

WATER/ABJ/HJL:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Advisory Branch**

**RESOLUTION NO. W-4156
July 8, 1999**

RESOLUTION

**(RES. W-4156), METROPOLITAN WATER COMPANY (MWC).
ORDER AUTHORIZING A RATE SURCHARGE FOR RECOVERY
OF UNANTICIPATED EXPENSES GENERATING \$1,233 IN
ADDITIONAL REVENUE.**

SUMMARY

By letter received on April 30, 1999, MWC seeks revision of Schedule Nos. 1, Metered Service, and 2R, Residential Flat Rate Service, to offset unanticipated system improvement costs required by the Fresno County Community Health Department (FCCHD). This resolution authorizes MWC to implement a surcharge over twelve billing periods to each customer's bill to recover unanticipated costs to install valves and couplings for continuous disinfection of its pressure tank and distribution system, FCCHD water permit dated August, 1998. The monthly surcharge is shown in Appendix A, attached to this resolution.

BACKGROUND

The MWC water system is currently operating under an updated water supply permit issued in August, 1998 by the FCCHD. The updated domestic water supply permit is granted to MWC to supply domestic water to its consumers subject to certain provisions being met. Among these provisions is the following:

"An EMERGENCY DISINFECTION PLAN shall be submitted to the FCCHD for approval by November 1, 1998. This plan shall outline specific procedures for activating continuous chlorination of the pressure tank and distribution system should it become necessary due to bacteriological contamination".

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MWC has submitted an emergency disinfection plan and installed two service taps for activating continuous chlorination of the pneumatic tank and distribution system as directed by the "water supply permit". The cost of the installation was \$1,233.00. MWC has established an unanticipated repair memorandum account and requests recovery as authorized by Decision (D.) 92-03-093. MWC serves 29 customers in an unincorporated area located approximately two miles west of the City of Fresno, Fresno County. The present rates became effective on June 1, 1991, pursuant to Res. W-3555, which authorized a general rate increase of \$4,432 or 123.1%.

DISCUSSION

The increase requested herein is for the purpose of recovering through a surcharge, on a dollar-for-dollar basis, expenses which MWC incurred in making the required system improvement. In D.92-03-093, the Commission authorized Class C and D water companies to establish memorandum accounts for unanticipated expenses. The increase will not result in a rate of return greater than last authorized for MWC.

The Water Advisory Branch (Branch) has reviewed MWC's last rate case filed in June, 1991, and believes that MWC could not anticipate the expenses and, therefore, did not receive any allowance for the required disinfection improvements. Branch also reviewed and verified MWC's expenditures recorded in its unanticipated expense memorandum account. Since the improvement expenses will be recovered on a dollar-for-dollar basis, any improvement expenses recorded in the utility plant account will require a corresponding dollar entry in the contribution-in-aid-of-construction account.

The recommended surcharge is for twelve monthly billings from each customer. The required revenue collection is for \$1,233 to be collected from the MWC's 29 customers. The surcharge rates are shown in Appendix A.

MWC is requesting the Commission to authorize a surcharge procedure to recover the costs. Two ball valves and two dresser couplings were installed at a cost of \$1,233.40. The recommended surcharge amounts to \$3.54 per customer per month for twelve months.

NOTICE AND PROTESTS

MWC has given public notice of the request by sending it to each of its customers. No customer correspondence protesting the surcharge was received by the Branch.

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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 Metropolitan Water Company to file an advice letter incorporating the revised Schedule 1, Metered Service, and Schedule No. 2R, Residential Flat Rate Service, attached to this resolution as Appendix A and concurrently to cancel its presently effective Schedule No. 1 and Schedule No. 2R. 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. Any improvement costs authorized by this resolution that Metropolitan Water Company records in the utility plant-in-service account requires a corresponding entry in its contribution-in-aid-of-construction account.
3. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 8, 1999. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President

HENRY M. DUQUE

JOSIAH L. NEEPER

JOEL Z. HYATT

CARL W. WOOD

Commissioners

APPENDIX A
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METROPOLITAN WATER COMPANY

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Skaal Knoll Homesites, located approximately two miles west of Fresno, Fresno County, and west half of Lot 53 of West Fresno Tract.

RATES

Quantity Rate:

All water used per 100 cubic feet \$ 0.85

Service Charge:

	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter	\$ 7.70
For 3/4-inch meter	11.50
For 1-inch meter	19.25
For 1-1/2-inch meter	38.50
For 2-inch meter	61.50

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

(continued)

(D)

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METROPOLITAN WATER COMPANY

Schedule No. 1
(continued)

GENERAL METERED SERVICE

SPECIAL CONDITIONS

1. As authorized by the California Public Utilities Commission, all bills for metered service are subject to a twelve-month surcharge of \$3.54 per month. This charge offsets the installation of ball valves and couplings installed in April of 1999. This surcharge is in addition to the water bill and other surcharges per Fresno County Health Department. (C)
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(C)
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF. (L)

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METROPOLITAN WATER COMPANY

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Skaal Knoll Homesites, located approximately two miles west of Fresno, Fresno County, and west half of Lot 53 of West Fresno Tract.

RATES

	<u>Per Service Connection Per Month</u>
For a single-family residential unit including premises	\$ 23.00
For each additional single-family residential unit on the same premises and served from the same service connection	15.00

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one-inch in diameter. (L)
2. All service not covered by the above classification shall be furnished only on a metered basis. (L)

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METROPOLITAN WATER COMPANY

Schedule No. 2R
(continued)

RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS (continued)

3. A meter may be installed at the option of the utility in which event service thereafter will be furnished under Schedule No. 1, General Metered Service. (L) (L)
4. As authorized by the California Public Utilities Commission, all bills for metered service are subject to a twelve-month surcharge of \$3.54 per month. This charge offsets the installation of ball valves and couplings installed in April of 1999, per Fresno County Health Department. This surcharge is in addition to the water bill and other surcharge. (C) | | (C)
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF. (L)