

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities BranchRESOLUTION NO. W-3613  
September 6, 1991R E S O L U T I O N

(RESOLUTION W-3613) GRAND OAKS WATER COMPANY (GOWC).  
ORDER AUTHORIZING A GENERAL RATE INCREASE PRODUCING  
ADDITIONAL ANNUAL REVENUE OF \$3,179 OR 19.0% in 1991.

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SUMMARY

This Resolution grants an increase in gross annual revenue of \$3,179 or 19.0% for test year 1991. This increase will provide an 11.00% rate of return on rate base in test year 1991.

BACKGROUND

GOWC, by draft advice letter accepted by the Water Utilities Branch (Branch) on May 31, 1991 requests authority under Section VI of General Order (G.O.) 96-A and Section 454 of the Public Utilities Code to increase rates for water service by \$3,179 or 19.0% in 1991. GOWC's request shows 1991 gross revenue of \$16,710 at present rates increasing to \$19,889 at proposed rates to produce a rate of return on rate base of 11.00%. GOWC presently serves about 38 metered customers in Grand Oaks Estates located approximately four miles west of the City of Tehachapi, Kern County.

The present rates became effective on September 24, 1984 pursuant to Resolution No. W-3201, dated September 6, 1984, which authorized a general rate increase producing \$3,400 or 36.6% additional annual revenue.

DISCUSSION

GOWC is a small water utility which the Branch assisted in preparing the utility's request for a rate relief under the Branch's outreach program. GOWC agrees with the Branch's estimates.

Appendix A shows the estimated summary of earnings at present, requested, and adopted rates for test year 1991.

GOWC has installed a new well in 1990 as a second independent source of supply in compliance with the requirements of General Order No. 103. GOWC has no other Commission orders requiring system improvement. The Kern County Department of Health

Services has stated that GOWC's water quality meets all primary and secondary drinking water standards currently in effect.

An inspection of GOWC's filed tariff schedules shows that its title page is outdated and requires a revision.

At the Branch's recommended rates shown in Appendix B, the bill for general metered service using 2,800 cubic feet of water per month would increase from \$36.23 to \$40.56, or 11.95%.

#### NOTICE AND PROTESTS

A notice of the proposed rate increase was mailed to each customer on May 29, 1991. The Branch received no letters of protest from customers. The Commission's Consumer Affairs Branch has received four informal complaints involving GOWC in the last two years. All of the complaints have been resolved satisfactorily.

The Branch conducted a public meeting on June 28, 1991 in Tehachapi. One customer attended the meeting and inquired about GOWC's water quality but did not oppose the rate increase.

#### FINDINGS AND CONCLUSIONS

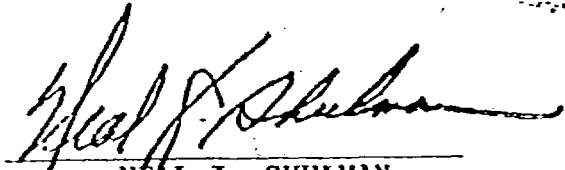
1. The Branch's recommended summary of earnings (Appendix A) is reasonable and should be adopted.
2. The rates recommended by the Branch (Appendix B) are reasonable and should be adopted.
3. The quantities (Appendix D) used to develop the Branch's recommendations are reasonable and should be adopted.
4. GOWC should file a revised title page in its tariff schedules showing current information.
5. The rate increase authorized herein is justified and the resulting rates are just and reasonable.

#### IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 for Grand Oaks Water Company to file an advice letter incorporating the summary of earnings and revised rate schedule attached to this resolution as Appendices A and B, respectively, and concurrently cancel its presently effective rate Schedule No. 1; and to file a revised title page. Its filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be five (5) days after the date of filing.
2. This resolution is effective today.

Resolution W-3613  
Grand Oaks Wtr Co/DrAL/DRP:mem

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on September 6, 1991. The following Commissioners approved it:



NEAL J. SHULMAN  
Executive Director

I abstain.

