

WATER/KKL/SKW:jrb

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
AUDIT & ENFORCEMENT BRANCH**

**RESOLUTION NO. W-4160
JULY 22, 1999**

RESOLUTION

**(RES. W-4160) ARROYO CENTER WATER COMPANY
(ACWC). ORDER AUTHORIZING AN INTERIM GENERAL
RATE INCREASE PRODUCING ADDITIONAL ANNUAL
REVENUE OF \$10,494 (45.54%) in 1999.**

SUMMARY

This resolution grants an interim increase in gross annual revenue of \$10,494 for Test Year 1999. The increase will provide ACWC with no rate of return on its rate base, but with sufficient monies to pay its cash operating expenses.

BACKGROUND

ACWC requested authority under Section VI of General Order No. 96-A and Section 454 of the Public Utilities Code to increase rates by \$47,045 or 204%. ACWC currently serves approximately 63 flat rate customers in Arroyo Seco in Monterey County.

ACWC's last requested general rate increase was authorized by Resolution W-3855 which granted an increase of \$17,640 (350%) for test year 1993 and a Consumer Price Index increase of \$612 (2.7%) for 1994. ACWC was also granted an increase of 1.7% in 1999 for water sampling testing costs and Department of Health Services fees.

DISCUSSION

In 1998, ACWC recorded a loss of \$8,868 from water operations. As a result, ACWC filed a draft advice letter requesting a general rate increase. The Audit and Enforcement Branch (AEB) estimated that an additional \$10,494 will be necessary to meet its operating expense requirement for 1999.

In view of this extremely large negative cash flow problem, AEB recommends an interim rate increase of \$10,494 be granted to ACWC, subject to refund, pending the final results of the staff investigation needed to set permanent rates. ACWC requested \$20,000 for a full-time operator to "monitor the treatment plant" and "assist in improving system operations." In 1998, ACWC paid \$5,000 to this employee. AEB in this interim rate increase has granted \$10,000 of the \$20,000 requested for Employee Labor so as to "assist in improving system operations" as ACWC states that half of the \$20,000 would be to improve systems operations.

NOTICE AND PROTESTS

Notice to customers was mailed on June 16, 1999. Advisory Branch will conduct an informal public meeting on July 21, 1999. At the meeting, customers will be notified about the interim rate increase, however, discussion will center on the permanent rate increase.

FINDINGS AND CONCLUSIONS

- a) The interim rates recommended by AEB (Appendix A) are reasonable and should be adopted.
- b) The rate increase authorized herein should be subject to refund pending the completion of the staff investigation.

IT IS ORDERED THAT:

1. Arroyo Center Water Co. Inc. is authorized to file an advice letter adopting the revised Schedule No. 2, Annual Residential Flat Rate Service, attached to this resolution as Appendix A, and concurrently to cancel its presently effective rate Schedule No. 2. Its filing shall comply with General Order 96-A. The effective date of the revised schedule shall not be earlier than five days after the date of its filing.
2. The rate increase authorized herein is subject to refund pending final resolution of Arroyo Center Water Company's rate increase request.
3. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on July 22, 1999. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
JOEL Z. HYATT
CARL W. WOOD
Commissioners

APPENDIX A

Schedule No. 2

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service furnished on an annual basis.

TERRITORY

The area known as Arroyo Seco in Monterey County.

RATES

	<u>Per Service Connection</u> <u>Per Year</u>	
For a single-family residence to include the irrigation of premises not exceeding 1,500 square feet of garden.....	\$530.39	(I)
a. For each additional residence on the same premises served from the same service connection.....	397.78	(I)
Garden Irrigation in excess of 1,500 square feet per season per 500 square feet.....	13.26	(I)

SPECIAL CONDITIONS

1. The above residential flat rates apply to a service connection no larger than one-inch in diameter.
2. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated flat rate charges in advance at intervals of less than one year (monthly, bimonthly, or quarterly) in accordance with the utility's established billing periods.
3. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If the service is not continued for at least one year the date of initial service, no refund of the initial annual charge shall be due customer
4. The established billing cycle for water used is quarterly. The prorated quarterly rates for the annual charges are one-fourth the applicable annual charge. In the event a customer fails to pay one or more quarterly charges, service will not be restored until the total delinquency is paid.
(D)
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.