

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3909
March 16, 1995

R E S O L U T I O N

(RES. W-3909), MESA CREST WATER COMPANY (MCWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE OF \$44,396 OR 6.97%
ADDITIONAL ANNUAL OPERATING REVENUE.

BY DRAFT ADVICE LETTER FILED ON OCTOBER 19, 1994.

SUMMARY

This Resolution authorizes MCWC to increase rates by \$44,396 or 6.97% to offset changes in operating costs that have occurred since its present rates became effective. The increase will not result in a rate of return greater than that last authorized for MCWC.

BACKGROUND

MCWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates to offset: 1) a \$16,526 increase in purchased water, 2) a \$27,734 increase to amortize an \$83,201 undercollection in the balancing account over three years, and 3) \$136 in franchise fees associated with the increase in revenue. MCWC currently serves approximately 689 metered customers and 6 private fire service customers in the community of La Canada, Los Angeles County.

The last general rate case was authorized by Resolution No. W-3885, dated October 12, 1994, in which the Commission granted an increase in annual revenues of \$75,615 or 13.5% with a rate of return on rate base of 11.85%. The utility also has a meter surcharge for a Department of Water Resources' Safe Drinking Water Bond Act Loan. The majority of customers with a one-inch meter pay a surcharge of \$2.50 per month.

NOTICE AND PROTESTS

MCWC published a notice of this proposed increase in a local newspaper on January 5, 1995. No protests have been received.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates on a dollar-for-dollar basis, changes in costs of items 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 increase is that the Foothill Municipal Water District increased the charge for purchased water from \$493 per acre-foot to \$523 per acre-foot effective July 1, 1994.

Since the requested offset increase is caused by changes in expenses directly related to water consumption, it is applied to the quantity rates. The rates for all quantities of water delivered will be increased by a net amount of \$0.07 per Ccf (One Ccf is equal to one hundred cubic feet).

MCWC's balancing account has an undercollection of \$83,201. This is about 13% of gross annual revenue. The utility has requested that the undercollection be amortized over three years. A surcharge of \$0.12/Ccf is to be added to the quantity rates for a period of 36 months after the effective date of this resolution to amortize the undercollections.

Service is satisfactory and the water meets the requirements of the Department of Health Services. The water supply is adequate.

At the proposed rates a bill for a typical residential customer with a one inch meter, using 29 Ccf per month will increase from \$80.72 per month to \$86.23 or 6.8%.

FINDINGS

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

IT IS ORDERED that:

1. Authority is granted under Public Utilities Code Section 454 for Mesa Crest Water Company to file an advice letter incorporating the revised rate schedule attached to this resolution as Appendix A, and concurrently to cancel its presently effective rate Schedule No. 1, Metered Service. Its filing shall comply with General Order 96-A. The effective date of this advice letter shall be five days after the date of filing.
2. Mesa Crest Water Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5 and in accordance with the Water Utilities Branch's established procedures entitled "Procedures for Maintaining Balancing Accounts for Water Utilities," dated June 23, 1983.
3. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on March 16, 1995. The following Commissioners approved it:

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
Commissioners



NEAL J. SHULMAN
Executive Director

APPENDIX B

Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The vicinity of La Canada, Los Angeles County.

RATES

Quantity Rate:

All usage, per 100 cubic feet.....\$2.25 (I)

Service Charge:

	<u>Per Meter Per Month</u>	<u>Per Meter Per Month Surcharge</u>
For 5/8 X 3/4-inch meter	\$ 7.00	\$ 1.00
For 3/4-inch meter	10.50	1.50
For 1-inch meter	17.50	2.50
For 1-1/2-inch meter	35.00	5.00
For 2-inch meter	56.00	8.00
For 3-inch meter	105.00	15.00
For 4-inch meter	175.00	25.00

The service charge is applicable to all metered service, it is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rate, for water used during the month.

SPECIAL CONDITIONS

1. This surcharge is in addition to the regular monthly metered water bill. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as authorized by Decision 83-12-003.
2. Due to the undercollection in the Balancing Account, an amount of \$0.12 per Ccf is to be added to the Quantity Rates as shown above until 36 months from the effective date of Advice Letter No. ___ to amortize the undercollection. (N)
|
(N)
3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.