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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3988
JUNE 6, 1996

R E S O L U T I O N

(RES. W-3988), JENSEN WATER COMPANY (JENSEN), ORDER
AUTHORIZING A TWELVE-MONTH SURCHARGE FOR RECOVERY OF ITS
UNANTICIPATED EXPENSE MEMORANDUM ACCOUNT PRODUCING ADDITIONAL
ANNUAL REVENUE OF \$8,059.

BY DRAFT ADVICE LETTER FILED APRIL 1, 1996.

SUMMARY

This resolution authorizes Jensen to implement a twelve month surcharge to recover costs booked to its Unanticipated Expense Memorandum Account. The surcharge will be \$0.14 per one hundred cubic feet (Ccf) of water sold.

BACKGROUND

Jensen requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to impose a twelve-month surcharge of \$0.14 per Ccf to recover a balance of \$7,700 in its Unanticipated Expense Memorandum Account as authorized by Decision (D.) 92-03-093. Jensen presently serves 416 metered customers in the area known as Cabazon Estates Number Two, located in portions of the city of Cabazon, and vicinity, Riverside County.

The present rates became effective on April 28, 1995, pursuant to Resolution W-3915.

DISCUSSION

The increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, expenses which Jensen incurred in preparing a Watershed Sanitary Survey in accordance with the California Code of Regulations, Title 22, Section 64665. This rate surcharge will not affect the rate of return last authorized.

D.92-03-093, dated March 31, 1992, authorized each Class C and Class D water utility regulated by the Commission to establish a memorandum account in which to record unanticipated expenses. Subject utilities were authorized to

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request recovery of the account balance by advice letter filing in accordance with General Order No. 96-A.

Title 22, Section 64665 states all water companies "...shall have a sanitary survey of their watershed(s) completed at least every five years. The first survey shall be completed by January 1, 1996." Jensen is requesting cost recovery for this first survey.

The surcharge proposed by Jensen is based upon the adopted metered water sales used to design rates in Jensen's last general rate increase Resolution, W-3838, for test year 1994. Jensen requests a quantity based surcharge to lessen the rate impact on the service charges for smaller sized meters--charges that increased 342% in 1994.

The Water Utilities Branch (Branch) has reviewed the expenses booked by Jensen to its Unanticipated Expense Memorandum Account, which has a balance of \$7,700. Jensen adds \$359 to this amount for interest expenses over the twelve month surcharge period to compensate itself for the loss of use of money. Jensen uses the 90 day commercial paper rate to make its interest expense calculation. The Branch concurs with Jensen's rate setting methodology. Therefore, Branch recommends that Jensen be authorized to assess a twelve-month surcharge of \$0.14 per Ccf to recover the \$7,700 balance in the memorandum account--plus \$359 in interest expenses--for the watershed sanitary survey.

PROTESTS

Jensen sent a notice of the requested rate increase to its customers on March 29, 1996. The Branch received no correspondence in regards to the proposed surcharge.

FINDINGS

THE COMMISSION FINDS, after investigation by the Branch, that recovery of the memorandum account balance of \$7,700, plus interest expenses of \$359, authorized herein is justified, and the resulting twelve month surcharge of \$0.14 per Ccf is just and reasonable.

IT IS ORDERED that:

1. Jensen Water Company is authorized, five days after the effective date herein, to make effective revised Schedule No. 1, General Metered Service, attached as Appendix A, and to cancel presently effective Schedule No. 1.
2. Jensen Water Company shall credit the memorandum account by the actual surcharge revenues collected and provide a full accounting of the memorandum account to the Branch in its next general rate case proceeding.

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3. Jensen Water Company is directed to maintain its memorandum account in accordance with Public Utilities Code Section 792.5.
4. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 6, 1996. The following Commissioners approved it:

Wesley Franklin
WESLEY M. FRANKLIN
Executive Director

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

Commissioner Daniel Wm. Fessler,
being necessarily absent,
did not participate.

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Cabazon Estates Number Two, located in portions of the City of Cabazon, and vicinity, Riverside County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
All Water, per 100 cubic feet	\$ 0.33
Service Charge:	
For 5/8 x 3/4-inch meter	\$ 23.50
For 3/4-inch meter	25.85
For 1-inch meter	35.15
For 1-1/2-inch meter	46.55
For 2-inch meter	63.15
For 3-inch meter	116.80

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 Rates.

In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner.

SPECIAL CONDITIONS

1. Delinquent bills are subject to the late charge as set forth in Schedule No. LC.
2. As authorized by the California Public Utilities Commission, all bills are subject to a twelve-month surcharge of \$0.14 per Ccf from the effective date of this tariff. This charge recovers the full balance of Jensen Water Company's Unanticipated Expense Memorandum Account. (N) (L) (L)
3. All bills are subject to the reimbursement fee set forth in Schedule No. UF. (L) (L)