

WATER/JPT/MXK/MML:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4581

JANUARY 12, 2006

R E S O L U T I O N

(RES. W-4581), LAKE ALPINE WATER COMPANY, INC. (LAKE ALPINE). ORDER AUTHORIZING AN INTERIM CONSUMER PRICE INDEX-URBAN (CPI-U) INCREASE, SUBJECT TO REFUND OR INCREASE, PRODUCING AN INCREASE IN GROSS ANNUAL REVENUES OF \$10,215 OR 3.3%.

SUMMARY

Lake Alpine requested a general rate increase by draft advice letter accepted by Water Division on September 8, 2005. By Advice Letter No. 71 (AL-71), filed on October 12, 2005, Lake Alpine requested an interim CPI-U increase producing additional annual revenue of \$10,215, or 3.3% for test year 2005. Lake Alpine requested that the interim increase be made subject to refund or increase to the rates found reasonable in the pending general rate case as authorized for all class B, C and D water and sewer companies by Resolution W-4540.

BACKGROUND

Lake Alpine is a class D water utility operating in Bear Valley and vicinity in Alpine County and serves approximately 470 residential and business customers. Lake Alpine filed a general rate case (GRC) on August 29, 2005 and requested authority under §VI of General Order 96 and §454 of the Public Utilities Code to increase rates for water service to produce additional revenues of \$151,900 or 51.4% in test year 2005. Lake Alpine's request shows 2004 gross revenues of \$309,631 at present rates increasing to \$468,731 at proposed rates to produce a return on rate base of 13.40%.

Lake Alpine's present rates became effective on March 25, 2005, pursuant to Decision (D.) 92-03-093 which authorized CPI-U increases for Class C and D water utilities. The last general rate increase became effective July 8, 1999 pursuant to Resolution W-4157.

NOTICE AND PROTESTS

Notice of the proposed general rate increase was mailed to customers on September 23, 2005. Since the increase requested in AL-71 is a component of the general rate increase, no separate notice is required.

DISCUSSION

Resolution W-4540, dated June 16, 2005, provides that "When a Class B, C, or D water or sewer system utility files a GRC, it should be allowed to file an Advice Letter for a CPI-U increase, subject to refund or increase to the Commission-approved final rates found reasonable in the GRC resolution or decision for the requested test year."

The requested 3.3% interim increase corresponds to the most recently available CPI-U and produces an annual gross revenue of \$10,215. The revenue increase is reflected in the revised Schedules No. 1A, Annual Metered Service, No. 2AR, Annual Residential Flat Rate Service, and No. 4, Private Fire Protection Service, attached to Advice Letter No. 71.

Resolution W-4540 provides that "At the completion of the general rate increase, the authorized but not collected revenues shall be adjusted for the CPI-U inflation revenues received by the utility and the difference recovered by surcharge or refunded by surcredit."

The Water Division recommends the interim CPI-U increases and resulting rates requested in AL-71 be approved subject to refund or increase to the rates found reasonable in the general rate case.

FINDINGS

1. The requested interim CPI-U increase and resulting rates are reasonable and should be adopted.
2. The CPI-U increase of \$10,215 authorized in this resolution is reasonable and subject to refund or increase pending the completion of the staff investigation of Lake Alpine's general rate increase request.
3. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g) (3).

THEREFORE IT IS ORDERED THAT:

1. Lake Alpine Water Company, Inc. is authorized to make effective the revised schedules No. 1A, Annual Metered Service, No. 2AR, Annual Residential Flat Rate Service, and No. 4, Private Fire Protection Service attached to Advice Letter No. 71, and to concurrently cancel its presently effective rate schedules. The effective date of the new schedules shall not be earlier than five days after the effective date of this resolution.
2. The CPI-U increase authorized in this resolution is subject to refund or increase to the Commission-approved final rates in the Lake Alpine Water Company Inc.'s pending general rate increase request.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on January 12, 2006; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director