

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION W-3939  
September 7, 1995

R E S O L U T I O N

(RES. W-3939) CENTRAL CAMP WATER COMPANY, INC.  
(CCWC). ORDER AUTHORIZING AN INTERIM GENERAL RATE  
INCREASE PRODUCING ADDITIONAL ANNUAL REVENUE OF \$12,580  
(567%) IN 1995.

BY DRAFT ADVICE LETTER, FILED ON APRIL 7, 1995.

SUMMARY

This Resolution grants an interim increase in gross annual revenue of \$12,580 for 1995 (prorated). The present rates were set in place 34 years ago in 1961. The increase will provide CCWC monies to pay its current operating expenses, including purchased power, taxes, insurance, professional services and interest, and principal payments on its long-term debt.

BACKGROUND

CCWC requested authority under Section VI of General Order No. (GO) 96-A and Section 454 of the Public Utilities Code to increase rates by 567% or \$12,580. Water Utilities Branch (Branch) has determined that an interim increase is in order. CCWC's current annual revenue is \$2,220. CCWC presently serves 74 seasonal customers in an area known as Central Camp, in Madera County. CCWC serves water on a seasonal basis from May 1 through October 15 of each year. Winter weather constraints prevent any further service.

The present rates became effective on April 26, 1961, pursuant to Advice Letter No. 2. This was also the last general rate increase, effective April 26, 1961, authorized by Decision No. 61351.

DISCUSSION

CCWC's management states that 1995 expenses far outweigh revenues. CCWC states that it will lose approximately \$12,580 in test year 1995 absent an interim rate increase. Additionally, CCWC is behind in paying its bills, including power bills, taxes, professional services, insurance and private vendor charges.

Power bills are new to CCWC in that it has just switched over to pumped water requiring electricity to power the new pumps. Prior to now, the water supply was obtained from nearby river surface water sources and gravity fed into the system. Recent Department of Health Services' regulations required drilling of new wells and installation of expensive pumping facilities.

In view of this critical need for more revenue, and because of the normal regulatory lag associated with processing a rate increase request, the Branch recommends an Interim rate increase, subject to refund, until the final results of the rate increase request and audit are processed. This requested Interim increase of \$12,580 or 567%, subject to refund, is now in order pending further review and determination.

In February of 1982, the Commission adopted a policy of capping small water company rate increases at 100% per year. The revenues deferred by capping are made up, with interest, through rates approved for the subsequent year. Rates are lowered to their final level in the third year when all deferred revenues and interest have been recovered. A rate increase greater than 100% in the first year is permitted when necessary to eliminate a negative rate of return or out-of-pocket losses.

The Branch's proposal deviates from this capping policy by recommending the full increase be granted now. This rate increase is necessary to meet cash flow requirement.

#### NOTICE, PUBLIC MEETING, AND PROTESTS

A notice of the proposed rate increase, dated August 14, 1995, was mailed to CCWC customer's permanent homes. Additionally, a copy of the notice was hand delivered to each of the served vacation home sites in Central Camp.

Branch staff conducted a Public Meeting of all customers on Sunday, September 3, 1995, at Central Camp to discuss the proposed increase. The informal meeting was held over the Labor Day weekend when most of the customers were expected to occupy their vacation homes. To date, Branch has received no protests to the proposed rate Interim rate increase.

At the Branch's recommended rates shown in Appendix A, the monthly bill for a typical residential CCWC customer would increase from \$30 per year to \$200 per year, pending further review.

The Interim rate proposed is subject to review and adjustment as a result of further investigation by Branch.

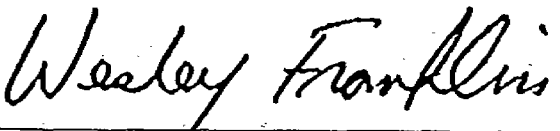
FINDINGS

1. The Interim rates recommended by the Branch (Appendix A) are reasonable and should be adopted.
2. The rate increase authorized herein is subject to refund pending a full investigation of the rate increase request.

IT IS ORDERED that:

1. Central Camp Water Company, Inc. is authorized to file an advice letter adopting the revised Schedule No. 2RS, Seasonal Residential Flat Rate Service, attached to this resolution as Appendix A, and to concurrently cancel its presently effective rate Schedule No. 2RS. Its filing shall comply with General Order 96-A. The effective date of the revised schedule shall be not earlier than five days after the date of its filing.
2. The rate increase authorized herein is subject to refund pending final Resolution of Central Camp Water Company, Inc.'s rate increase request.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 7, 1995. The following Commissioners approved it:

  
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WESLEY M. FRANKLIN  
Acting Executive Director

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

APPENDIX A

Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all residential flat rate water service furnished on a seasonal basis.

TERRITORY

The unincorporated area known as Central Camp, and vicinity, Madera County.

RATE

Per Service Connection  
Per Season  
Interim

For each single-family residence including premises, for the period May 1 through October 15 .....

\$200.00 (I)

SPECIAL CONDITIONS

1. The seasonal charge is due in advance on or before May 1 of each year.
2. The utility at its option may commence service prior to May 1 and may continue service later than October 15.
3. All bills are subject to the reimbursement fee set forth in Schedule UF.