

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, SAN BERNARDINO COUNTY, CALIFORNIA, OPPOSING APPLICATION NO. 08-01-002, AN APPLICATION FILED WITH THE CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC) BY APPLE VALLEY RANCHOS WATER COMPANY, A PRIVATELY HELD PUBLIC UTILITY, SEEKING AUTHORIZATION TO INCREASE RATES TO WATER SERVICE CUSTOMERS IN THE TOWN OF APPLE VALLEY AND SURROUNDING AREA BY MORE THAN 25% OVER A THREE YEAR PERIOD.

SUMMARY STATEMENT

At the May 27, 2008 Town Council meeting, the Town Council requested that staff prepare an item for the next available Town Council agenda in the form of draft resolution opposing rate increase application No. 08-01-002 filed by Apple Valley Ranchos Water Company with the California Public Utilities Commission.

Attached is a sample draft resolution for consideration by the Town Council.

Recommended Action:

Adopt Resolution Number 2008-27, A Resolution of the Town Council of the Town of Apple Valley, San Bernardino County, California, opposing Apple Valley Water Company CPUC rate application No. 08-01-002 for Apple Valley Ranchos Water Company customers in the Town of Apple Valley

Proposed by: Dennis Cron, Public Services **Item Number:** _____

T. M. Approval: _____ **Budgeted Item** Yes No N/A

RESOLUTION 2008-27

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, SAN BERNARDINO COUNTY, CALIFORNIA, OPPOSING APPLICATION NO. 08-01-002, AN APPLICATION FILED WITH THE CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC) BY APPLE VALLEY RANCHOS WATER COMPANY, A PRIVATELY HELD PUBLIC UTILITY, SEEKING AUTHORIZATION TO INCREASE RATES TO WATER CUSTOMERS IN THE TOWN OF APPLE VALLEY AND SURROUNDING AREA BY MORE THAN 25% OVER A THREE YEAR PERIOD.

WHEREAS, the Apple Valley Ranchos Water Company is the major water service provider within the Town's corporate boundary; and

WHEREAS, the Apple Valley Ranchos Water Company enjoys certain California Public Utility Commission (CPUC) State granted protections against competition from other water service providers, regardless of cost; and

WHEREAS, the rates proposed by the Apple Valley Ranchos Water Company are not subject to review, approval by the Town Council of the Town of Apple Valley, or a Proposition 218 challenge, as is provided for rate setting purposes for public agency water and sewer service providers; and

WHEREAS, a request for return on investment exceeding 10%, in a time of economic recession and when the State budget shortfall is projected to exceed \$18 Billion is unreasonable; and

WHEREAS, the request for increase is unreasonably based in part on declining consumption by the Apple Valley Ranchos Water Company customer base, which if found valid will, in theory, lead to increases in rates to a point when the customer would pay a water rate even if they use no water; and

WHEREAS, the rules of the CPUC, as described by the Apple Valley Ranchos Water Company prohibits the logical company-funded capital expansion of its distribution system to currently underserved areas, which would reduce the impact of reduced consumption on revenue generation by adding new customer base; and

WHEREAS, the Apple Valley Ranchos Water Company enjoys a State guaranteed rate of return on investment without regard to its fitness to serve or its efficient operation; and

WHEREAS, the rates currently authorized by the CPUC for collection by the Apple Valley Ranchos Water Company exceeds that of surrounding public agency purveyors, by as much as 100% who all pump the same water from the same aquifer, makes the current rates unreasonable without the proposed increase.

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Apple expresses its clear and complete opposition to the proposed rate increase application (Application No. 08-01-002) as filed by the Apple Valley Ranchos Water Company as unreasonable.

BE IT FURTHER RESOLVED that the Town Council requests that the California Public Utility Commission rate filing procedure be modified to bring the public utility rate making process into conformance with the proposition 218 rate setting requirements as required of public agencies.

PASSED, APPROVED AND ADOPTED this 10th day of June 2008.

Timothy J. Jasper, Mayor

ATTEST:

La Vonda Pearson, Town Clerk