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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3380
February 10, 1988

RESOLUTION

(Res. W-3380) SOUTHERN CALIFORNIA WATER COMPANY (SCWC),
LOS OSOS DISTRICT. ORDER AUTHORIZING AN OFFSET
RATE INCREASE PRODUCING \$47,951 OR 8.0% ADDITIONAL
ANNUAL REVENUE.

By Advice Letter (A.L.) No. 762-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 Los Osos District to offset: (1) a \$19,424 increase in purchased power costs and (2) a \$28,527 increase to amortize the undercollection in the water supply balancing accounts. SCWC, in its Los Osos District, serves about 2,660 metered customers in the vicinity of Los Osos, in San Luis Obispo County.

The present rates became effective on May 13, 1987 pursuant to A.L. 759-W which authorized an offset decrease. The last general rate increase became effective on April 22, 1983 pursuant to Decision (D.) 83-04-069 in which the Commission found the rates of return on rate base of 11.29% for 1983, 11.56% for 1984, and 11.78% for 1985 reasonable, with a 14.5% return on equity.

SCWC purchases its power from the Pacific Gas and Electric Company. The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, increases in expenses related to providing water, 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 30, 1987. Three letters protesting the increase were received. The Water Utilities Branch (Branch) has sent letters to these customers explaining that the offset increase is to recover, on a dollar-for-dollar basis, with no profit for SCWC, the increases in expenses related to providing water over which the utility has no control.

Since the increase is caused by changes in expenses directly related to water consumption, the 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 \$0.1052 per Ccf (one Ccf is equal to one hundred cubic feet).

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.	\$ 9.65	\$ 9.97	3.3
1,000	14.61	15.66	7.2
2,000	21.69	23.79	9.7
3,000	28.77	31.92	11.0
4,000	35.85	40.05	11.7
5,000	42.93	48.18	12.2

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. LO-1 attached to Advice Letter No. 762-W 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 February 10, 1988. The following Commissioners approved it:

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WALK
Commissioners



VICTOR R. WEISSER
Executive Director