

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA .

WATER DIVISION
Small Water Branch

RESOLUTION NO. W-4030
March 7, 1997

R E S O L U T I O N

(RES. W-4030), PENNGROVE WATER COMPANY (PWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE OF \$19,938 OR 8.96%
ADDITIONAL ANNUAL REVENUE FOR 1997.

BY ADVICE LETTER NO. 34 RECEIVED ON DECEMBER 30, 1996,
AND SUPPLEMENTAL SHEETS RECEIVED ON FEBRUARY 5, 1997.

SUMMARY

This resolution grants PWC an increase in gross annual revenues of \$19,938 or 8.96% to provide a return on investment for increased plant-in-service. The increase will not result in a rate of return greater than last authorized for PWC.

BACKGROUND

PWC requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates for water service for its Dutch Lane Tie-in Project. This project was authorized by Ordering Paragraph 3 of Res. W-3953. PWC presently serves approximately 366 metered customers in its Penngrove service area, Sonoma County.

The present rates became effective April 19, 1996, pursuant to Res. W-3953, which authorized a general rate increase of \$25,447 or 12.9%.

DISCUSSION

The rate base offset increase requested herein is for the purpose of recovering in rates on a dollar-for-dollar basis, the cost of construction of the Dutch Lane Tie-in Project, which consisted of the installation of approximately 1,560 feet of eight-inch mainline, two fire hydrants, and six service connections.

Res. W-3953 authorized PWC to file a rate adjustment upon the completion of five projects after they have been installed and in full operation. This project is the first to be completed. PWC placed this project in service on December 20, 1996. The total cost of the project was \$97,764. The additional annual revenue requirement associated with the rate base offset is \$19,938. PWC apparently negotiated a loan with a bank to finance the construction without first obtaining authorization from the Commission. PWC should be ordered to file an advice letter requesting that authorization.

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

The staff reviewed PWC's calculations and concurs with its proposed rates.

NOTICE AND PROTESTS

PWC has given public notice of the request for increase by publishing in the local newspaper on February 1, 1997. No protests or correspondence have been received.

FINDINGS

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

IT IS ORDERED that:

1. Penngrove Water Company is authorized, five days after the effective date herein to make effective revised Schedule P-1, Metered Service, attached to Advice Letter 34 and concurrently, to cancel the presently effective Schedule P-1.
2. Within 90 days after this resolution becomes effective, Penngrove Water Company shall file an advice letter with the Commission requesting approval of the loan which it has already obtained to finance the construction of the Dutch Lane Tie-in. Approval of this loan shall precede the filing of any advice letters requesting further rate adjustments for the other projects authorized by Resolution W-3953.

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3. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 7, 1997. 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

RICHARD A. BILAS

Commissioners