

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3919
June 8, 1995

RESOLUTION

(RES. W-3919), ROLLING GREEN UTILITIES - WATER DIVISION,
(RGU-W). ORDER AUTHORIZING AN OFFSET RATE INCREASE
PRODUCING \$7,928 OR 15.95% ADDITIONAL ANNUAL REVENUE.

BY ADVICE LETTER NO. 17, FILED MAY 3, 1995.

SUMMARY

This resolution grants Rolling Green Utilities - Water Division (RGU-W) an increase in gross annual revenues of \$7,928 or 15.95%, to provide a return on investment for increased plant-in-service. The increase will not result in a rate of return greater than last authorized for RGU-W.

BACKGROUND

RGU-W requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates by \$7,928 or 15.95% over present rates. RGU-W serves approximately 221 metered customers in Rolling Green Terrace and vicinity, approximately one mile northwest of Big Pine, Inyo County.

The last general rate increase became effective on August 4, 1984, pursuant to Decision (D.) 84-07-115, dated July 18, 1984, which authorized a general rate increase of \$14,570 or 57.29%, and a rate of return of 11% on the rate base.

In RGU-W's last rate application (A.) 92-12-002, the utility sought a 22% rate increase in its water division. In D.93-06-089, the Commission approved the settlement agreement between RGU-W and the Commission's Division of Patepayer Advocates (DPA). In that settlement the utility agreed to maintain existing rates, to retain a licensed manager, to embark on a series of system improvement and replacement programs, and at a later date to file by advice letter for a rate base adjustment reflecting capital improvements to the water system. The settlement provided for a 13.35% return on the adopted rate base of \$47,180 for the water division.

Paragraph 4.b, of the above-mentioned settlement agreement reads as follows:

"4. Rolling Green Utilities, Inc. shall establish a master plan for repairs. Included in that plan shall be a schedule for completing the projects. The master plan shall include, but not be limited to the following:

.....

b. Water

- i. all three pumps to all three wells shall be made fully operational;
- ii. well production meters shall be installed;
- iii. a back-up generator shall be purchased to provide a second source of power for the pumps."

.....

DISCUSSION

The increase requested herein is to provide a return on investment for increased plant-in-service including three well pumps, motors, flow meters and a back-up generator. The actual cost of these plant additions is \$36,961.

The additional annual revenue requirement associated with the rate base offset is \$7,928. Since the return on increased plant-in-service is an increase in fixed cost, the revenue increase is applied proportionately to the customers' service charge rates.

RGU-W's current rate structure consists of two schedules: Schedule No. 1, General Metered Service, and Schedule No. 5, Public Fire Hydrant Service.

Section 2713 of the Public Utilities Code prohibits water utilities from charging public fire protection agencies any fees on fire hydrants unless there is a written agreement between the parties to pay for the service. RGU-W has no written agreement at this time, and no revenues are collected from the local fire protection agency. Therefore, the Water Utilities Branch (Branch) recommends that Schedule No. 5, Public Fire Hydrant Service, should be deleted from RGU-W's tariffs at the time of filing of its next general rate case.

The Branch is satisfied that RGU-W has complied with all the requirements set forth in the settlement agreed between the utility and DRA. There are no Commission orders requiring system improvements other than those included in this resolution.

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NOTICE AND PROTESTS

Notice of the proposed rate increase was given as part of A.92-12-002. Therefore, no further notice to the customers was necessary.

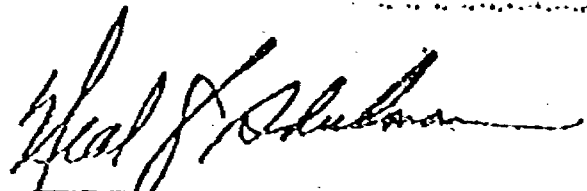
FINDINGS

1. The costs of three well pumps, motors, flow meters and a back-up generator are reasonable and should be recovered in rates.
2. The rates proposed by the utility in Advice Letter No. 17 are reasonable and should be adopted.

IT IS ORDERED that:

1. Rolling Green Utilities - Water Division is authorized, five days after the effective date herein, to make effective revised Schedule No. 1, General Metered Service, as attached to Advice Letter No. 17 and to cancel the presently effective Schedule No. 1.
2. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on June 8, 1995. The following Commissioners approved it:


NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
Commissioners