

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Small Water Branch

RESOLUTION W-4017
December 20, 1996

R E S O L U T I O N

(RES. W-4017), SEQUOIA CREST WATER COMPANY, (SCWC).
ORDER AUTHORIZING A RATE BASE OFFSET RATE INCREASE
PRODUCING \$15,136 OR 64.4% ADDITIONAL ANNUAL REVENUE.

BY DRAFT ADVICE LETTER FILED JUNE 24, 1996.

SUMMARY

This Resolution authorizes SCWC to increase rates by \$15,136 or 64.4% to offset a rate base plant addition in 1996. The increase will not result in a rate of return greater than last authorized for SCWC.

BACKGROUND

SCWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code for a rate base plant addition and corresponding rate adjustment for the installation of a secondary source of water supply and pressure regulators to reduce line pressure throughout the subdivision. This project was authorized by Ordering Paragraphs 3 and 4 of Decision (D.) 92-06-022. SCWC serves approximately 88 customers in and around Camp Nelson in Tulare County.

The present rates became effective July 4, 1992, pursuant to D.92-06-022, which authorized a general rate increase of \$10,296 or 78% for 1992. The rate of return on rate base of 14.15% was found to be reasonable for the test years.

DISCUSSION

The rate base offset increase requested herein is for the purpose of recovering in rates investment in utility plant that has occurred since the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

D.92-06-022 authorized SCWC to file a rate adjustment request upon the installation of a secondary source of water supply and pressure regulators to reduce line pressure throughout the subdivision. The Small Water Branch (Branch) reviewed SCWC's calculations and concurs with its proposed rates. Branch confirms that the installation of the new well and pressure regulators has been completed.

Service is satisfactory. There are no Commission orders requiring system improvement, nor are there significant service problems requiring corrective action.

The increase will result in a \$172 per year (\$14.33 per month) or 64.4% increase for the average flat rate customer.

RATE DESIGN

The existing flat rates will increase by 64.4%. Although there are no metered customers, metered rates were increased by increasing both the service charge and quantity rate by 64.4%.

PROTESTS

A notice of the increase was mailed to each customer on October 9, 1996. Thirteen letters of protest were received by the Branch. The letters complained primarily about the magnitude of the increase. Branch has responded to each protestant explaining the reasons for the increase.

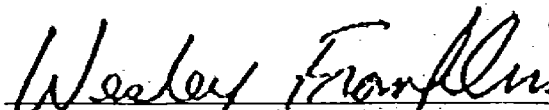
FINDINGS

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

IT IS ORDERED that:

1. Sequoia Crest Water Company is authorized, five days after the filing date, to make effective revised Schedule 1, General Metered Service, and Schedule 2R, Residential Flat Rate Service, attached and to cancel the corresponding, presently effective rate schedules for water service.
2. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 20, 1996. The following Commissioners approved it:


WESLEY M. FRANKLIN
Executive Director

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

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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Tract No. 308, Sequoia Crest Subdivision, and vicinity, located approximately 24 miles northeast of the community of Springville, Tulare County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rate:		
All water, per 100 cu. ft.....	\$ 1.81	(I)
Service Charge:		
For 5/8x3/4-inch meter.....	\$ 23.80	(I)
For 3/4-inch meter.....	35.75	
For 1-inch meter.....	59.55	
For 1-1/2-inch meter.....	119.15	
For 2-inch meter.....	190.60	(I)

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

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

(continued)

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Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The unincorporated area known as Tract No. 308, Sequoia Crest Subdivision, and vicinity, located approximately 24 miles northeast of the community of Springville, Tulare County.

RATES

	<u>Per Service Connection</u> <u>Per Year</u>	
1. For a single residential unit including premises.....	\$439.00	(I)

SPECIAL CONDITIONS

1. The above flat rates apply to a service connections not larger than one-inch in diameter.
2. The flat rate charge applies to service during the 12-month period commencing January 1 and is payable in advance.
3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.