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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3362  
DATE May 29, 1987

R E S O L U T I O N

(RES. W-3362), LAKE FOREST WATER COMPANY (LFWC). ORDER AUTHORIZING AN OFFSET RATE INCREASE PRODUCING \$1,274 OR 4.3% ANNUAL REVENUE. (ADVICE LETTER NO. 25, FILED APRIL 30, 1987)

By Advice Letter No. 25, filed on April 30, 1987, LFWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates to offset a \$1,274 increase in purchased power costs. LFWC serves about 130 flat rate customers and 1 metered customer in the unincorporated community of Tahoe Vista, about 2 miles northeast of Tahoe City in Placer County.

The present rates became effective on March 6, 1987 pursuant to Resolution W-3551 which authorized a rate base offset increase. The last general rate increase was authorized by Resolution W-3276 of August 21, 1985, in which the Commission found the rate of return on rate base of 11.00% for 1985 to be reasonable. This offset increase will not result in a rate of return greater than last authorized.

Until about August of 1985 LFWC's primary source of water was a spring. Lake Tahoe was its back-up source of supply. Because of surface contamination of the spring, LFWC was urged by the Placer County Health Department during the processing of LFWC's last general rate increase in 1985 to discontinue use of the spring as its primary supply. LFWC subsequently switched to Lake Tahoe as its primary source. This changed LFWC from an almost entirely gravity fed system to a pumped system with substantially higher electric power costs.

At the time of its last general rate increase, LFWC's Lake Tahoe pump power electric meter was not functioning and it lacked the water production measuring devices required by General Order 103, Rules Governing Water Service. The pumping power estimate used by the Water Utilities Branch (Branch) was made without benefit of the actual power use or water production information that a functioning electric meter and production meters would have provided. That estimate has proven to be low based on eight months of recorded information since the power meter was repaired. This offset will provide LFWC with an additional allowance for pumping power.

LFNC has given public notice of this request by publishing in the local newspaper on May 7, 1987. No customer protests or correspondence have been received.

Service is satisfactory. There are no Commission orders requiring system improvement, nor are there service problems requiring corrective action.

The Branch has reviewed the latest pump efficiency tests and found them satisfactory.

Consistent with past Commission policy for offsets, the percentage increase to flat and metered rate schedules is about the same as the overall increase, or 4.3%.

The table below shows typical semi-annual flat rate bills for residential customers at present and proposed rates.

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RESIDENTIAL FLAT RATE SERVICE

	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
For each single unit of residential occupancy.....	\$ 86.20	\$ 89.91	4.3%
For each additional unit of residential occupancy on the same premises and served from the same connection...	64.40	67.17	4.3

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FINDINGS

1. The increased rates hereby authorized are justified and the present rates are, for the future, unjust and unreasonable.
2. Lake Forest Water Company should be required to establish and maintain a purchased power balancing account as required by Public Utilities Code Section 792.5.

IT IS ORDERED that:

1. Lake Forest Water Company is authorized, on the effective date hereof, to make effective revised rate Schedules 1A and 2A attached to Advice Letter No. 25 and concurrently to cancel the presently effective schedules for water service.

2. Lake Forest Water Company shall establish and maintain a purchased power balancing account as required by Public Utilities Code Section 792.5.

3. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 29, 1987. The following Commissioners approved it:

STANLEY W. HULETT  
President  
DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners



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VICTOR R. WEISSER  
Executive Director