

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
WATER UTILITIES BRANCH

RESOLUTION NO. W-3375
Date: November 25, 1987

RESOLUTION

(RES. W-3375), SOUTHERN CALIFORNIA WATER COMPANY (SCWC),
METROPOLITAN DISTRICT. ORDER AUTHORIZING AN OFFSET
RATE INCREASE PRODUCING \$1,003,813 OR 4.1% ADDITIONAL
ANNUAL REVENUE.

By Advice Letter (A.L.) 763-W, filed September 25, 1987, SCWC requests authority under Section VI of General Order 96-A, and Section 454 of the Public Utilities Code to increase rates in its Metropolitan District to offset: (1) a \$106,494 increase in purchased power costs, (2) a \$276,159 increase in purchased water costs, (3) a \$250,160 increase in ground water charges, and (4) a \$371,000 increase to amortize the undercollections in the purchased power and purchased water balancing accounts. SCWC serves about 89,600 metered customers in its Metropolitan District, which is located within portions of 23 cities in Los Angeles and Orange Counties.

The present rates became effective on October 7, 1986 pursuant to Decision (D.) 86-10-025 in which the Commission found the rates of return on rate base of 11.16% for 1986, 11.22% for 1987, and 11.30% for 1988 reasonable, with a 13.50% return on equity.

SCWC purchases its power from the Southern California Edison Company, the Southern California Gas Company and the Los Angeles Department of Water and Power. Its water is purchased from the Metropolitan Water District of Southern California (MWD), Suburban Water Systems (a regulated company) and the Cities of Cerritos and Inglewood. SCWC's groundwater charges are assessed by MWD and are based on the amount of groundwater pumped. The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, increases in these water-supply-related items that have occurred since SCWC's present rates have been in effect. The requested increase would not result in a rate of return greater than last authorized for SCWC.

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

SCWC has given public notice of the request for increase by publishing in the local newspaper on September 27, 1987. No customer protests or correspondence have been received.

Since the requested increase is caused by changes in expenses directly 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 would be increased by \$0.0236 per Cof. (One Cof is equal to one-hundred cubic-feet.) In addition, the Branch recommends, in accordance with the Commission's balancing account policy for water utilities, that the undercollections in SCWC's purchased power and water balancing accounts be amortized over a 12-month period by adding a surcharge of \$0.0138 per Cof.

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. | \$ 5.59 | \$ 5.70 | 1.97 |
| 1,000 | 10.56 | 10.93 | 3.50 |
| 2,000 | 17.66 | 18.41 | 4.25 |
| 3,000 | 24.76 | 25.88 | 4.52 |
| 4,000 | 31.86 | 33.35 | 4.68 |
| 5,000 | 38.96 | 40.83 | 4.80 |

Pursuant to D.86-10-025, SCWC is authorized to file for a step rate increase to be effective no earlier than January 1, 1988. In order to minimize the number of rate increases, the Branch recommends that SCWC be authorized to make effective the revised rates proposed in A.L. 763-W at the same time its 1988 step rate increase is made effective.

Pursuant to Public Utilities Code Section 792.5, SCWC is directed to maintain its water supply balancing accounts.

THE COMMISSION FINDS, after investigation by the Branch, that the rates hereby authorized are justified.


IT IS ORDERED that Southern California Water Company is authorized to make effective revised Schedule No. ME-1 attached to Advice Letter 763-W and to cancel the presently effective rate schedule for water service at the time its 1988 step rate increase is made effective.

This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 25, 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