

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

W-4

Copy for

Orig. and copy  
to Executive Director

RESOLUTION NO. W-3331

EVALUATION & COMPLIANCE DIVISION  
BRANCH/SECTION: Water Utilities  
DATE: August 6, 1986

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Director  
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Numerical File  
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Alphabetical File  
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Accounting Officer

R E S O L U T I O N

AZUSA VALLEY WATER COMPANY (AVWC). ORDER  
AUTHORIZING A CONTINUATION OF THE OFFSET  
INCREASE GRANTED BY RESOLUTION W-3274.

By Advice Letter No. 38, filed July 3, 1986, AVWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to extend the rate increase granted by Resolution W-3274 until July 31, 1987, which will allow AVWC to continue purchasing supplemental water from the Metropolitan Water District of Southern California (MWD). AVWC provides service to about 14,200 general metered customers in portions of Azusa, Covina, Glendora, Irwindale, West Covina and vicinity, Los Angeles County.

The present rates became effective on August 1, 1985, pursuant to Resolution W-3274 which granted a continuation of the offset rate increase authorized by Resolution W-3189, dated August 1, 1984. The last general rate increase became effective on January 1, 1983 pursuant to Decision 82-11-018 in which the Commission found the rates of return on rate base of 12.82% for years 1982, 1983 and 1984 reasonable, with a 14.25% return on equity. No action taken herein will result in a rate of return greater than last authorized.

Due to below normal rainfall since January 1984, AVWC had been forced to purchase a supplemental water supply from MWD to meet demand during the days of maximum consumption. Under normal weather conditions AVWC would rely on its own well and surface water supplies. Resolution W-3189 authorized AVWC to increase rates by \$117,291 or 5.6% to offset this supplemental purchase. The offset increase was granted for a twelve-month period ending on July 31, 1985, and a continuation was granted for a twelve-month period ending on July 31, 1986 by Resolution W-3274.

In this current request AVWC believes that the authorized increase should continue for the following reasons which affect the development of its historical sources of water: (1) The water level in one of its ground water basins has dropped 36 feet between May 1984 and May 1985 and has not recovered to the normal level; (2) AVWC's existing surface water filtration plant is not sufficient to meet system demand; (3) AVWC has been unsuccessful on a short-term basis in its attempts to obtain an additional source of acceptable quality well water because of nitrate contamination.

AVWC in Application (A.) 86-04-003 currently before the Commission has stated its intention of increasing the capacity of the surface water filtration plant. The Water Utilities Branch (Branch) believes that AVWC's water supply problems will be fully addressed in A.86-04-003 and recommends that the continuation in rates requested herein be granted on the condition that they are terminated when the new rates in A.86-04-003 are granted.

THE COMMISSION FINDS, after investigation by the Branch, that the continuation of the offset increase authorized by Resolution W-3189, and continued by Resolution W-3274, is reasonable, and to the extent provided by the following resolution is justified. AVWC is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

IT IS RESOLVED that:

1. Azusa Valley Water Company is authorized, on August 6, 1986, to make effective, revised Schedule No. 1 attached to Advice Letter No. 38 and to cancel the presently effective rate schedule for water service.
2. The continuation of the rates authorized herein shall be terminated on the effective date of the new rates in Azusa Valley Water Company's general rate filing, Application No. 86-04-003.
3. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 6, 1986. The following Commissioners approved it:

DONALD VIAL  
President  
VICTOR CALVO  
FRISCILLA C. GREW  
FREDERICK R. DUDA  
STANLEY W. HULETT  
Commissioners



VICTOR R. WEISSER  
Executive Director