

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION  
Small Water Branch

RESOLUTION NO. W-4021  
February 5, 1997

R E S O L U T I O N

(RES. W-4021), WENDELL WATER COMPANY (WWC). ORDER  
AUTHORIZING A RATE SURCHARGE FOR RECOVERY OF  
UNANTICIPATED REPAIR EXPENSES GENERATING \$783 ADDITIONAL  
ANNUAL REVENUE.

BY DRAFT ADVICE LETTER FILED ON JUNE 20, 1996.

SUMMARY

This resolution authorizes WWC to implement a monthly surcharge to each customer's bill to recover costs relating to a new booster pump. The monthly surcharge will be \$2.61 per customer for 12 months.

BACKGROUND

In May 1996, WWC experienced problems with its two HP booster pump. Upon inspection, WWC determined that the pump, approximately 20-30 years old, was leaking and running with bad bearing noise. Since the well water is the only source of supply in the WWC's service area and WWC has only one booster pump to boost the water to its water system, WWC had no choice but to replace the pump immediately. The cost of the repairs and replacement is \$783. WWC has established an unanticipated repair memorandum account and requested recovery as authorized by Decision (D.) 92-03-093. WWC serves 25 customers on Wendell Lane in Sebastopol, Sonoma County. The present rate became effective on May 22, 1996, pursuant to Res. W-3986 which authorized a surcharge rate of \$4.12 per customer for 24 months.

DISCUSSION

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

The Small Water Branch (Branch) has reviewed WWC's last rate case filed in 1988 and believes that WWC could not anticipate the expenses and, therefore, did not receive any allowance for the pump repairs and replacement. Branch also reviewed WWC's expenditures recorded in its unanticipated repair memorandum account and verified the accuracy of the labor and material costs in connection with the repairs and replacement of the old booster pump and found them reasonable. Since the booster pump replacement expenses are

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to be recovered on a dollar-for-dollar basis 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 \$2.61 is based on a required revenue collection of \$783 from the existing 25 customers for 12 months. Branch recommends that any surcharge collected in excess of the \$783 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 WWC was mailed to the customers on October 9, 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 booster pump replacement costs authorized by this resolution that Wendell Water Company records in utility in-plant-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 \$783.

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4. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 5, 1997. The following Commissioners approved it:



WESLEY M. FRANKLIN  
Executive Director

P. GREGORY CONLON  
President

JESSIE J. KNIGHT, Jr.

HENRY M. DUQUE

JOSIAH L. NEEPER

RICHARD A. BILAS

Commissioners

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 the effective date of Resolution W-3986, to recover unanticipated repair expenses. (T)  
|  
(T)
2. All bills are subject to a surcharge of \$2.61 per month for 12 months, from effective date of this tariff schedule, to recover unanticipated repair expenses. (N)  
|  
(N)
3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.