

W-4

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3395  
April 13, 1988

R E S O L U T I O N

(RES. W-3395) CALIFORNIA-AMERICAN WATER COMPANY (CAL-AM),  
CORONADO DISTRICT. ORDER AUTHORIZING AN OFFSET RATE  
INCREASE PRODUCING \$281,185 OR 4.27% ADDITIONAL ANNUAL  
REVENUE.

By Advice Letter (A.L.) No. 305, filed March 9, 1988, Cal-Am 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 \$38,504 increase in purchased water costs, (2) a \$241,421 net increase due to the undercollection in the purchased water balancing account, and (3) \$1,260 in related increases in uncollectibles. Cal-Am serves about 18,704 metered customers in the cities of Coronado, Imperial Beach, and portions of San Diego, San Diego County.

The present rates became effective on September 23, 1987, pursuant to Resolution W-3370 which authorized an offset increase. The last general rate increase 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.

Cal-Am purchases its water from the City of San Diego. The offset 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 Cal-Am's present rates went into effect.

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

Cal-Am has given public notice of the request for increase by publishing in the local newspaper on March 13 and 17, 1988. No customer protests or correspondence have been received.

Since the requested increase in purchased water and uncollectibles 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 for the metered customers. Under the Branch's recommendation, the rates for all quantities of water delivered would be increased by \$0.0074 per Ccf (one Ccf 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 undercollection in Cal-Am's purchased water balancing account be

amortized over a 12-month period by adding a surcharge of \$0.0453 per Ccf.

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.	\$ 6.76	\$ 6.92	2.4%
1,000	13.76	14.19	3.9
2,000	23.53	24.58	4.5
3,000	33.39	34.97	4.7
4,000	43.25	45.36	4.9

Pursuant to D.87-03-030, Cal-Am was authorized to file for a step rate by November 5, 1987 to be effective no earlier than January 1, 1988 or 30 days after the filing of the step rates. Cal-Am, by A. L. No. 306 filed March 9, 1988, is concurrently requesting this step rate increase. In order to minimize the number of rate fluctuations, the Branch recommends that Cal-Am be authorized to make effective the step rates as authorized in D.87-03-030 at the same time the revised rates proposed in A. L. No. 305 are made effective.

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


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

IT IS ORDERED 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. 305 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 April 13, 1988. The following Commissioners approved it:

STANLEY W. HULETT  
President  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners

  
VICTOR R. WEISSER  
Executive Director