

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Small Water Branch

RESOLUTION W-4043
June 11, 1997

R E S O L U T I O N

(RES. W-4043), BIG BASIN WATER COMPANY, INC. (BBWC). ORDER
AUTHORIZING AN INTERIM GENERAL RATE INCREASE PRODUCING
ADDITIONAL ANNUAL REVENUE OF \$33,966 (20%) IN 1997.

BY DRAFT ADVICE LETTER FILED ON MARCH 6, 1996.

SUMMARY

This resolution grants an interim increase in gross annual revenue of \$33,966 for Test Year 1997. The increase will provide BBWC with sufficient monies to pay its current cash operating expenses.

BACKGROUND

BBWC requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates by \$87,932 or 47.8%. BBWC presently serves approximately 553 metered and 8 flat rate customers in Big Basin and vicinity, Santa Cruz County.

BBWC's last general rate increase was authorized by Decision (D.) 88-08-020 which granted an increase of \$43,290 or 39.4% in 1988.

DISCUSSION

BBWC has been unable to furnish rate base information necessary for the Small Water Branch (Branch) to complete its investigation in this matter. The utility has been very cooperative, however, its records are very inaccurate and incomplete. BBWC and the Branch have been and will continue to work together to reconstruct the utility's rate base.

In view of this, the (Branch) recommends an interim rate increase of \$33,966 be granted to BBWC, subject to refund, pending the final results of the staff investigation needed to set permanent rates.

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NOTICE AND PUBLIC MEETING

The Branch conducted an informal public meeting in the utility's service area on March 6, 1996. The date, time and location of the meeting were specified in a notice of rate increase mailed to each customer in early February, 1996. In addition to the presence of Branch and BBWC representatives, who presided over the meeting, Commissioner Josiah Neeper was in attendance. In a brief statement to the audience, Commissioner Neeper indicated that he and his fellow Commissioners were very interested in customer comments associated with small water utility operations and general rate increases. The Branch representative explained Commission rate setting procedures and the utility representative explained the need for the rate increase. Approximately 100 customers were in attendance and about 30 made statements, asked questions, registered complaints, or made miscellaneous comments related to utility operations. All of the customers, who spoke at the meeting, protested the magnitude of the increase. Most of the other customer comments and complaints at the meeting concerned problems which the utility had recently corrected. This was verified by the President of Big Basin Water Committee, a homeowners group in the service area. Commissioner Neeper and the Branch representative assured customers that the Commission would take into account all of the customers concerns when authorizing the final rates in the matter.

BBWC's filed tariffs currently contain three rate schedules: 1, General Metered Service; 2, Residential Flat Rate Service; and 3, Service Surcharge. For metered rates, current rate design policy as set by D.92-03-093, allows the utility to recover up to 100% of its fixed costs through service charges. In order to meet Branch's current guideline that no customer shall receive an increase exceeding twice the system average increase authorized in this resolution, Branch's recommended metered rates shown in Appendix A limit recovery of fixed cost through service charges to 41%. Because current residential flat rates are not compatible with metered rates, Branch recommends that rates in Schedule 2, Residential Flat Rate Service, be increased by twice the system average increase authorized in this resolution. Schedule 3, Service Surcharge, is not being changed.

At the Branch's recommended rates shown in Appendix A, the monthly bill for a 5/8 x 3/4-inch metered customer using 9.0 Ccf (one Ccf equals 100 cubic feet) will increase from \$24.74 to \$29.60 or 19.64%.

FINDINGS

1. The interim rates recommended by the Branch (Appendix A) are reasonable and should be adopted.
2. The rate increase authorized herein should be subject to refund pending the completion of the staff investigation.

IT IS ORDERED that:

1. Big Basin Water Company, Inc. is authorized to file an advice letter adopting the revised Schedule 1, General Metered Service, and Schedule 2, Residential Flat Rate Service, attached to this resolution as Appendix A, and concurrently to cancel its presently effective rate Schedules 1 and 2. Its

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filing shall comply with General Order 96-A. The effective date of the revised schedules shall be not earlier than five days after the date of its filing.

2. The rate increase authorized herein is subject to refund pending final resolution of Big Basin Water Company Inc.'s rate increase request.
3. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 11, 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

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Big Basin and vicinity, Santa Cruz County.

RATES

Quantity Charges:	Per Meter Per Month	
For all water delivered, per 100 cu.ft.	\$ 2.10	(I)
Monthly Service Charges:		
For 5/8 x 3/4-inch meter	\$ 10.70	(I)
For 3/4-inch meter	12.60	
For 1-inch meter	16.10	
For 1-1/2-inch meter	22.40	
For 2-inch meter	28.00	
For 3-inch meter	56.00	(I)

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

APPENDIX A

Schedule No. 2

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable only to flat rate residential water service furnished as of May 1, 1985.

TERRITORY

Big Basin and vicinity, Santa Cruz County.

RATES

	<u>Per Service Connection</u> <u>Per Meter</u>
All existing flat rate connections where meters have not been located.....	\$ 28.00 (I)

SPECIAL CONDITIONS

1. The above flat rates apply only to a service connection not larger than one-inch in diameter.
2. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule 1, General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.