

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3930
July 19, 1995

R E S O L U T I O N

(RES. W-3930), MESA CREST WATER COMPANY (MCWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE OF \$9,830 OR 1.5%
ADDITIONAL ANNUAL OPERATING REVENUE.

BY ADVICE LETTER NO. 43 FILED ON MAY 17, 1995.

SUMMARY

This Resolution authorizes MCWC to increase rates by \$9,830 or 1.5% 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 \$9,750 increase in purchased water, and (2) a resulting increase of \$80 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 present rates became effective on February 13, 1995, pursuant to Commission Resolution W-3909 which authorized an offset rate increase. 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 one-inch meters pay a surcharge of \$2.50 per month.

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 \$523 per acre-foot to \$539 per acre-foot effective July 1, 1995.

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 \$0.04 per Ccf (one Ccf is equal to one hundred cubic feet).

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 \$86.23 per month to \$87.39 or 1.3%.

NOTICE AND PROTESTS

MCWC published a notice of this proposed increase in a local newspaper on June 15, 1995. No protests have been received.

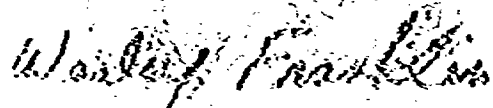
FINDINGS

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. Mesa Crest Water Company is authorized, five days after the effective date herein, to make effective revised Schedule No. 1, Metered Service, attached to Advice Letter No. 64, and to cancel the presently effective rate Schedule No. 1.
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 certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on July 19, 1995. The following Commissioners approved it:



WESLEY M. FRANKLIN
Acting Executive Director

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