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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Copy for:
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 to Executive Director

RESOLUTION NO. W-3346

EVALUATION & COMPLIANCE DIVISION
BRANCH/SECTION: Water Utilities
DATE: December 17, 1986

 Director
 Numerical File
 Alphabetical File
 Accounting Officer

RESOLUTION

SEARLES DOMESTIC WATER COMPANY (SDWC). ORDER
AUTHORIZING RATE INCREASE FOR SURPLUS WATER
HAULING CUSTOMERS.

SDWC, by draft advice letter dated August 18, 1986, requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to file a tariff for rate increases for its surplus water hauling schedule. SDWC, a wholly-owned subsidiary of Kerr-McGee Corporation, currently serves about 1,320 metered customers in the unincorporated communities and territory along the westerly shore of Searles Lake known as Trona, Pioneer Point, Borosolvay and South Trona in San Bernardino County. Six of SDWC's customers are on the surplus water hauling schedule.

The present rates for general metered service, private fire protection service and public school metered service have been in effect since May 27, 1986.

Resolution No. W-3313 dated May 7, 1986 authorized a general rate increase of \$62,205 or 30.5% in 1986 and an additional increase of \$83,125 or 30.8% in 1987. The authorized rate increase would result in a net loss in 1986 and a 4.71% rate of return in 1987. SDWC, by the draft advice letter received by the Water Utilities Branch (Branch) on September 18, 1985, had also requested rate increases in Schedule No. 9-MIZ, Surplus Water Hauling Schedule. However, this rate schedule was inadvertently omitted from Resolution No. W-3313.

The Branch reviewed Resolution No. W-3313 and found that adopted revenues include the surplus water hauling schedule revenue in the summary of earnings attached to it as Appendices A1 and A2. The six customers are also included in the adopted quantities in Appendix-D (Page 2) under residential meter size of 5/8 x 3/4-inch for test years 1986 and 1987. Notice of the proposed increase was mailed to each customer on December 2, 1985. No letters were received from customers on the surplus water hauling schedule.

The Commission's opinion after investigation by the Branch is that SDWC's request to file the omitted tariff for surplus water hauling is reasonable.

THE COMMISSION FINDS that the increased rates hereby authorized are justified

and that the present rates are, for the future, unjust and unreasonable.

IT IS RESOLVED that:

1. Authority is granted under Public Utilities Code Section 454 for Searles Domestic Water Company to file an advice letter incorporating the revised rate schedule attached to this resolution as Appendix A and concurrently to cancel the presently effective rate schedule. Such filing shall comply with General Order 96-A.
2. The effective date of the revised rate schedule shall be the date of filing.
3. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on December 17, 1986. The following Commissioners approved it:

DONALD VIAL
President
VICTOR CALVO
FREDERICK R. DUDA
STANLEY W. HULETT
Commissioners



VICTOR R. WEISSER
Executive Director

APPENDIX A
Page 1

Schedule No. 9-NL2

SURPLUS WATER HAULING SCHEDULE

APPLICABILITY

Applicable to all water hauling customers for domestic household purposes and for commercial establishments from the standpipe at Pioneer Point Pump Station.

TERRITORY

Within Argus, Trona, Pioneer Point (Point of Rocks), Borosolvay and South Trona, unincorporated communities and territory along the westerly shore of Searles Lake, San Bernardino County.

RATES

Quantity Rates:

	<u>Per Customer Per Month</u>	
		<u>Effective</u> <u>March 1, 1987</u>
First 200 cu.ft., per 100 cu.ft.....	\$0.55 (I)	\$0.72 (I)
Next 600 cu.ft., per 100 cu.ft.....	.85	1.10
Next 800 cu.ft., per 100 cu.ft.....	1.30	1.70
Next 2,400 cu.ft., per 100 cu.ft.....	1.88	2.45
Over 4,000 cu.ft., per 100 cu.ft.....	2.55 (I)	3.30 (I)

Service Charge:

For each customer.....	\$4.65 (I)	\$6.05 (I)
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The Service Charge is applicable to each customer. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rate, for water used during the month.

SPECIAL CONDITIONS

1. Each customer will be required to make a \$40.00 deposit to obtain an access key. This deposit will be refunded upon return of the key.
2. Each customer using this facility will record the beginning and ending reading on the Standpipe Log Sheet. Customers will be billed for water used. Any discrepancies in total water metered and not accounted for will be prorated and billed to each customer.

(C)
(C)

APPENDIX A
Page 2

Schedule No. 9-MIZ

SURPLUS WATER HAULING SCHEDULE
(Continued)

SPECIAL CONDITIONS

3. The utility reserves the right to limit the quantity of water delivered to any resident. This service is available only, on a surplus basis, to individual residences, or any commercial enterprise, and is limited to a maximum of 2,000 cubic feet of water per month.
4. The utility reserves the right to discontinue to serve water upon 30 days' written notice to each customer. Said notice to be sent by certified mail.
5. During shortages of supply and interruption of delivery, Rule 14, Paragraph C "Apportionment of Supply During Time of Shortage" will apply.
6. The standpipe is accessible to water hauling customers on a 24-hour basis. (C)
(D)

APPENDIX B

Page 2

Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all metered service.

