

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities BranchRESOLUTION NO. W-3686  
September 2, 1992

## RESOLUTION

(RES. W-3686), MESA CREST WATER COMPANY (MCW). ORDER AUTHORIZING AN OFFSET RATE INCREASE PRODUCING \$84,722 OR 18.6% ADDITIONAL ANNUAL REVENUE FOR 1992.

BY ADVICE LETTER 37A, FILED ON JULY 27, 1992.

BACKGROUND

By Advice Letter 37A, filed July 27, 1992, MCW requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates for water service by \$84,722 annually to offset: (1) a \$70,531 increase in purchased water costs, (2) a \$13,562 increase in purchased power costs, and 3) a \$629 increase in franchise fees. MCW serves about 686 metered customers in addition to 70 fire protection connections in the community of La Canada, Los Angeles County.

The present rates became effective on October 27, 1987, pursuant to Resolution W-3372 in which the Commission found a rate of return on rate base of 10.50% to be reasonable.

DISCUSSION

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

MCW purchases all its water from the Metropolitan Water District via the Foothill Municipal Water District. Effective July 1, 1992, the Metropolitan Water District increased its rates 41.2% resulting in an annual increase of \$70,531 in MCW's purchased water expense.

MCW's estimate of increased purchased power expense contained a calculation error in the amount of \$3,382. MCW was advised of the error by the Water Utilities Branch (Branch) and has amended its filing accordingly. The amended purchased power offset request of \$13,562 reflects the increase in cost of power from \$.07627 per kWh based on January 1, 1987 rates to \$.095 per kWh based on January 20, 1992 rates.

A rate increase offsetting the above-mentioned purchased water and power expenses results in an annual revenue increase of \$84,093 for MCW. Based on this additional revenue, MCW's franchise fees would increase by the adopted rate of .742% of gross revenues, or \$629.

Since the rate increase granted herein is related to water consumption, it is applied to the quantity rates. The rates for all quantities of water would be increased by \$0.38 per Ccf (one Ccf is equal to one hundred cubic feet).

MCW reported a positive balance of \$804 in its balancing account as of June 30, 1992. This amount is significantly less than the 2% of gross annual revenues required by Commission policy to be amortized at the time of a rate change; therefore, no amortization of the balancing account is warranted at this time.

MCW has filed Rule 14.1, Mandatory Water Conservation and Rationing, in its tariff book and provides water conservation and rationing information to its customers in accordance with the Metropolitan Water District's conservation program. The Branch, therefore, does not recommend any additional conservation measures at this time.

The Branch has reviewed MCW's latest pump efficiency tests and found the results to be satisfactory.

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

The following table 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>(Ccf)</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
0	\$ 6.80	\$ 6.80	
10	24.00	27.80	15.8%
15	32.60	38.30	17.5%
25 (Avg.)	49.80	59.30	19.0%
30	58.40	69.80	19.5%
40	75.60	90.80	20.0%

PROTESTS

A notice of the proposed rate increase was mailed to each customer by first class mail on August 12, 1992. Four letters protesting the rate increase were received. The Branch has responded to all letters.

FINDINGS

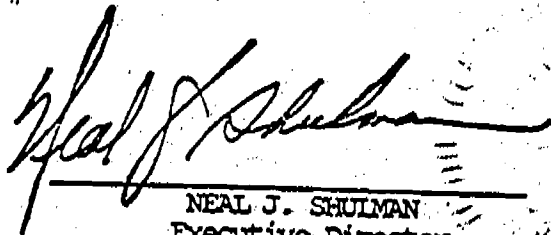
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

Resolution W-3686  
MWC/AL 37A/REP/AM/TAH:jlj

IT IS ORDERED that:

1. Mesa Crest Water Company is authorized, five days after the effective date herein, to make effective revised rate Schedule No. 1 attached to Advice Letter No. 37A Supplement, and to cancel the presently effective rate schedule for water service.
2. Mesa Crest Water Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5
3. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 2, 1992. The following Commissioners approved it:

  
NEAL J. SHULMAN  
Executive Director

DANIEL Wm. FESSLER  
President  
JOHN B. OHANIAN  
NORMAN D. SHUMWAY  
Commissioners

Commissioner Patricia M. Eckert,  
being necessarily absent, did not  
participate.