

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3593
July 24, 1991

R E S O L U T I O N

(RES. W-3593), SAN GABRIEL VALLEY WATER COMPANY (SGWVC),
FONTANA WATER DIVISION. ORDER AUTHORIZING AN OFFSET RATE
INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES OF
\$1,176,600 OR 17.2%.

BACKGROUND

By Advice Letter 256-A Supplement, filed June 19, 1991, SGWVC requested 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: (1) a \$1,152,000 increase in purchased water expense, and (2) a corresponding \$24,600 increase in franchise and uncollectibles expenses. SGWVC serves about 27,970 metered customers in San Bernardino County.

The present rates became effective on April 10, 1991, pursuant to Resolution No. W-3554, which authorized a \$572,500 increase.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates changes in expenses that have occurred since the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

The reason for the requested increase is because of an increase in purchased water cost from Fontana Union Water Company from the 1990 rate of \$0.155 per miners inch hour (MIH) to the 1991 rate of \$0.263 per MIH (1 MIH = 72 cubic feet). Fontana Union has filed a Chapter 11 petition before the Federal Bankruptcy Court (Bankruptcy Court). The court has ordered this increase in rates, but will hold further hearings on water charges, water rights, monetary claims, etc. Therefore, the cost of water may change according to the final outcome of the Bankruptcy Court proceeding. Consequently, the Water Utilities Branch (Branch) recommends that these rates be approved subject to refund.

The requested expense offset will result in a \$0.153/Ccf increase in quantity rates.

To ensure that purchased power is being used economically, the Branch reviewed the latest pump efficiency tests for this district and found the results to be satisfactory.

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There is a moderately high number of service complaints, mostly due to leaks. Branch will evaluate the problem of leaks in the next general rate case which is to be filed this summer. There are no Commission orders requiring system improvements at this time.

To promote water conservation, SGWC has established a water conservation program in the Fontana Water Company Division which includes leak repair and main replacement programs, conservation brochures, bill inserts, water kit distributions, paid conservation advertisements and conservation displays in the office. No other water conservation measures are required at this time.

At the proposed rates, the typical residential customer's bill will increase from \$24.18 to \$27.69 per month or 14.5% for an average use of 2,300 cubic feet.

PROTESTS

SGWC has notified its customers by mail and also published a legal notice in the local newspaper on June 1, 1991. Eleven protests have been received. Branch has reviewed and responded to each protest.

FINDINGS

1. SGWC's purchased water costs have been increased by Fontana Union Water Company.
2. Fontana Union's Chapter 11 petition is pending in Federal Bankruptcy Court.
3. The increased rates currently being charged to SGWC by Fontana Union were ordered by the Bankruptcy Court.
4. Pending resolution of the aforementioned proceedings, the rate increase hereby authorized is justified, and the resulting rates are just and reasonable.

IT IS ORDERED that:

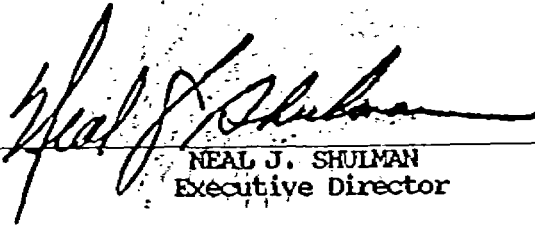
1. San Gabriel Valley Water Company is authorized, five days after the effective date herein, to make effective revised Schedule No. FO-1, FO-9C, and FO-9CL, attached to Advice Letter No. 256-A Supplement and to cancel the presently effective Schedules Nos. FO-1, FO-9C, and FO-9CL.
2. The rates authorized by this resolution are subject to refund pending final resolution of the proceedings concerning the bankruptcy and public utility status of Fontana Union Water Company.
3. San Gabriel Valley Water Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

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4. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 24, 1991. The following Commissioners approved it:

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners



NEAL J. SHULMAN
Executive Director