

Truesdell

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Rio Plaza Water Company, Inc. for)
 authority to borrow money under the)
 California Safe Drinking Water Bond)
 Law of 1976, to encumber its assets)
 in connection therewith and to)
 increase its rates and charges for)
 water service within Rio Plaza)
 Subdivision in the vicinity of)
 El Rio, Ventura County.)

ORIGINAL

Application No. 57461
 (Filed July 19, 1977)

Amended August 21, 1978

F I N A L O P I N I O N

On May 16, 1978, the California Public Utilities Commission issued Decision No. 88834 herein giving final approval to a California Safe Drinking Water Bond Act (SDWBA) loan in the amount of \$360,500 for Rio Plaza Water Company (Rio Plaza). The Commission also granted, on an interim basis, a rate surcharge designed to provide sufficient additional revenue to meet the payments on the loan. Application No. 57461 and the amendment to the application were listed on the Commission's Daily Calendar of July 21, 1977 and August 23, 1978 respectively.

The California Safe Drinking Water Bond Act of 1976 provides, among other things, that water utilities whose systems fail to meet California Health and Safety Code standards and which cannot otherwise finance necessary plant improvements may apply to the California Departments of Health Services (DHS) and Water Resources (DWR) for low interest rate loans. DHS is responsible for analyzing the public health issues, including a determination of the specific plant improvements that are needed, while DWR analyzes the need for financial assistance and acts as the lending agency and fiscal administrator. Before the loan is granted, the Applicant must demonstrate to the DWR its ability to repay the loan, and must also show that it has instituted measures that will maximize water conservation. Under the provisions of Sections 816 through 851 of the Public Utilities Code, privately owned water companies must obtain authorization from the Commission to enter into any long-term loan. Section 454 of that code requires

Commission approval for rate increases.

Decision No. 88973 dated June 13, 1978 in Application No. 57406 of Quincy Water Company authoritatively determined the format for this type of rate increase. It is now appropriate to convert the interim rate surcharge for Rio Plaza into a final rate.

The Commission issued the interim decision herein prior to issuing the Quincy decision. In the interim decision, a surcharge based on a flat rate was authorized. Since the Rio Plaza water system is fully metered, this final decision will substitute a quantity surcharge. Based on an estimated average residential customer consumption of approximately seventeen hundred cubic feet of water per month, a surcharge of \$0.23 per hundred cubic feet, will provide sufficient revenue (approximately \$25,000 per year) for yearly amortization of interest and principal on the loan. Such a surcharge will produce about \$2,070 per month, approximately \$4.00 per month for the average residential customer.

The substitution of a quantity surcharge for a flat rate surcharge will result in an increase in charges for larger users, with a corresponding decrease for the smaller customers. We find any such increase to be reasonable.

In order for the surcharge to produce enough revenue to meet the payments of interest and principal on the SDWBA loan due in January 1980, it is necessary for Applicant to place the surcharge in effect by April 1, 1979. This procedure is required under the terms of the contract with DWR.

Applicant will be expected to devise a billing form which clearly indicates the purpose and application of the surcharge to its customers.

Findings

1. This surcharge will produce about \$2,070 per month, approximately \$4.00 per month for the average residential customer.

2. This surcharge should be placed in effect by April 1, 1979, so as to accumulate funds to make the interest and principal payments due in January 1980.

3. This order does not increase Applicant's revenues over those resulting from the rates already authorized by Decision No. 88834.

4. The quantity-based surcharge, together with any increase in charges resulting therefrom, is justified and reasonable.

Conclusion

The presently authorized flat rate surcharge should be converted to a quantity-based surcharge.

O R D E R

IT IS ORDERED that:

1. Applicant, Rio Plaza Water Company, is authorized to file a form of rate schedule as attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be five days after the date of filing. The revised schedule shall apply only to service rendered on or after April 1, 1979.

2. All the conditions and requirements of Decision No. 88834 herein shall continue in effect.

For the reasons set forth in Finding 1, the effective date of this order shall be five days after the date hereof.

Dated at San Francisco, California, this 12th day of MARCH, 1979.

John E. Boyer
President

Thomas L. Sturgeon

Charles D. Howell

Clair J. DeLoach

Edward M. Bennett
Commissioners

A. 57461 dd*

APPENDIX A
Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Rio Plaza subdivision in the vicinity of the community of El Rio, Ventura County.

RATES

(CURRENT RATE STRUCTURE)

METERED SERVICE SURCHARGE

Quantity rates include a surcharge of \$0.23 per 100 cubic feet. The total monthly surcharge must be identified on each bill. (This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as requested in Application No. 57461.)

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