G. MITCHELL WILK  
Commissioner

PATRICIA M. ECKERT  
President  
JOHN B. CHANIAN  
DANIEL WM. FESSLER  
NORMAN D. SHURWAY  
Commissioners

APPENDIX A

GRAND OAKS WATER COMPANY

SUMMARY OF EARNINGS  
Test Year 1991

Item	: Utility Estimated :		: Branch Estimated :		: Adopted :
	: Present :	: Requested :	: Present :	: Requested :	
	: Rates :	: Rates :	: Rates :	: Rates :	: Rates :
<u>Operating Revenue</u>					
Metered	\$16,710	\$19,889	\$16,710	\$19,889	\$19,889
<u>Operating Expenses</u>					
Power	2,258	2,258	2,258	2,258	2,258
Purchased Water	0	0	0	0	0
Other Vol. Rel. Exp.	1,557	1,557	1,557	1,557	1,557
Employee Labor	0	0	0	0	0
Materials	361	361	361	361	361
Contract Work	721	721	721	721	721
Transportation Exp.	0	0	0	0	0
Other Plant Maint.	0	0	0	0	0
Office Salaries	0	0	0	0	0
Management Salaries	4,200	4,200	4,200	4,200	4,200
Uncollectibles	0	0	0	0	0
Office Serv. & Rent	0	0	0	0	0
Office Suppl. & Exp.	148	148	148	148	148
Professional Service	176	176	176	176	176
Insurance	1,035	1,035	1,035	1,035	1,035
Regulatory Comm. Exp.	291	291	291	291	291
General Expenses	281	281	281	281	281
Subtotal	11,028	11,028	11,028	11,028	11,028
Depreciation Expense	1,676	1,676	1,676	1,676	1,676
Franchise Tax	267	299	267	299	299
Property Taxes	360	360	360	360	360
Payroll Taxes	390	390	390	390	390
Income Taxes	1,128	1,600	1,128	1,600	1,600
Total Deductions	14,849	15,353	14,849	15,353	15,353
<u>Net Revenue</u>	1,861	4,536	1,861	4,536	4,536
<u>Rate Base</u>					
Average Plant	60,287	60,287	60,287	60,287	60,287
Avr. Accum. Deprec.	23,953	23,953	23,953	23,953	23,953
Net Plant	36,334	36,334	36,334	36,334	36,334
Less: Advances	0	0	0	0	0
Contributions	784	784	784	784	784
Plus: Working Cash	5,680	5,680	5,680	5,680	5,680
Mat'l & Suppl.	0	0	0	0	0
Rate Base	41,230	41,230	41,230	41,230	41,230
<u>Rate of Return</u>	4.51%	11.00%	4.51%	11.00%	11.00%

(END OF APPENDIX A)

APPENDIX B

GRAND OAKS WATER COMPANY

Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Grand Oaks, and vicinity, located about four miles west of Tehachapi, Kern County. (T)

RATES

Quantity Rate:

All water used per 100 cubic feet . . . . . \$ 1.02 (C)

Service Charge:

	<u>Per Meter</u> <u>Per Month</u>	
For 5/8 x 3/4-inch meter . . . . .	\$ 12.00	(I)
For 3/4-inch meter . . . . .	18.00	
For 1-inch meter . . . . .	30.00	
For 1-1/2-inch meter . . . . .	60.00	
For 2-inch meter . . . . .	96.00	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rate.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF. (L)  
|  
(L)

(END OF APPENDIX B)

APPENDIX C

GRAND OAKS WATER COMPANY

COMPARISON OF RATES

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

Metered Rate Service:

<u>Per Meter Per Month</u>			
<u>Present</u>	<u>Recomm'ed</u>	<u>Increase</u>	
<u>Rates</u>	<u>Rates</u>	<u>Amount</u>	<u>Percent</u>

Quantity Rates:

First 300 cu. ft., per 100 cu. ft.	\$0.66	\$1.02	\$0.36	54.5
Over 300 cu. ft., per 100 cu. ft.	0.97	1.02	0.05	5.2

Service Charge:

