

AUG 11 1995

Decision 95-08-031 August 11, 1995

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Clint James doing)
business as James Water System to)
revoke its certificate of public)
convenience and necessity and cease)
operating as a public utility.)

Application 95-04-058
(Filed April 20, 1995)

ORIGINAL

INTERIM OPINION

Summary of Decision

This decision grants James Water System (JWS) an interim increase in gross annual revenues of \$6,528 or 100% for Test Year 1995. The increase will provide no return on rate base in 1995. The increase will allow JWS to reduce its operating losses.

Background

JWS was incorporated as a water company in January 1979. It served 22 customers.

In response to a complaint by one of its customers (Case 10815), the Commission issued Decision (D.) 93585, October 6, 1981, which found JWS to be a public utility.

JWS currently serves 22¹ flat-rate customers consisting of 19 domestic customers, 1 motel, 1 shopping center, and 1 45-space trailer park. JWS charges \$10/month to domestic customers, \$25/month to the motel and shopping center, and \$360/month to the trailer park.

JWS' rates were established in October 1981 pursuant to D.93585. It has not had a rate increase since it was found to be a public utility.

¹ JWS has lost the trailer park as its customer since the filing of this application.

On April 20, 1995, JWS filed Application (A.) 95-04-058 requesting an ex parte order authorizing it to abandon its certificate of public convenience and necessity (CPC&N) to operate as a water company.

JWS states that its 21 existing customers agree with its proposal to abandon the system. JWS also states that even after it is deregulated, it will continue to serve the existing customers as an accommodation.

According to the financial statement prepared by the certified public accounting firm of Fisher, Kealthy & Ross (attached Exhibit A to the application), for the 12-month period ending December 31, 1994, JWS' gross revenues were \$6,528 and its operating expenses were \$20,822, resulting in a net operating loss of \$14,294. The operating losses are mainly due to increases in purchased power costs since October 1981. JWS contends that it has been operating at a loss for the last few years.

The assigned administrative law judge (ALJ) has inspected JWS' system and reviewed its accounts. The ALJ believes that it will take some time to process JWS' request to abandon its CPC&N because before approving the requested relief, the Commission will have to ensure that, as asserted by JWS, the existing customers agree with the proposal to abandon the CPC&N. The Commission will also have to ensure that JWS' current customers have access to a reliable water supply after JWS is authorized to abandon its CPC&N. Accordingly, the ALJ proposes that JWS should be granted an emergency rate relief to offset its increased purchased power expenses.

We concur with the ALJ's conclusion and believe that JWS should be granted an immediate rate relief. While we believe that JWS needs an increase of over 200% to offset increases in its purchased power expenses, we will limit the rate increase to 100% to reduce the impact of the rate increase on its customers.

Findings of Fact

1. JWS requests an ex parte order authorizing it to abandon its CPC&N to operate as a water company.
2. It will take some time to process JWS' request to abandon its CPC&N.
3. JWS is operating at a considerable loss.
4. JWS will need a rate increase of over 200% to offset increases in purchased power expenses.
5. A rate increase of 100% for JWS will have a lesser adverse impact on JWS' customers.

Conclusions of Law

1. JWS should be authorized to increase its rates by 100%.
2. This order should be made effective immediately to reduce JWS' operating losses.

INTERIM ORDER

IT IS ORDERED that James Water Service is authorized to increase its rates by 100%.

This order is effective today.

Dated August 11, 1995, at San Francisco, California.

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
Commissioners

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

Wesley Franklin
Acting Executive Director