

WATER/FLC:jj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Water Advisory Branch

RESOLUTION NO. W-4134
February 18, 1999

RESOLUTION

**(RES. W-4134), MESA CREST WATER COMPANY (MCWC).
ORDER AUTHORIZING AN OFFSET RATE INCREASE
PRODUCING \$11,853 OR 2.0 % ADDITIONAL ANNUAL
OPERATING REVENUE.**

SUMMARY

By Advice Letter No. 47, filed on December 14, 1998, MCWC seeks revision of Tariff Schedule No. 1, Metered Service, to increase its rates to recover increases in operating costs and to provide an adequate rate of return. This Resolution authorizes MCWC to increase revenues by \$11,853 or 2.0% 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 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) an \$11,756 increase in purchased water, and (2) a resulting increase of \$97 in franchise fees associated with the increase in revenue. MCWC currently serves approximately 691 metered customers and 6 private fire service customers in the community of La Canada, Los Angeles County.

The company's present rates became effective July 24, 1995, pursuant to Res. W-3930 with a subsequent revision for consumer price index adjustment granted January 30, 1997. The purpose of this advice letter is to offset increases in purchased water expense not covered by rates authorized in Res. W-3930. Since that time, Foothill Municipal Water District (FMWD) has increased rates. Purchased water expense as authorized in Res. W-3909 (Advice Letter 42) was based on a rate of \$523 per acre foot as established by FMWD effective

February 18, 1999

July 1, 1994. Effective July 1, 1995, the purchased water rate as established by FMWD was raised to \$539 per acre foot. That increase was addressed in W-3930 (Advice Letter No. 43). Effective January 1, 1998, FMWD raised rates resulting in an average cost to MCWC of \$560.34 per acre foot.

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 previously authorized. The reason for the increase is that the FMWD increased the charge for purchased water from \$539 per acre-foot to \$560.34 per acre-foot effective July 1, 1998.

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 would be increased by a net amount of 0.05 per Ccf. (One Ccf is equal to one-hundred cubic feet).

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

At the proposed rates, a bill for a typical residential customer with a 1-inch meter, using 29 Ccf per month will increase from \$86.05 per month to \$87.54 or 1.73%.

NOTICE AND PROTESTS

MCWC published a notice of this proposed increase in a local newspaper on December 24, 1998. No protests have been received.

FINDINGS

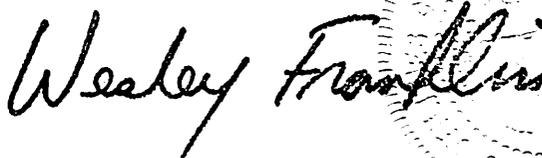
THE COMMISSION FINDS, after investigation by the Water Advisory Branch, that the change hereby authorized is justified and the resulting rate is just and reasonable.

February 18, 1999

IT IS ORDERED that:

1. Mesa Crest Water Company is authorized to make effective revised Schedule 1, Metered Service, attached to Advice Letter 47, and to cancel the corresponding presently effective rate schedule. The effective date of the revised rate schedule shall be five days after the date herein.
2. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 18, 1999. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President

HENRY M. DUQUE

JOSIAH L. NEEPER

Commissioners