

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3966
January 24, 1996

R E S O L U T I O N

(RES. W-3966), TIMBERLAND WATER COMPANY (TWC). ORDER
AUTHORIZING A ONE-TIME SURCHARGE FOR RECOVERY OF
EXTRAORDINARY EVENT MEMORANDUM ACCOUNT PRODUCING \$25,797
OF ADDITIONAL ANNUAL REVENUE.

BY ADVICE LETTER NO. 15, FILED ON NOVEMBER 27, 1995.

SUMMARY

This resolution authorizes Timberland Water Company (TWC) to implement a one-time surcharge to each customer's bill to recover costs booked to its Unanticipated Event Memorandum Account. The one-time surcharge will be \$199.98 per customer.

BACKGROUND

On July 6, 1995, TWC experienced a well failure and took emergency measures to restore water service. TWC's main water supply well had collapsed. Measures taken included repair of the well casing, replacement of the well pump, and cleanup of sand that entered the water system. In addition, water was unavailable for nine days and the company had to provide bottled water and make arrangements for public sanitary facilities. TWC serves approximately 129 customers in an area three miles south of Tahoe City, fronting Lake Tahoe, in Placer County. TWC requests recovery as authorized by Ordering Paragraph 2 of Decision 92-03-093, dated March 31, 1992.

DISCUSSION

The increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, expenses which TWC incurred in repairing its failed well and cleanup of sand that filled its storage tank and several services near the top of its system. This rate increase will not result in a rate of return greater than that previously authorized.

The Water Utilities Branch (Branch) has reviewed TWC's expenditures recorded in its Unanticipated Event Memorandum Account. The utility owner is a general contractor in the area and chose to do the bulk of the repairs using his employees rather than contracting the work out to another repair firm. Staff disallowed the utility owner's time spent on utility management during the crisis, including the delivery of bottled water to customers and running two public meetings. Branch discovered, however, that the utility owner understated his billing rate for repair work by approximately 20% to avoid a

greater increase. In light of its adjustment of hours, Branch feels this owner-imposed discount is unwarranted. Branch believes it is reasonable to allow the full billing rate on a reduced number of hours, resulting in approximately the same charge. Branch believes that the labor charges would have been far greater had the work been contracted out. In addition, Branch notes Mr. Ballard has obtained wholesale discounts on parts and supplies that accrue added benefits to the customers. Branch reviewed all other charges to the extraordinary event memorandum account and found them reasonable.

In addition, Branch has allowed approximately \$500 to cover the cost of a special billing for this surcharge. The utility bills annually at the end of December, so waiting for the next bill would place an undue hardship on the utility. This change results in a surcharge slightly higher than that published in the public notice, but Branch believes the difference is sufficiently minor to require no further notice.

The Branch also concludes that TWC acted prudently in response to the well failure. Therefore, Branch recommends that TWC be authorized to assess a one-time surcharge of \$199.98 as indicated above from the effective date of this resolution for the recovery of the aforementioned extraordinary event expenditures.

PROTESTS

Notice of the increase request for TWC was published in a local newspaper as required by General Order 96-A on November 30, 1995. Further notice was posted in the annual customer newsletter mailed to all customers in December, 1995.

No protests have been received by the Branch.

FINDINGS

THE COMMISSION FINDS, after investigation by the Branch, that the rate surcharge hereby authorized is justified and the resulting rates are just and reasonable.

IT IS ORDERED that:

1. Timberland Water Company is authorized, five days after the effective date herein, to make effective the revised Schedules Nos. 1A and 2RA, Annual General Metered Service and Annual Residential Flat Rate Service, respectively, attached to Advice Letter No. 13 and to cancel the presently effective rate schedules. The effective date of the revised rate schedules shall be five days after the date herein.

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2. This Resolution is effective today. . .

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 24, 1996. The following Commissioners approved it:

Wesley Franklin
WESLEY M. FRANKLIN
Executive Director

P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

Commissioner Daniel Wm. Fessler is necessarily absent on official business.