

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION W-3609
August 7, 1991R E S O L U T I O N

(RESOLUTION W-3609) ALCO WATER SERVICE (AWS)
ORDER AUTHORIZING AN OFFSET RATE INCREASE PRODUCING
ADDITIONAL ANNUAL REVENUE OF \$20,300 (2.0%) IN
1991.

BACKGROUND

By Advice Letter 51-A Supplement filed May 24, 1991, AWS requests authority under Section VI of General Order (GO) 96-A and Section 454 of the Public Utilities Code to increase rates for water service to offset a \$20,300 or 2.0% increase in the business license tax levied by the City of Salinas. AWS serves about 3,893 metered and 60 flat rate customers in the City of Salinas and vicinity, Monterey County.

The present general metered service rates for customers served by AWS's Salinas tariff schedule became effective August 23, 1986, pursuant to Decision 86-08-048.

DISCUSSION

The City of Salinas by Ordinance No. 2112, dated October 30, 1990, imposed an increase in its business license tax rate from 1.0% to 3.0% of gross annual revenue. This 3.0% business tax compares to the 2.0% franchise tax levied by the County of Monterey for the same service (authority to place mains and laterals in public streets and roads).

In Decision 89-05-063, the Commission established the policy for the treatment of taxes and fees imposed by local governments on regulated utilities. That decision found that when taxes and fees imposed by a local taxing entity significantly exceed the average of taxes and fees levied by other taxing entities in the utility's service area, the utility may file for a surcharge to customers within the boundaries of the governmental entity imposing the excess.

In this case, the tax imposed by the City of Salinas does not significantly exceed the average; therefore, there are no inequitable differences in basic taxes applicable to all ratepayers within AWS's service area. A surcharge for Salinas ratepayers would be inappropriate and the increase in revenue requirement should be borne by all customers in the service area.

The increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, a change that has occurred since the present rates became effective. The requested increase would not result in a rate of return greater than last authorized. The additional tax and the additional revenue received should be included in AWS's balancing account.

This tax increase will increase AWS's revenue requirement by \$20,300 or 2.0%. This resolution authorizes AWS to increase its quantity rate by \$0.02 per one hundred cubic feet (Ccf) in Schedule No. 1, General Metered Service, to recover the additional tax expense.

At the proposed rates, the typical residential customer's bill will increase from \$18.06 to \$18.50 or 2.4% for an average use of 22 Ccf.

To determine if electric energy is being used efficiently, the branch reviewed the pump efficiency tests and found the results to be satisfactory.

Service is satisfactory. There are no Commission orders requiring system improvements and there are no significant service problems requiring corrective action.

To promote water conservation, AWS has requested its customers to reduce water consumption. AWS has included water conservation literature in customer bills and has made water conservation kits available in its public office.

AWS's filed tariff schedules contain Schedule No. UF without a Cal. P.U.C. Sheet Number. Also, the table of contents omits reference to the schedule. This filing corrects these deficiencies.

NOTICE AND PROTESTS

Local newspapers published a notice of the rate-increase request on April 18, and July 13, 1991. Customers have not protested the increase.

FINDINGS

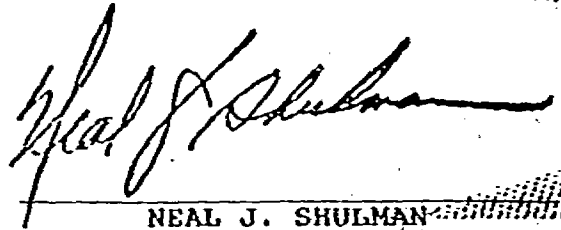
1. AWS's proposed summary of earnings in Advice Letter 51-A Supplement is reasonable and should be adopted.
2. The rate increase proposed by AWS in Advice Letter 51-A Supplement is reasonable and should be adopted.
3. The next tariff sheet number in order should be designated for Schedule No. UF, Surcharge to Fund Public Utilities Commission Reimbursement Fee, and the schedule refiled.
4. The rate increase authorized herein is justified and the resulting rate is just and reasonable.

Resolution No. W-3609
Alco Wtr Co./AL 51/DRP:mem

IT IS ORDERED that:

1. Authority is granted under Public Utilities Code Section 454 for Alco Water Service to make effective five (5) days after the effective date herein, revised Schedule No. 1 and Schedule No. UF attached to Advice Letter 51-A Supplement, and concurrently to cancel its presently effective rate Schedule No. 1 and Schedule No. UF.
2. Alco Water Service shall maintain its balancing account as required by Public Utilities Code 792.5.
3. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 7, 1991. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. OHANIAN
NORMAN D. SHUMWAY
Commissioners

Commissioner Daniel Wm. Fessler, being necessarily absent, did not participate.