

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3475
December 6, 1989

RESOLUTION

(Res. W-3475) YUOCA WATER CO., LTD. (YWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE PRODUCING
\$43,250 OR 9.9% ADDITIONAL ANNUAL REVENUE.

By Advice Letter No. 31, dated October 24, 1989, YWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates to offset: (1) a \$20,600 increase in purchased power expense, (2) a \$15,600 increase in water testing and laboratory costs, (3) a \$1,800 increase in postage expense, (4) a \$4,550 increase in property taxes, and (5) a \$700 increase in payroll taxes. YWC serves about 3,000 customers in Yuoca Village and vicinity, San Bernardino.

The present limited residential flat rate service and general metered service became effective on October 1, 1987 and March 14, 1988, respectively, pursuant to Decision No. 87-04-064 which established a new Safe Drinking Water Bond Act (SDWBA) surcharge. YWC's last general rate increase was authorized by Resolution No. W-3080 dated February 16, 1983. By Resolution No. W-3318 adopted May 28, 1986 on Advice Letter No. 27, YWC received an offset rate increase of \$32,100 or 7.9% for increases in groundwater assessments by the Hi-Desert Water District.

Since the increase of \$20,600 in purchased power expense is related to water consumption, it is applied to the quantity blocks. The balance of increases of \$22,650 are changes in cost of water testing, postage, property tax, and payroll taxes which are fixed charges not related to water consumption. As such, these increases are applied to the service charge.

YWC has given public notice of the request for increase by publishing in the local newspaper on October 27, 29, and November 1, 1989. In addition, the notice was mailed to two water districts and one water utility and the Department of Health Services (DHS) on October 25, 1989. No customer protests or correspondence have been received.

The State Attorney General's Office has filed Complaint No. 244587 on behalf of DHS seeking a preliminary and permanent injunction enjoining YWC from further violations of the provisions of the Health and Safety Code. On August 21, 1989, the Superior Court of San Bernardino in response to this complaint issued a preliminary injunction that adopted a comprehensive list of prohibitions and directions which YWC must follow. Also on September 7, 1989, the Commission issued Decision 89-09-050 which contains a number of compliance orders. A substantial number of the directives contained in the preliminary injunction address the same issues as the orders in the decision. Because an increase in revenues will be needed by YWC to comply with required directives and improvements, the preliminary injunction

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contained an order for YWC to file an application with the Commission for a general rate increase on or before January 1, 1990. In the interim, however, an offset is needed to maintain utility operations and working cash.

It is a matter of record that YWC has been unresponsive to the rules, orders and directives of both the Commission and DHS. YWC, however, is presently trying to improve service through construction of SDWA-funded facilities and by working on compliance items ordered by the preliminary injunction and the decision.

The tables below show typical bills for residential metered and flat rate customers at present and proposed rates:

General Metered Service (5/8 by 3/4-inch meters)

<u>Monthly Usage</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
500 cu. ft.	\$ 7.66	\$ 8.56	11.8
1,000	10.66	11.77	10.4
1,500 (aver.)	13.66	14.98	9.7
2,000	16.66	18.19	9.2
3,000	22.66	24.61	8.6
5,000	34.66	37.45	8.1

Limited Flat Rate Service (For Single-Family Condominium)

<u>Per Service Connection Per Month</u>		
<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
\$ 7.75	\$ 8.52	9.9

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. YWC is directed to maintain its balancing accounts as required by Public Utilities Code Section 792.5.

THE COMMISSION FINDS that the increased rates hereby authorized are justified and that the present rates are for the future, unjust and unreasonable.

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IT IS ORDERED that Yucca Water Company, Ltd. is authorized, on the effective date herein, to make effective revised Schedule Nos. 1 and 9 RL attached to Advice Letter No. 31 and 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 December 6, 1989. The following commissioners approved it:

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

Wesley Franklin
Wesley Franklin
Acting Executive Director