

89713 DEC 12 1978

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Winton Water Company for approval of a loan contract with the State Department of Water Resources and related rate increases.

Application No. 57771 (Filed December 27, 1977)

FINAL OPINION

Interim Decision No. 88945 issued June 13, 1978 in this proceeding granted the request of Winton Water Company, Inc. (Winton) for approval of a \$587,100 loan from the State of California Department of Water Resources (DWR) under the California Safe Drinking Water Bond Act of 1976. The order also granted an interim increase in rates sufficient to repay the principal amount and interest over a period of 30 years.

Decision No. 88945 was interim in nature because the Commission intended to determine the format of rate increases with respect to DWR loans in Application No. 57406 of the Quincy Water Company. Decision No. 88973 issued June 13, 1978 in the Quincy proceeding determined that a surcharge method of increasing rates is the appropriate ratemaking method. Accordingly, the interim rate increase authorized in this proceeding should be converted to a surcharge basis and should be subject to the conditions hereinafter imposed in order to conform to the Commission policy expressed in Quincy. 1/ In addition to the conditions

1/ As pertinent here, the Commission found as follows in Quincy:

- "3. A rate surcharge should be established which provides in each six-month period an amount of revenue approximately equal to the periodic payment. . . .
- "4. Capital charges for this loan should be offset by a quantity surcharge which lasts as long as the loan. The charges should not be intermingled with other utility charges; special accounting requirements and a refund condition are necessary to ensure that there are no unintended windfalls to private utility owners.

(Continued)

ordered in Quincy, Winton will be required to devise a billing form that separately identifies the surcharge amount and indicates to its customers the purpose and application of the surcharge.

We further find that:

1. A rate surcharge of \$2.70 per month should be established for each customer which provides in each six-month period an amount of revenue approximately equal to the periodic payments due under the loan authorized in Decision No. 88945. The increases in rates and charges authorized by this decision are justified and are reasonable; and the present rates and charges, insofar as they differ from those prescribed by this decision, are for the future unjust and unreasonable.

2. Capital charges for the loan authorized in Decision No. 88945 should be offset by a quantity surcharge which lasts as long as the loan. The charges should not be intermingled with other utility charges; special accounting requirements and a refund condition are necessary to ensure that there are no unintended windfalls to private utility owners.

3. The authorized rate increase should not affect applicant's return on equity. It should increase applicant's annual gross revenues by approximately \$40,500 per year.

4. The property should not be included in rate base; the customer should not be required to pay more than once for the property; the revenue requirement should be determined and rates established by a system which avoids excessive or insufficient revenues in any period.

1/ (Continued)

"5. This rate increase should not affect applicant's return on equity. . . ."

* * *

"7. The property should not be included in rate base; the customer should not be required to pay more than once for the property; the revenue requirement should be fixed by a system which avoids excessive or insufficient revenues in any period."

* * *

"9. Applicant, as a condition of the rates authorized herein, should consent that any surplus surcharge revenue may be ordered refunded to consumers."

5. A quantity surcharge of 17 cents per 100 cubic feet per month for metered service is reasonable.

6. Applicant, as a condition of the rates authorized herein, may be ordered to refund to customers any collected surplus surcharge revenue.

Conclusions

1. The interim order in Decision No. 88945 should be revised as set forth in the order which follows.

2. The authority granted herein should be subject to conditions stated in Finding 6.

FINAL ORDER

IT IS ORDERED that:

1. After the effective date of this order, Winton Water Company, Inc. is authorized and directed to file the revised rate schedules attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be five days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date of the revised schedules.

2. As a condition of the rate increase granted herein, applicant should be responsible for refunding or applying, on behalf of consumers, any surplus accrued in the balancing account if subsequently ordered by the Commission.

A.57771 ka

3. Applicant shall establish and maintain a separate balancing account which shall include all billed surcharge revenue and the value of investment tax credits on the plant financed by the loan, and which shall be reduced by payments of principal and interest to the Department of Water Resources.

The effective date of this order shall be thirty days after the date hereof.

Dated at San Francisco, California, this 12th day of DECEMBER, 1978.

Robert Bateman
President
William Symons
Virginia L. Sturgeon
Robert W. Hoyle
Clair L. Leitch
Commissioners

APPENDIX A
Page 1 of 2

Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Winton and vicinity, Merced County.

RATES

	<u>Per Meter Per Month</u>	
	<u>Interim</u>	<u>Final</u>
	<u>(Present)</u>	<u>(Revised)</u>
Service Charge:		
For 5/8 x 3/4-inch meter	\$3.00	\$3.00
For 3/4-inch meter	3.30	3.30
For 1-inch meter	4.50	4.50
For 1 1/2-inch meter	6.00	6.00
For 2-inch meter	8.10	8.10

Quantity Rates:

First 500 cu.ft., per 100 cu.ft.	\$0.35*	\$0.52
Over 500 cu.ft., per 100 cu.ft.	0.41*	0.58

* Subject to a surcharge of \$0.17 per 100 cubic feet.
The total monthly surcharge must be identified on each bill.

The Service Charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rates, for water used during the month.

APPENDIX A
Page 2 of 2

Schedule No. 2

FLAT RATE SERVICEAPPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Winton and vicinity, Merced County.

RATES

	Per Service Connection Per Month	
	Interim (Present)	Final (Revised)
1. For a single-family residential unit, including premises not exceeding 9,000 sq.ft. in area	\$6.15*	\$8.85
a. For each additional single- family residential unit on the same premises and served from the same service connection	4.05*	6.75
b. For each 100 sq.ft. of premises in excess of 9,000 sq.ft.	0.024*	.035
2. For each commercial laundrette, per washing machine	2.45*	3.55
3. For each freezer locker plant	8.10*	11.70
4. For each store, market, shop, or service station	6.15*	8.85
5. For each hotel, apartment, or motel including first unit, office, and utility room	6.15*	8.85
For each additional unit	4.05*	6.75

* Subject to a surcharge of \$2.70 per month.
The total monthly surcharge must be identified
on each bill.

SPECIAL CONDITIONS

1. The above flat rates apply to a residential service connection not larger than one inch in diameter.
2. If the utility so elects, a meter shall be installed and service provided under Schedule No. 1, Metered Service.