

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3520
September 25, 1990

R E S O L U T I O N

(RES. W-3520) HAVASU WATER COMPANY (HWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE PRODUCING
\$9,615 OR 14.12% ADDITIONAL ANNUAL REVENUE.

By Advice Letter (A.L.) 16, filed July 2, 1990, HWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates to offset a \$9,615 increase in purchased water costs. HWC serves about 210 metered customers near Havasu Landing, 28 miles south of Needles, San Bernardino County.

The present rates became effective on June 1, 1987, pursuant to Resolution W-3319 in which the Commission found a rate of return on rate base of 11.0% for 1987 reasonable. This offset increase would not result in a rate of return greater than last authorized.

HWC draws its water from the Colorado River, for which it pays fees to the San Bernardino Valley Municipal Water District. On February 6, 1990, the district raised its fees by an average of 89.2%. The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, the increase in water-supply-related items that have occurred since the current rates went into effect.

Since the increase caused by changes in the cost of purchased water is related to water consumption, it is applied to the quantity blocks. The rates for all quantities of water would be increased by \$0.33 per Ccf (one Ccf is equal to one-hundred cubic-feet).

HWC has informational material to promote water conservation which it mails periodically to customers in their water bills. The Colorado River provides an ample source of water for HWC's customers. The Branch, therefore, does not recommend any additional conservation measures at this time.

A notice of the proposed rate increase was mailed to each customer by first class mail on July 6, 1990. One customer protest has been received. The Water Utilities Branch (Branch) replied to the customer explaining the reason for the increase.

Branch engineers conducted a field inspection of HWC's service area and facilities on May 10, 1990, in connection with complaint Case No. 87-03-020. The inspection indicated that all unsatisfactory conditions identified in the formal record of the case had been corrected and that HWC's overall service

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to customers was satisfactory. There are no Commission orders requiring system improvement.

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

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

<u>Monthly Usage</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
0 Ccf	\$ 17.00	\$ 17.00	0.0
3	18.80	19.79	5.3
10 (Average)	24.82	28.12	13.3
20	33.42	40.02	19.8
30	42.02	51.92	23.6
40	50.62	63.82	26.1
50	59.22	75.72	27.9

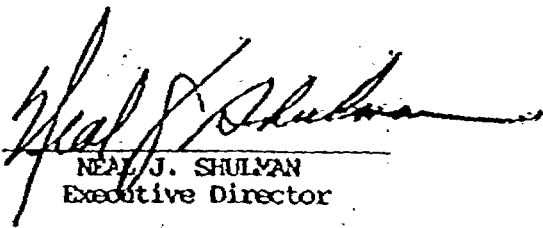
After investigation by the Branch, the Commission finds that the rate increase hereby authorized is justified, and that the resulting rates are reasonable. PWC is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

IT IS ORDERED that Havasu Water Company is authorized, on the effective date herein, to make effective revised rate Schedule No. 2 attached to Advice Letter No. 16 and to cancel the presently effective rate schedule 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 September 25, 1990. The following Commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
PATRICIA M. ECKERT


NEAL J. SHULMAN
Executive Director

Commissioner John B. Ohanian, being necessarily absent, did not participate.