

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3447
May 26, 1989

R E S O L U T I O N

(RES. W-3447) TAHOE PARK WATER COMPANY, (TPWC).
ORDER AUTHORIZING AN OFFSET RATE INCREASE PRODUCING
\$3,988 OR 5.9% ADDITIONAL ANNUAL REVENUE.

By Advice Letter No. 31 filed April 24, 1989, TPWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates for water service by \$3,988 or 5.9% to offset an increase in liability insurance expense. TPWC serves 379 flat rate and 27 metered customers on the west shore of Lake Tahoe one to two miles south of Tahoe City, Placer County.

The present rates became effective on December 19, 1988 pursuant to Resolution W-3425 in which the Commission authorized a general rate increase and found a rate of return on rate base of 10.50% reasonable. This offset increase will not result in a rate of return greater than last authorized.

The \$3,988 increase is for liability insurance. TPWC obtained this coverage through a bid process and the Water Utilities Branch considers it reasonable.

On May 7, 1986, the Commission approved a policy for one-time offsets for liability insurance to compensate water utilities for the substantial premium increases they have been experiencing. The policy as applied to Class D (500 customers or less) water utilities ordinarily requires that they absorb the first 75 basis points (0.75%) loss in rate of return. In this instance, however, TPWC's claim for insurance expense during its recent informal general rate case was deleted on the grounds that it had not purchased such insurance because of the high cost. Had it done so, it would have been able to recover the full cost in rates at that time. Resolution W-3425 specifically noted that TPWC would be able to recover its insurance expense should it later obtain coverage and apply for an offset increase. Accordingly, the Branch recommends TPWC be authorized an increase of \$3,988 or 5.9% to recover its full insurance cost.

TPWC's water supply is a winter spring in the upper part of the system and two pickup points in Lake Tahoe. It has an abundant water supply and most of its larger users are metered. With its Safe Drinking Water Bond Act (SDWBA) construction nearing completion, it has a very well constructed and maintained system which will likely prove to have low water losses. No additional conservation measures are needed at this time.

TPWC has given public notice of this increase request by publishing in the local newspaper on April 27, 1989. No protests or other correspondence has been received.

Service is satisfactory. There are no outstanding Commission orders requiring compliance, nor are there significant problems requiring corrective action.

The table below shows typical bills for flat rate customers and for metered customers at various usage levels at present and proposed rates:

Residential Flat Rate Service (excluding SDWBA surcharge)

	Per Service Connection Per Year		
	Present	Proposed	Increase
For a single-family residential unit or small business establishment, including premises	\$132.80	\$140.65	5.9%
For each additional single-family residential unit or small business establishment on the same premises and served by the same service connection	108.60	115.00	5.9

Annual Metered Service (5/8 x 3/4-inch meters) (excluding SDWBA surcharge)

Monthly Usage	Present Rates	Proposed Rates	Percent Increase
0 cu. ft.	\$ 6.90	\$ 7.31	5.9%
500	10.05	10.66	6.1
1,000	13.20	14.01	6.1
1,500	16.35	17.36	6.2
2,000	19.50	20.71	6.2
3,000	25.80	27.41	6.2
4,000	32.10	34.11	6.3
5,000	38.40	40.81	6.3


After investigation by the Water Utilities Branch, the Commission finds that the requested rate increase hereby authorized is justified, and that the resulting rates are reasonable.

IT IS ORDERED that Tahoe Park Water Company is authorized, on the effective date herein, to make effective revised Schedules 1A, 2RA and 4 attached to Advice Letter No. 31 and concurrently to cancel the presently effective rate schedules for water service.

This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on May 26, 1989. The following commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners



VICTOR R. WEISSER
Executive Director