No. UF. (L)
(L)

APPENDIX A
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Citizens Utilities Company of California
Guerneville District

Schedule No. GU-4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service rendered for private fire protection purposes.

TERRITORY

Guerneville, Rio Nido, East Guerneville, Guerneville Park, Northwood, Monte Rio, Vacation Beach, River Meadows, and vicinity, Sonoma County. (T)

RATES

Fire Hydrant Rates:	<u>Per Year</u>	
For each private hydrant.....	\$18.25	(I)

Sprinkler Connection Rates:	<u>Per Month</u>	
For each 4-inch connection, or smaller.....	\$10.40	(I)
For each 6-inch connection.....	15.50	
For each 8-inch connection.....	20.70	
For each 10-inch connection.....	43.15	
For each 12-inch connection.....	60.35	(I)

SPECIAL CONDITIONS

1. The cost of installation and maintenance of private hydrants will be borne by the customer.
2. The customer will pay without refund the entire cost of installing the service connection for the fire sprinklers.
3. The Company will supply only such water at such pressures as may be available from time to time as the result of its normal operation of the system.
4. The maximum diameter of the service connection for sprinklers will not be more than the diameter of the main to which the service is connected.

(continued)
(END OF APPENDIX A)

APPENDIX B
1 of 2

Citizens Utilities Company of California
Guerneville District

ADOPTED QUANTITIES

Name of Company: Citizens Utilities Company of California

District: Guerneville

1. Net-to-Gross Multiplier: 1.68771
2. Federal Tax Rate: 34.12%
3. State Tax Rate: 9.3%
4. Uncollectibles Rate: 0.838%

Offsetable Items

	<u>1990</u>
5. <u>Purchased Power</u>	
A. KWh/Ccf- Electric Pump Electric Boosters	1.72
B. KWh (Total)	492,887
C. Average Cost/KWh	\$ 0.114347
D. Total Cost of Power	\$ 56,360
6. Ad Valorem Taxes	\$ 46,027

APPENDIX B
2 of 2

Citizens Utilities Company of California
Guerneville District

ADOPTED QUANTITIES

7. Number of Services - Meter Size

	<u>1990</u>
5/8 x 3/4 inch	3,294
3/4 inch	15
1 inch	16
1 1/2 inch	6
2 inch	4
3 inch	<u>1</u>
Total	3,336

8. Metered Water Sales - Ccf

Total water delivered 286,562

9. Private Fire Protection Services - Meter Size

4-inch or smaller	7
6-inch	<u>2</u>
Total	9

(END OF APPENDIX B)

APPENDIX C

Citizens Utilities Company of California
Guerneville District

Income Tax Calculations

	<u>1990</u> (\$1,000)
Operating Revenues	1,525.5
Deductions	
O & M Expense	577.7
Depr charged to O & M	(28.3)
A & G Expense	351.7
Taxes other than Income	71.8
Allocation of Interest	76.6
Subtotal Deductions	1,049.5
Taxable Income Before Tax Depreciation	475.9
State Tax Depreciation	162.3
State Taxable Income	313.6
State Income Tax	29.2
Taxable Income Before Tax Depreciation	475.9
Federal Tax Depreciation	110.4
State Income Tax	29.2
Federal Taxable Income	336.3
Federal Income Tax	114.8
Amortization of I.T.C.	4.6
Reversal of S. Ga. Method	1.5
Net Federal Income Tax	108.7
Total Income Taxes	137.9
Income Tax Rates	
State	9.30%
Federal	34.12%

(END OF APPENDIX C)

APPENDIX D

Citizens Utilities Company of California
Guerneville District

Comparison of typical bills for residential metered customers of various usage levels at present and authorized rates for the year 1990.

Annual Metered Service

(5/8 x 3/4-inch meters)

: Monthly Usage :	: At Present : Rates :	: At Authorized : Rates :	: Percent : Increase :
(100 Cubic Feet)			
0	\$ 16.79	\$ 23.46	39.7
5	22.65	33.11	46.2
10	29.77	42.76	43.6
15	36.89	52.41	42.1
20	44.01	62.06	41.0
30	58.25	81.36	39.7
50	86.73	119.96	38.3
75	122.33	168.21	37.5
100	157.93	216.46	37.1
200	300.33	409.46	36.3
300	442.73	602.46	36.1

(END OF APPENDIX D)

APPENDIX E

Citizens Utilities Company of California
Guerneville District
Adopted Summary of Earnings
Test Year 1990
(Dollars in Thousands)

<u>Item</u>	<u>Utility</u>	<u>Diff.</u>	<u>Branch</u>	<u>Adopted at Present Rates</u>	<u>Adopted at Auth. Rates</u>
Operating Revenues	\$1,071.5	\$ 0.0	\$1,071.5	\$1,071.5	\$1,525.5
<u>Deductions</u>					
O&M Expenses	573.9	0.0	573.9	573.9	577.7
A&G Expenses	351.7	0.0	351.7	351.7	351.7
Taxes other than Inc.	71.8	0.0	71.8	71.8	71.8
Depreciation	94.1	0.0	94.1	94.1	94.1
Subtotal	1,091.5	0.0	1,091.5	1,091.5	1,095.3
<u>Net Operating Revenue</u>					
Before Income Taxes	(20.0)	0.0	(20.0)	(20.0)	430.2
Income Taxes	(43.3)	0.0	(43.3)	(43.3)	137.9
Net Operating Revenue	23.3	0.0	23.3	23.3	292.3
Rate Base	2,840.5	0.0	2,840.5	2,840.5	2,840.5
Rate of Return	0.82%	00.0%	0.82%	0.82%	10.29%
Est. Rate of Return	11.73%	1.45%*	10.28%	10.29%	
Est. Oper. Revenue	333.2	41.2*	292.0	292.3	
Net Revenue Deficiency	309.9	41.2*	268.7	269.0	
Net to Gross Mult.	1.68771		1.68771	1.68771	
Revenue Increase	523.0	69.5*	453.5	454.0	

(Red Figure)

* Difference due to estimated rate of return

(END OF APPENDIX E)