

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3986
May 22, 1996

R E S O L U T I O N

(RES. W-3986), WENDELL WATER COMPANY (WVC). ORDER
AUTHORIZING A RATE SURCHARGE FOR RECOVERY OF
UNANTICIPATED REPAIR EXPENSES GENERATING \$2,482
ADDITIONAL ANNUAL REVENUE.

BY DRAFT ADVICE LETTER FILED ON NOVEMBER 15, 1995.

SUMMARY

This resolution authorizes WVC to implement a monthly surcharge to each customer's bill to recover costs relating to a new submersible pump. The monthly surcharge will be \$4.12 per customer for 24 months.

BACKGROUND

In September 1995, WVC experienced problems with the submersible pump for its well. Upon inspection, it determined that the electric motor, pump, and cable were worn out and had to be replaced. Since the well water is the only source of supply in the WVC's service area, WVC had no choice but to replace the pumping facilities immediately. The cost of the repairs and replacement was \$2,482. WVC has established an unanticipated repair memorandum account and requests recovery as authorized by Decision (D.) 92-03-093. WVC serves 25 customers on Wendell Lane in Sebastopol, Sonoma County. The present rate became effective on July 22, 1988, pursuant to Resolution W-3405 which authorized a rate increase of 21.2%.

DISCUSSION

The increase requested herein is for the purpose of recovering through a surcharge, on a dollar-for-dollar basis, expenses which WVC incurred in repairing and replacing the pumping facilities. In D.92-03-093, the Commission authorized Class C and D water companies to establish memorandum accounts for unanticipated repair expenses that could not reasonably be included in its last rate case.

The Water Utilities Branch (Branch) has reviewed WVC's last rate case filed in 1988 and believes that WVC could not anticipate the expenses and, therefore, did not receive any allowance for the pump repairs and replacement. Branch also reviewed WVC's expenditures recorded in its unanticipated repair memorandum account and verified the accuracy of labor and material costs in connection with the repairs and replacement of the worn out motor pump and cable and found them reasonable. Since the pump replacement expenses are to be recovered on a dollar-for-dollar basis in rates through a surcharge

contributed by the ratepayers booked in the utility plant-in-service account, there should be a corresponding dollar entry in the contribution-in-aid-of-construction account.

The recommended monthly surcharge of \$4.12 is based on a required revenue collection of \$2,482 from the existing 25 customers for 24 months. Branch recommends that any surcharge collected in excess of the \$2,482 should be refunded to the customers.

This rate increase will not result in a rate of return greater than that previously authorized.

PROTESTS

Notice of the increase request for the WVC was mailed to the customers on March 16, 1996. 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. Authority is granted under Public Utilities Code Section 454 for Wendell Water Company to file an advice letter incorporating the revised Schedule No. 1, General Metered Service, attached to this resolution as Appendix A and concurrently to cancel its presently effective Schedule No. 1. The filing shall comply with General Order 96-A. The effective date of the revised schedule shall be five days after the date of filing.
2. All pump replacement costs authorized by this resolution that Wendell Water Company records in utility plant-in-service account requires a corresponding entry in its contribution-in-aid of construction account.
3. Wendell Water Company shall refund its customers any surcharge collected in excess of the \$2,482.

4. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 22, 1996. The following Commissioners approved it:

Wesley Franklin

WESLEY M. FRANKLIN
Executive Director

DANIEL Wm. FESSLER
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

President P. Gregory Conlon, being necessarily absent, did not participate.

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Wendell Lane in Sebastopol, Sonoma County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rate:	
All water, per 100 cu.ft.	\$ 0.91
Service Charge:	
For 5/8 x 3/4-inch meter	11.61

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

SPECIAL CONDITIONS

1. All bills are subject to a surcharge of \$4.12 per month for 24 months, from effective date of this tariff schedule, to recover unanticipated repair expenses.
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

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