

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3697
OCTOBER 21, 1992

RESOLUTION

(RES. W-3697), ARROWHEAD MANOR WATER COMPANY (AMWC). ORDER AUTHORIZING AN INCREASE IN THE CALIFORNIA SAFE DRINKING WATER BOND ACT (SDWBA) LOAN SURCHARGE BY \$13,000 OR 9.82%.

BY ADVICE LETTER NO. 33, FILED ON AUGUST 19, 1992.

SUMMARY

This Resolution authorizes AMWC to increase its SDWBA loan surcharge rates by \$13,000 or 9.82%. This increase will not result in a rate of return greater than last authorized for AMWC.

BACKGROUND

AMWC requested authority under Section VI of General Order 96-A, and Section 454 of the Public Utilities Code to increase the SDWBA surcharge rates by \$13,000 or 9.82%. AMWC serves about 590 flat and metered rate customers in and about the vicinity of Cedar Glen, in San Bernardino County.

The present rates became effective on May 13, 1991, pursuant to Resolution W-3560 which authorized an increase in rates to offset increases in purchased water costs.

NOTICE AND PROTESTS

AMWC has given public notice of the request for increase by publishing in the local newspaper on September 17, 1992. No customer protests or correspondence have been received.

DISCUSSION

Decision (D.) No. 92178, dated September 3, 1980, authorized AMWC to: (a) enter into a \$910,520 loan agreement, under the Safe Drinking Water Bond Act of 1976, with the Department of Water Resources (DWR); (b) use the loan proceeds to pay for the installation of State Department of Health Service mandated system improvements; and (c) establish an annual surcharge designed to fully amortize the principal at a variable interest of 5.5% at that time over a period of 35 years. The annual requirement for debt service was approximately \$62,691 which was spread to all customers.

In 1984, due to a surplus of approximately \$17,320 in a trust account collected over and above the amount required by DWR, the Commission by D.84-09-097, dated September 19, 1984, reduced the annual amount to be collected from surcharge to approximately \$50,000. This decision also lowered the surcharge to those customers who were not receiving full benefit from the system improvements financed by SDWBA loan.

AMWC's annual debt service requirements to DWR are now approximately \$63,000 per year as opposed to \$50,000 it is authorized to collect from its customers through the approved surcharge. The Water Utilities Branch (Branch) has verified these amounts and recommends that AMWC be allowed to increase its SDWBA surcharge as proposed in the advice letter so that it can meet its debt obligations to DWR.

Service is satisfactory. There are no Commission orders requiring system improvement, nor are there significant service problems requiring corrective action. AMWC's water conservation activities include pamphlets indicating the need to conserve water and some of the methods that can be used, such as the purchase of low flow shower heads. The company also has "door hangers" that are warnings to water wasters that they are using water in an inappropriate manner such as watering sidewalks. No other conservation measures should be ordered at this time.

At the proposed rates, the typical direct benefit residential customer's annual surcharge will increase from \$102 to \$123 or 20.6%. The corresponding increase for non-benefit customer will be from \$54 to \$65 or 20.4%.

FINDINGS

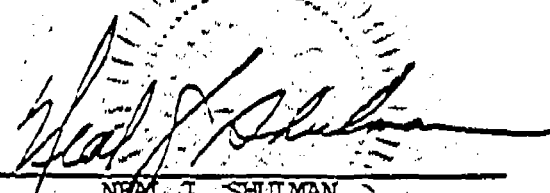
THE COMMISSION FINDS, after investigation by the Branch, that the rates hereby authorized are justified and the resulting rates are just and reasonable.

IT IS ORDERED that:

1. Arrowhead Manor Water Company is authorized, five days after the effective date herein, to make effective revised Schedule Nos. 1A and 2RA, Annual Metered Service and Annual Residential Service, respectively, attached to Advice Letter No. 33 and to cancel the presently effective rate schedule for water service.
2. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on October 21, 1992. The following Commissioners approved it:

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


NEAL J. SHULMAN
Executive Director