For 5/8 x 3/4-inch meter	\$10.00	\$ 12.00	\$ 2.00	20.0
For 3/4-inch meter	11.00	18.00	7.00	63.6
For 1-inch meter	15.00	30.00	15.00	100.0
For 1-1/2-inch meter	20.00	60.00	40.00	200.0
For 2-inch meter	27.00	96.00	69.00	255.6

Monthly bill for a typical user with a 5/8 x 3/4-inch meter:

	<u>Per Meter Per Month</u>			
	<u>Present</u>	<u>Recomm'ed</u>	<u>Increase</u>	
	<u>Rates</u>	<u>Rates</u>	<u>Amount</u>	<u>Percent</u>
Water				
Use in Ccf				
0	\$10.00	\$12.00	\$ 2.00	20.00
3	11.98	15.06	3.08	25.71
5	13.92	17.10	3.18	22.84
10	18.77	22.20	3.43	18.27
Average	20	28.47	3.93	13.80
Residential >	28	36.23	4.33	11.95
	30	38.17	4.43	11.61
	40	47.87	4.93	10.30

Note: Ccf is 100 cubic feet.

(END OF APPENDIX C)

APPENDIX D  
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GRAND OAKS WATER COMPANY

ADOPTED QUANTITIES  
Test Year 1991

Federal Income Tax Rate	15.0%
California Income Tax Rate	9.3%
Uncollectible Rate	0.0%

Expenses:

1. Power

Southern California Edison Company

Rate Schedule	PA-1	
Effective Date	1/20/91	
Energy Charge:		
kWh used	19,647	
Rate, per kWh	\$0.09180	
Amount		\$1,804
Customer Charge:		
No. of meters	1	
Rate, per meter per month	\$11.40	
Amount		137
Service Charge:		
No. of horsepower	15	
Rate, per horsepower per month	\$ 1.15	
Amount		207
Rate Schedule	GS-TP	
Effective Date	1/20/91	
Energy Charge:		
kWh used	0	
Rate, per kWh	\$0.11875	
Amount		\$ 0
Customer Charge:		
No. of meters	1	
Rate, per meter per day	\$0.30000	
Amount		<u>110</u>
Total Power Cost		\$2,258

2. Purchased Water

None

3. Leased Pumping Rights  
(in Other Volume Related Expenses)

Acre-ft, pumped	30.8	
Rate, per acre-ft	\$ 45	
Total		\$1,386

APPENDIX D  
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ADOPTED QUANTITIES  
Test Year 1991  
(Continued)

4. Water Testing Expenses		\$ 721
5. Insurance Expense		\$1,035
6. Payroll, Payroll Taxes, and Employee Benefits:		
Employee Labor	\$ 0	
Office Salaries	0	
Management Salaries	4,200	\$4,200
Amount		
Payroll Taxes		390
Employee Benefits		<u>0</u>
Total		\$4,590
7. Ad Valorem Taxes:		
Tax Rate	1.06078%	
Assessed Valuation	\$34,058	
Total		\$ 360
8. Number of Services:		
Meter Size:		
5/8x3/4-inch meter	23	
3/4-inch meter	15	
Total		38
9. Franchise Tax		\$ 299
10. Metered Water Sales, Ccf:		12,777



APPENDIX D  
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GRAND OAKS WATER COMPANY

ADOPTED INCOME TAX CALCULATIONS  
Test Year 1991

: Line :	:	: State :	: Federal :
: No. :	Item	: Tax :	: Tax :
1.	Operating Revenue	\$ 19,889	\$ 19,889
2.	Expenses	11,028	11,028
3.	Taxes Other than Income	1,049	1,049
4.	Depreciation	1,676	1,676
5.	Interest	0	0
6.	Taxable Income for State Tax	6,136	
7.	State Tax @ 9.3% (\$800 min.)	800	
8.	Taxable Income for Federal Tax		5,336
9.	Federal Tax @ 15% of 1st \$50,000		800
10.	Total Income Taxes	\$ 1,600	

(END OF APPENDIX D)