

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3624
December 4, 1991**R E S O L U T I O N**

**(RES. W-3624) GIBBS RANCH WATER COMPANY, (GRWC).
ORDER AUTHORIZING A SURCHARGE PRODUCING
\$33,129 OR 20.1% ADDITIONAL ANNUAL REVENUE.**

BACKGROUND

By Advice Letter No. 48, filed October 10, 1991, GRWC requested authority under Section VI of General Order 96-A, and Section 454 of the Public Utilities Code to increase rates for water service by \$33,129 or 20.1% to recover losses incurred due to conservation in response to the statewide drought as authorized by Decision (D.) 90-08-055. GRWC serves approximately 540 customers in an unincorporated area of Tuolumne County about a mile west of Sonora.

The present rates became effective January 1, 1991 pursuant to D.90-05-082 which granted a step rate increase related to a general rate increase. The general rate case increase became effective May 22, 1990, pursuant to the same decision (D.90-05-082). In that decision the Commission authorized an increase of \$27,988, or 15.58% for 1990 and \$3,268 or 1.52% for 1991. The rate of return on rate base of 10.75% was found to be reasonable for 1990 and 1991.

DISCUSSION

D.90-07-067 authorized all water utilities to record in memorandum accounts any revenue fluctuations and conservation expenses from voluntary conservation. The disposition of these accounts was reserved until a later decision.

D.90-08-055 authorized Class A water utilities with approved Water Management Programs to collect 75% of the amount in their drought memorandum account through rates over a twelve-month period.

D.91-10-042 provides, in Ordering Paragraphs 3 and 7, that utilities are authorized to file advice letters to implement a surcharge to recover reasonable revenue losses and expenses recorded in the memorandum account. D.91-10-042 also excuses Class C and D water utilities from filing a Water Management Program.

There are no provisions as to what percentage of the drought memorandum account are recoverable by Class C or D water utilities, such as GRWC. The Branch recommends 100%, or full recovery.

By filing for this offset increase, GRWC has requested establishment of a drought memorandum account and the proper figures to be entered into the account have been calculated.

Service is satisfactory. There are no Commission orders requiring system improvements, nor are there significant service problems requiring corrective actions.

To promote water conservation, GRWC has an ongoing conservation program including distribution of free conservation kits containing low-flow washers and conservation literature.

The increase will result in a \$7.42 per month or a 23.5% increase in the total regular water bill for the average metered customer on a 5/8 x 3/4-inch meter using 14 Ccf per month (one Ccf equals one hundred cubic feet) for a period of twelve months. In addition, the purchased power balancing account surcharge will continue at \$0.145 per Ccf or \$2.03 per month for the average metered customer.

RATE DESIGN

The increase, which is the result of changes in water consumption due to conservation, is applied as a new memorandum account surcharge which is applicable to the quantity block for metered service. The memorandum account surcharge for general metered service will be \$0.53 per Ccf and the purchased power balancing account surcharge will remain at \$0.145 per Ccf.

NOTICE AND PROTEST

GRWC has given public notice of this increase request by mailing a notice to each customer on October 12, 1991. Seventeen letters protesting the increase have been received, but no points were mentioned that had not been previously considered.

FINDINGS

1. It is appropriate that Class C and D water utilities be authorized to collect 100% of the balance in their drought memorandum account.
2. The requested rate increase hereby authorized is justified, and the resulting rates are reasonable.

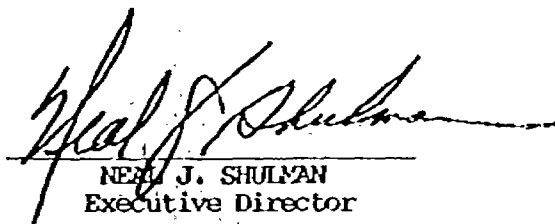
IT IS ORDERED that:

1. Gibbs Ranch Water Company is authorized, five days after the effective date herein, to make effective revised Schedule No. 1 attached to Advice Letter No. 48 and to cancel the presently effective rate schedule for water service.

2. Gibbs Ranch Water Company is directed to and maintain its Drought Memorandum Account as required by Public Utilities Code 792.5.

3. This resolution is effective today.

I hereby certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on December 4, 1991. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

PATRICIA M. ECKERT
President
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners