

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3406
August 10, 1988

R E S O L U T I O N

(RES. W-3406) PARK WATER COMPANY, VANDENBERG DISPOSAL
DIVISION (SEWER) (VDD). ORDER AUTHORIZING AN OFFSET RATE
INCREASE PRODUCING \$28,810 OR 5% ADDITIONAL ANNUAL REVENUE.

By Advice Letter No. 22-S, filed May 27, 1988, VDD requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates to amortize over a twenty-six month period a \$60,553 undercollection in its treatment cost balancing account. VDD provides service to about 1,950 customers in Vandenberg Village, an unincorporated community near the City of Lompoc, Santa Barbara County.

The present rates became effective November 29, 1987 pursuant to Decision No. 87-11-062 which authorized a general rate increase and in which the Commission found a rate of return on rate base of 11.51% for 1987 reasonable based on a 12% return on equity. This offset increase will not result in a rate of return greater than last authorized.

The treatment cost balancing account tracks variations in the charges to VDD by the City of Lompoc for VDD's share of the treatment of wastewater in the regional wastewater treatment facility.

The balancing account undercollection is greater than 5% of VDD's annual gross revenues. Commission policy limits offset rate increases for amortization of balancing accounts to no more than 5%. Accordingly, VDD requested an increase of \$28,810 annually or 5% to amortize the \$60,553 undercollection over a twenty-six month period.

VDD has given public notice of its request by publishing in the local newspaper on May 31, 1988. No customer protests or correspondence has been received.

VDD's service is satisfactory. There are no Commission orders requiring system improvement, and there are no significant service problems requiring corrective action.

Since the increase is related to charges for wastewater treatment, it has been applied proportionately as a surcharge to VDD's tariff rates as shown below for a twenty-six month period:

| | <u>Present Rates</u> | <u>Amortization Surcharge</u> | <u>Proposed Rates</u> |
|---|--------------------------|-----------------------------------|---------------------------|
| General Residential Service: | | | |
| Single family residence or dwelling unit | \$ 22.12 | \$ 1.11 | \$ 23.23 |
| Commercial Service: | | | |
| Per 100 cubic feet of water usage | 1.81 | 0.09 | 1.90 |
| or | | | |
| Per 100 cubic feet of metered wastewater | 2.26 | 0.11 | 2.37 |
| or | | | |
| Per 1,000 gallons of metered wastewater | 2.99 | 0.15 | 3.14 |
| Minimum Charge | 22.12 | 1.11 | 23.23 |
| Strength Surcharges: | | | |
| Per 100 cubic feet of water usage | 0.13 | 0.01 | 0.14 |
| or | | | |
| Per 100 cubic feet of metered wastewater | 0.19 | 0.01 | 0.20 |
| or | | | |
| Per 1,000 gallons of metered wastewater | 0.26 | 0.01 | 0.27 |

After investigation by the Water Utilities Branch, the Commission finds that the requested rate increase hereby authorized is justified, and that the resulting rates are reasonable. VDD is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

IT IS RESOLVED that Park Water Company, Vandenberg Disposal Division, is authorized, on the effective date herein, to make effective revised Schedule Nos. 1 and 2 attached to Advice Letter 22-S and to cancel the presently effective rate schedules for sewer service.

This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on August 10, 1988. The following commissioners approved it:

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners


VICTOR R. WEISSER
Executive Director