

WATER/ABJ/HJL: jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Water Branch

RESOLUTION NO. W-4441
December 4, 2003

R E S O L U T I O N

**(RES. W-4441), RIO PLAZA WATER COMPANY, INC., (RPW).
ORDER AUTHORIZING A RATE BASE OFFSET OF \$18,338 OR
9.49% FOR CAPITAL IMPROVEMENTS AND AN INCREASE OF
\$1,560 OR 0.8% FOR THE RECOVERY OF AN INCREASE IN
PUMP ASSESSMENTS FOR A TOTAL ANNUAL REVENUE
INCREASE OF \$19,898 OR 10.29%.**

SUMMARY

By Advice Letter 37-W, filed September 2, 2003, RPW seeks to increase rates by \$19,898.69 or 10.29% to cover the amounts resulting from a rate base offset and an increase in pump assessments by the United Water Conservation District. This resolution grants the request. The increase will not result in a rate of return greater than last authorized for RPW.

BACKGROUND

RPW is a Class C water utility currently providing water service to approximately 520 customers in the unincorporated area known as El Rio near the City of Oxnard, Ventura County.

RPW requests authority under Section VI of General Order No. 96-A and Section 454 of the Public Utilities Code to increase rates in order to offset the costs associated with \$105,188 in capital improvements from 1999 through 2003 and an increase of \$1,560 to offset increases in pump assessments.

RPW's present rates became effective on March 10, 2003, due to a Consumer Price Index increase of 2.4 % and a one-time surcharge of \$1.57 to recover Department of Health Services Fees as authorized in Commission Decision No. 92-03-031. RPW's last general rate increase was authorized by Res. W-3892,

dated November 22, 1992, in which the Commission granted an increase in annual revenue of \$22,750 or 24.1%.

DISCUSSION

Since 1999, RPW has made system improvements to include: 1) replacement of old and deteriorated meters in 2000 and 2001; 2) purchase of a used back-hoe and a service truck in 2002; 3) refurbishing of Well No. 3 including bowl, tube, and shaft replacement in 2003; and 4) replacement of two worn and irreparable booster pumps in 2003. The Water Division staff (Division) reviewed the utility's plant improvements and additions and found them to be prudent and essential in providing adequate, efficient service. In view of this, the Division recommends that RPW be authorized to recover in rates the costs associated with the requested capital improvements. Effective July 1, 2003, the United Water Conservation District, responsible for managing surface and groundwater supplies in Ventura County, increased its pump assessment for RPW by \$6.90 per acre-foot from \$15.45 to \$22.35 per acre-foot. The Division has reviewed RPW's request to recover \$1,560 due to the increase in the pump assessment and finds it to be reasonable.

Service by RPW is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action. RPW is currently earning a rate of return of 4.19% on a recorded basis, which does not exceed its last authorized rate of return of 11.56%. As mentioned earlier, RPW has not had a general rate increase since 1992. In view of this and the fact that the utility is currently earning a rate of return of only 4.19%, the Division suggested that RPW consider filing for a general rate increase because Class D water utilities are currently allowed to earn a rate of return of between 12.40% and 13.40%. The utility informed the Division that it does not wish to file for a general rate increase at this time.

NOTICE AND PROTESTS

Notice of the proposed rate increase was mailed to each customer on September 15, 2003. The Water Division did not receive any correspondence objecting to the rate increase.

FINDINGS

1. Rate base additions total \$18,338 supported by invoices and workpapers.
2. The United Water Conservation District has raised the pump tax by \$1,560.
3. The Commission finds, after investigation by the Water Branch, that the rate increase hereby authorized is justified, and the resulting rate increase is just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. RPW is authorized, five days after the effective date herein, to make effective the revised rate Schedule No. 1, Annual General Metered Service, and Schedule No. 4, Private Fire Protection Service, attached to Advice Letter No. 37-W, and to concurrently cancel the presently effective rate schedules.
2. This Resolution is effective today.

I 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 December 4, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President
CARL W. WOOD
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners

Commissioner Loretta M. Lynch, being necessarily absent, did not participate.

