

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3488  
April 11, 1990

R E S O L U T I O N

(RES. W-3488) ARROWHEAD MAJOR WATER COMPANY, INC.  
(AMWC). ORDER AUTHORIZING AN OFFSET RATE INCREASE  
PRODUCING \$15,150 OR 15.55% ADDITIONAL ANNUAL  
REVENUE.

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By Advice Letter No. 29, filed January 25, 1990, AMWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates for water service to offset a \$15,150 increase in purchased water costs. AMWC serves about 589 customers (metered and flat rate services) within and adjacent to the community of Cedar Glen, a mountain resort area located approximately one mile southeast of Lake Arrowhead in San Bernardino County.

The present rates became effective on October 1, 1984, pursuant to Decision No. 84-09-097, AMWC's last general rate increase in which the Commission authorized a rate of return of 11.0%. This offset will not result in a rate of return greater than last authorized. The adopted quantity for purchased water in that decision was 10 acre-feet with a corresponding expense of \$4,800. AMWC's water supply system consists of three interconnected separate systems: (1) a tunnel diversion, (2) a horizontal well, and (3) a connection with Crestline Lake Arrowhead Water Agency (CLAWA).

Offset rate increase requests are normally based on quantities adopted in the latest general rate increase proceeding. However, after the issuance of the last decision relating to a general rate increase, this utility's service area has continuously experienced well below average rainfall. AMWC's source of water supply from a diversion tunnel has run dry. This has necessitated AMWC's purchase of 30 acre-feet of water per year from CLAWA at a present rate of \$665.00 per acre-foot compared to 10 acre-feet at a rate of \$480.00 per acre-foot adopted in the last decision. Since AMWC has experienced unusual water supply problems, and is a very small company that may not survive without relief, Water Utilities Branch recommends that AMWC be allowed to recover additional costs based on its present mode of operations.

AMWC has informed the Water Utilities Branch that without timely rate relief, it would not have sufficient funds to pay for the additional cost of purchased water.

Since the increase is primarily the result of changes in the cost of purchased water which is related to water consumption, it is applied to the quantity block for metered services; the flat rate charge is increased by the average system increase.

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AWC has given public notice of this increase request by sending a customer notice to each customer on January 24, 1990. Three letters protesting the magnitude of the rate increase have been received.

AWC has indicated that it has begun preparing an advice letter general rate increase and anticipates filing within the next six months.

Service is generally satisfactory. There is one outstanding Commission order which requires the repair and reactivation of a 15 HP booster pump (station F). AWC had responded by letter, dated September 5, 1986 that the repair and reactivation of the 15HP booster pump would not be feasible because the pump characteristics no longer match the pressure and flow rates of the water system. AWC stated that major improvements were made which rearrange the pressure zone and pumping requirements of booster station F. Branch will review the above matter in the next general rate case request.

The tables below show typical bills for residential customers at various usage levels at present and proposed rates; the amounts shown do not include the surcharge for the repayment of the California Safe Drinking Water Bond Act loan through the Department of Water Resources (DWR) and authorized by Decision No. 92178.

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

<u>Annual Usage 100 Cu.Ft.</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
0	\$126.00	\$126.00	00.00%
36	158.40	187.20	18.18
44 (avg.)	169.04	200.80	18.79
50	177.02	211.00	19.20
100	243.52	296.00	21.55
200	376.52	466.00	23.77
400	642.52	806.00	25.44

Annual Residential Flat Rate Service

	<u>Per Service Connection Per Year</u>		
	<u>Present Charge</u>	<u>Proposed Charge</u>	<u>Percent Increase</u>
For a single-family residential unit, including premises. ....	\$162.00	\$187.80	15.93%
For each additional single-family residential unit on the same premises and served from the same service connection. ....	\$108.00	\$125.00	15.74%

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. AWC is directed to establish and maintain a balancing account for purchased water as required by Public Utilities Code 792.5.

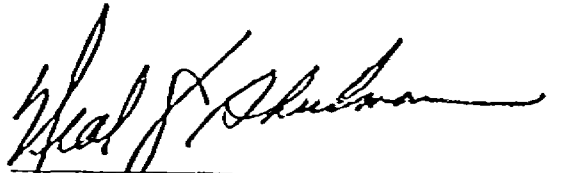
IT IS ORDERED that:

1. Arrowhead Manor Water Company, Inc. is authorized, on the effective date herein, to make effective revised Schedule Nos. 1A and 2RA attached to Advice Letter No. 29 and to cancel the presently effective rate schedules for water service.
2. Arrowhead Manor Water Company, Inc. shall establish a balancing account for purchased water as required by Public Utilities Code 792.5.

This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on April 11, 1990. The following commissioners approved it:

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

  
NEAL J. SHULMAN  
Executive Director