

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3618
September 25, 1991R E S O L U T I O N

(RES. W-3618) APPLE VALLEY RANCHOS WATER COMPANY (AVRWC),
A SUBSIDIARY OF PARK WATER COMPANY. ORDER AUTHORIZING AN
OFFSET RATE INCREASE PRODUCING \$73,500 OR 1.6% ADDITIONAL
ANNUAL REVENUE.

BACKGROUND

By Advice Letter No. 82-W, filed June 21, 1991, AVRWC 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: (1) \$34,800 or 5.1% increase in purchased power cost from Southern California Edison Company's January 1, 1991 rates effective July 1, 1991, (2) \$11,500 or 31.9% increase in purchased gas from Southwest Gas Corporation, based on rates effective January 1, 1991, (3) \$26,300 or 3.7% increase from a recently enacted resolution by the Board of Directors of the Mojave Water Agency implementing a \$2.00 per acre-foot pumping assessment for all water produced for municipal, domestic, and industrial purposes to be effective for three years, and (4) \$900 increase in associated uncollectibles and franchise tax. AVRWC serves about 11,600 customers in the town of Apple Valley and vicinity, San Bernardino County.

The present rates became effective on January 1, 1991, pursuant to Advice Letter No. 81-W resulting from Ordering Paragraph No. 4 in D.90-02-045 and subsequently modified by Ordering Paragraph No. 1 in D.90-06-012. The latest general rate increase, pursuant to D. 90-02-045 for this district, became effective on February 23, 1990; it found a rate of return on rate base of 11.73% for 1991 reasonable.

DISCUSSION

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

To determine if purchased power is being used efficiently, the Branch reviewed the latest available pump efficiency tests and found the results satisfactory.

Service is satisfactory. There are no Commission orders requiring system improvements, nor are there significant service problems requiring corrective actions.

To promote water conservation, AVRWC has an ongoing conservation program including distribution of free conservation kits containing low-flow showerheads, a High Desert Landscape brochure, and other conservation literature.

The increase will result in a \$0.98 per two months or 1.49% increase for the average metered customer on a 5/8 x 3/4-inch meter. The average bimonthly bill will increase from \$65.84 to \$66.82 for an average water usage of 7,000 cubic-feet per two months.

RATE DESIGN

The increases which are results of changes in costs of pumping assessment for water and purchased power are related to water consumption and are applied to the quantity block for general metered service. The quantity rate for general metered service will be increased by \$0.014 per Ccf (one Ccf equals one hundred cubic feet).

NOTICE AND PROTEST

AVRWC has given public notice of this increase request by publishing in the local newspaper on June 25, 1991. Two letters of protest or correspondence have been received.

FINDINGS

THE COMMISSION FINDS, after investigation by the Branch, that the requested rate increase hereby authorized is justified, and that the resulting rates are reasonable.

IT IS ORDERED that:


1. Apple Valley Ranchos Water Company is authorized to make effective five (5) days after the effective date herein, revised Schedule No. 1 attached to Advice Letter No. 82-W and to cancel the presently effective rate Schedule No. 1.
2. Apple Valley Ranchos Water Company shall maintain its balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on September 25, 1991. The following Commissioners approved it:

PATRICIA M. ECKERT
President
JOHN B. GHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners

I abstain

G. MITCHELL WILK
Commissioner


NEAL J. SHULMAN
Executive Director