

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3370
September 23, 1987

R E S O L U T I O N

(W-3370) CALIFORNIA-AMERICAN WATER COMPANY (CAL-AM),
CORONADO DISTRICT. ORDER AUTHORIZING AN OFFSET RATE
INCREASE PRODUCING \$399,100 OR 6.58% ADDITIONAL ANNUAL
REVENUE.

By Advice Letter No. 300, filed June 18, 1987, Cal-Am requests authority under Section VI of General Order 96-A, and Section 454 of the Public Utilities Code to increase rates to produce \$399,100 additional revenue to offset: (1) a \$397,300 increase in purchased water costs and (2) \$1,800 in related increases in uncollectibles. Cal-Am serves about 18,200 metered customers in the cities of Coronado, Imperial Beach, and portions of San Diego, San Diego County.

The present rates became effective on March 6, 1987 pursuant to Decision No. 87-03-030 in which the Commission found the rates of return on rate base of 10.89% for 1987, 10.94% for 1988, and 10.94% for 1989 reasonable, with a 13.00% return on equity. This offset increase will not result in a rate of return greater than last authorized.

Cal-Am has given notice of the request for increase by publishing in two local newspapers, the Coronado Journal and the Imperial Beach Star-News on June 25, 1987. No customer protests or correspondence have been received.

Service is satisfactory. There are no Commission orders requiring system improvement, nor are there significant service problems requiring corrective action.

Since the increase is caused by changes in the cost of purchased water, which is related to water consumption, the Water Utilities Branch (Branch) recommends that it be applied to the quantity rates. Under the Branch's recommendation, the rates for all quantities of water delivered will be increased by \$0.0756/Ccf.

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

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

<u>Monthly Usage</u>	<u>Present Rates</u>	<u>Branch Recommended Rates</u>	<u>Percent Increase</u>
300 cu.ft.	\$ 6.53	\$ 6.76	3.5%
1,000	12.91	13.66	5.8
2,000	22.01	23.53	6.9
3,000	31.12	33.39	7.3
4,000	40.23	43.25	7.5
5,000	49.34	53.12	7.7

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. Cal-Am is directed to maintain its balancing account 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 California-American Water Company is authorized, on the effective date herein, to make effective revised Schedule No. CO-1 attached to Advice Letter No. 300 and to cancel the presently effective rate schedule 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 September 23, 1987. The following Commissioners approved it:

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners



VICTOR R. WEISSER
Executive Director