

WATER/SNR/TAC:jrb

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-4340

July 17, 2002

R E S O L U T I O N

**(RES. W-4340), HAVASU WATER COMPANY (HWC).
ORDER AUTHORIZING AN OFFSET RATE INCREASE FOR
INCREASES IN THE COST OF PURCHASED WATER OF \$8,425
OR 8.3% IN ADDITIONAL REVENUE.**

SUMMARY

By Draft Advice Letter filed May 1, 2002, HWC seeks revision of tariff Schedule No. 1, General Metered Service, to provide for an increase in revenues of \$8,425 or 8.3%. This increase is a result of increased costs for purchased water since HWC's present rates became effective on January 9, 2002. HWC is not presently earning a rate of return higher than that last authorized by the Commission. The offset rate increase will not cause HWC to earn a higher rate of return than is presently authorized.

BACKGROUND

HWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset an \$8,425 increase in purchased water costs. The higher costs for purchased water were imposed on HWC by the Lower Colorado River Water Supply Project (LCRWSP) effective June 1, 2002.

HWC currently serves 600 metered customers in the southeast desert basin, located approximately 28 miles South of Needles, San Bernardino County. The present rates for HWC became effective January 9, 2002 by Resolution W-4316, which authorized a general rate increase of \$16,082 or 18.93% rate of return in 2002.

DISCUSSION

The reasons for the above changes are as follows:

Effective June 1, 2002, LCRWSP increased its purchased water rates to \$10,800 per year for 60 acre-feet (AF) of active water, and \$1,000 per year for the 40 acre-feet for reserve water. This increase results in an \$8,425 increase in purchased water costs for HWC.

The increases in the purchased water cost is directly related to water consumption and, therefore, the associated rate increase for HWC shall be applied to the quantity rates. In order to recover the higher costs, HWC will increase its quantity charge by \$0.55/Ccf (One Ccf is equal to one-hundred cubic feet). The monthly bill for an average residential customer using a 5/8 x 3/4-inch meter utilizing 600 cubic feet of water per month would increase by \$3.30 from \$40.98 to \$44.28, or 8.05%.

Unlike the usual offset requests, which include increased revenues to account for increased uncollectables (expressed as a percentage of revenues), HWC did not ask to recover uncollectibles in the last general rate case since it did not appear to be a problem.

Service by HWC is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action.

NOTICE AND PUBLIC MEETING

Notice of the proposed rate increase was mailed to each customer on June 5, 2002. There were no protests concerning the proposed offset increase.

FINDINGS

The Commission finds, after investigation by the Water Branch, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 for Havasu Water Company to file an advice letter incorporating the revised schedule

attached to this resolution as Appendix A, and concurrently cancel its presently effective rate Schedule No. 1, General Metered Service. Its filing shall comply with General Order 96-A. The effective date of the revised schedule shall be five days after the date of its filing.

2. This resolution is effective today.

I hereby certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on July 17, 2002; the following Commissioners approved it:

WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President

HENRY M. DUQUE

CARL W. WOOD

GEOFFREY F. BROWN

MICHAEL R. PEEVEY

Commissioners

APPENDIX A

SCHEDULE NO. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Tract Nos. 6493, 6494, 9595, 5986, 8284, and vicinity, and a 40-acre parcel about 3,000 feet to the north located near Havasu Landing, approximately 28 miles south of Needles, San Bernardino County.

RATES

| | <u>Per Meter Per Month</u> |
|--------------------------------|--------------------------------|
| Quantity Rates: | |
| All water used per 100 cu. ft. | \$2.31 (I) |
| Service Charge | |
| For 5/8 x 3/4-inch meter | \$ 30.42 |
| For 3/4-inch meter | \$ 45.66 |
| For 1-inch meter | \$ 76.11 |
| For 1-1/2-inch meter | \$152.23 |
| For 2-inch meter | \$243.53 |
| For 4-inch meter | \$456.59 |

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rate.

SPECIAL CONDITIONS

1. A late charge will be imposed per Schedule No. LC.
2. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owning the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner.
3. In the event that customer terminates service under this schedule and reinstates service at the same location, there will be a reconnection charge equal to the minimum charge which would have been billed had the customer not terminated service.

4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.