TERRITORY

Gerber and vicinity, Tehama County.

RATES

	<u>Per Service Connection Per Month</u>	
1. For a single-family residential unit including premises not exceeding 7,500 sq.ft. in area..	\$12.30	(I)
a. For each 100 sq.ft. of premises in excess of 7,500 sq.ft.....	0.065	(I)
2. For each small store or business.	9.25	(I)

SPECIAL CONDITIONS

1. All service not covered by the above classifications shall be furnished only on a metered basis.

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. 1, General Metered Service.

APPENDIX C

Page 1

COMPARISON OF RATES

A comparison of the present and Branch's recommended rates is shown below:

METERED SERVICE

	<u>Per Meter</u>	<u>Per Per Month</u>	
	<u>Present</u>	<u>Recommended</u>	<u>Percent</u>
	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
<u>Service Charge:</u>			
For 5/8 x 3/4-inch meter.....	\$ 3.80	\$ 5.25	38.1
For 3/4-inch meter.....	4.20	5.80	38.0
For 1-inch meter.....	5.70	7.90	38.6
For 1-1/2-inch meter.....	7.60	10.60	39.4
For 2-inch meter.....	10.25	14.20	38.5
<u>Quantity Rates:</u>			
First 300 cu.ft., per 100 cu.ft.....	0.50	0.60	20.0
Over 300 cu.ft., per 100 cu.ft.....	0.70	0.90	28.5

FLAT RATES

1. For a single-family residential unit, including premises not exceeding 7,500 sq.ft. in area.....	\$ 9.50	\$12.30	29.4
a. For each 100 sq.ft. of premises in excess of 7,500 sq.ft.....	0.05	0.065	30.0
2. For each small store or business.....	7.15	9.25	29.4

APPENDIX C

Page 2

COMPARISON OF RATES

A comparison of monthly customer bills at present and Branch recommended rates for 1986 test year is shown below:

<u>Usage 100 cu.ft.</u>	<u>Present Bills</u>	<u>Recommended Bills</u>	<u>Amount Increase</u>	<u>Percent Increase</u>
0	\$ 3.80	\$ 5.25	\$ 1.45	38.2
3	5.30	7.05	1.75	33.0
5	6.70	8.85	2.15	32.1
10	10.20	13.35	3.15	30.9
15 (avg.)	13.70	17.85	4.15	30.3
20	17.20	22.35	5.15	29.9
30	24.20	31.35	7.15	29.5
50	38.20	49.35	11.15	29.2
100	73.20	94.35	21.15	28.9

FLAT RATE

1. Single-family residence, not exceeding 7,500 sq.ft. in area.....	\$ 9.50	\$12.30	\$ 2.80	29.5
a. For each sq.ft. in excess of 7,500 sq. ft.....	0.05	0.065	0.015	30.0
2. Small store or business....	7.15	9.25	2.10	29.4

APPENDIX D
(Page 1)

ADOPTED QUANTITIES
(1986 Test Year)

Name of Company: Gerber Water Works, Inc.

Net-to-Gross Multiplier: None
 Federal Tax Rates: 0.0
 State Tax Rates: \$200 minimum
 Business License: 0.0
 Uncollectible Rates: 0.0

Expenses Test Year 1986

1. Purchased Power:
 Electric:
 Pacific Gas and Electric Company
 Total Cost (\$) \$ 10,730
 kWh Used 107,580
 Eff. Sch. Date 1/1/86
 \$/kWh Used 0.09971
 Schedule PA-1

2. Purchased Water: None
 3. Pump Tax-Replenishment Tax: None. None
 4. Payroll and Employee Benefits:
 Operation and Maintenance Payroll \$ 6,160
 Administrative & General Salaries 10,435
 Total \$ 16,595

Payroll Taxes \$ 1,020

5. Ad Valorem Taxes: \$ 1,560
 Tax Rate 1.02%
 Assessed Value \$147,780

Service Connections:

1. Metered - Size

5/8 x 3/4-inch.....	20
3/4-inch.....	-
1-inch.....	-
1-1/2-inch.....	-
2-inch.....	-

2. Flat Rate

	268
Total	288

3. Metered Water Sales used to Design Rates:

Block 1	0 - 3 Ccf	720 Ccf
Block 2	> 3	3,040
Total		3,760

APPENDIX D
(Page 2)

ADOPTED TAX CALCULATIONS 1/

Line: No.:	Item	At 1986 Rates	
		State Tax	FIT
1.	Operating Revenues	\$46,915	\$46,915
2.	O&M Expenses	19,205	19,205
3.	A&G Expenses	20,430	20,430
4.	Taxes Other Than Income	2,580	2,580
5.	Depreciation	1,170	1,170
6.	Interest	5,100	5,100
7.	State Tax	-	200
8.	Subtotal	48,485	48,685
9.	Net Taxable Income for State Tax	(1,580)	
10.	State Tax	200	
11.	Total State Tax	200	
12.	Net Taxable Income for FIT		(1,780)
13.	Federal Income Tax		0
14.	Total FIT		0

1/Corporation