

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Orig. and copy  
to Executive Director

RESOLUTION NO. W-3330

EVALUATION & COMPLIANCE DIVISION  
 BRANCH/SECTION: Water Utilities  
 DATE: August 6, 1986

Director  
 Numerical File  
 Alphabetical File  
 Accounting Officer

R E S O L U T I O N

SOUTHERN CALIFORNIA WATER COMPANY (SOCAL),  
 BIG BEAR DISTRICT. ORDER AUTHORIZING AN  
 OFFSET RATE INCREASE PRODUCING \$200,300  
 OR 6.0% ADDITIONAL ANNUAL REVENUE.

By Advice Letter No. 733-W, filed May 21, 1986, SoCal requests authority under Section VI of General Order 96-A, and Section 454 of the Public Utilities Code to increase rates to offset: (1) a \$104,000 increase in purchased power costs and (2) a \$96,300 increase due to an undercollection in the purchased power and water balancing accounts. SoCal serves about 466 flat rate and 11,731 metered customers in Pawnskin, Sugar Loaf, Rim Forest, and Big Bear Lake and vicinity, San Bernardino County.

The present rates became effective on January 1, 1986, a step rate increase authorized by Decision (D.) 85-05-049. The last general rate increase became effective on May 1, 1985 pursuant to D.85-05-049 in which the Commission found the rates of return on rate base of 11.92% for 1985, 12.05% for 1986, and 12.18% for 1987 reasonable, with a 14.75% return on equity. This offset increase will not result in a rate of return greater than last authorized.

Consistent with past Commission policy for offsets, the percentage increase to flat and metered rate customers is about the same percentage as the overall increase or 6.0%.

For the average flat rate customer, the rate will increase by \$1.05 per month.

Since the increase is caused by changes in expenses directly related to water consumption, it is applied to the quantity blocks for metered customers. The rates for all quantity blocks were increased by \$0.224/Ccf.

The Water Utilities Branch (Branch) has reviewed the latest pump efficiency tests and found them satisfactory.

SoCal has given public notice of the request for increase by publishing in the local newspaper on May 29, 1986. No customer protests or correspondence have been received.

Service was discussed in great detail during SoCal's 1982 rate increase proceeding, Application (A.) 60735. D.82-03-071 in A.60735 ordered SoCal to make major system improvements mostly related to main replacements. These improvements were to take place in steps over the years 1982 and 1983 and were necessary to improve system's pressures and reduce leaks.

The Commission in D.82-03-071 recognized that the investment in plant per customer in this essentially resort area was high due to low customer density in the service area and that a balance had to be struck between the amount of service improvement and the rates necessary to pay for them. SoCal is in compliance with the orders in D.82-03-071.

Even with the improvements made pursuant to D.82-03-071, and the adoption of new rates in 1985 pursuant to D.85-05-049, service has at times been unsatisfactory. The Branch concludes that overall service is adequate, except in the Big Bear Lake portion of the system where service is marginal due to leaks.

Because this offset request is strictly to compensate SoCal, on a dollar-for-dollar basis, for expense increases over which it has no control, the Branch believes it should be granted. However, it is obvious that SoCal's service in this system will be a major subject in the next general rate proceeding as the Commission once again grapples with the issues of improved service and the associated high increase in rates needed to cover them.

The table below shows typical bills for residential customers at various usage levels at present and proposed rates:

General Metered Service (5/8 x 3/4-inch meters)

<u>Monthly Usage</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
300 cu.ft.	\$20.60	\$21.27	3.3%
1,000	28.40	30.64	7.9
2,000	39.55	44.03	11.3
3,000	50.70	57.42	13.3
4,000	61.85	70.81	14.5
5,000	73.00	84.20	15.3

Residential Flat Rate Service

	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
<u>Single Family Residential Unit</u>	\$17.50	\$18.55	6.0%
<u>Additional Units</u>	12.90	13.67	6.0

After investigation by the Branch, the Commission finds that the requested rate

increase is reasonable, and to the extent provided by the following resolution is justified. SoCal is directed to maintain its balancing accounts as required by Public Utilities Code Section 792.5.

THE COMMISSION FINDS that the increased rates hereby authorized are justified and that the present rates are for the future, unjust and unreasonable.

IT IS RESOLVED that Southern California Water Company is authorized, on the effective date herein, to make effective revised Schedule Nos. BB-1 and BBF-2 attached to Advice Letter No. 733-W and to cancel the presently effective rate schedules for water service.

This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 6, 1986. The following Commissioners approved it:

DONALD VIAL  
President  
VICTOR CALVO  
PRISCILLA G. GREW  
FREDERICK R. DUDA  
STANLEY W. HULETT  
Commissioners



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VICTOR R. WEISSER  
Executive Director