

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
WATER UTILITIES BRANCHRESOLUTION NO. W-3402
July 8, 1988

R E S O L U T I O N

CALIFORNIA-AMERICAN WATER COMPANY (CAWC), BALDWIN HILLS DISTRICT. ORDER AUTHORIZING AN OFFSET RATE INCREASE PRODUCING \$128,292 OR 5.23% ADDITIONAL ANNUAL REVENUE.

By Advice Letter No. 310, filed May 11, 1988, CAWC 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 \$2,179 increase in purchased power costs, (2) a \$31,490 increase in purchased water costs and pumping tax, (3) a \$1,990 increase in postage rates, (4) a \$91,643 increase due to an undercollection in the purchased water and purchased power balancing account, and (5) \$990 in related increases in uncollectibles. CAWC serves about 6,081 metered customers in the Baldwin Hills District, Los Angeles County.

The present step rates became effective on January 1, 1988 pursuant to Decision (D.) 86-03-011 in which the Commission found rates of return on rate base of 11.60% for 1986, 11.75% for 1987, and 11.81% for 1988 reasonable, with a 14.00% return on equity. By D.87-03-030, effective March 6, 1987 for CAWC's Coronado and Village Districts, the Commission found rates of return of 10.89% for 1987 and 10.94% for 1988 and 1989 reasonable based on a 13.00% return on equity. This offset is based on the 10.94% rate of return most recently authorized for CAWC and will not result in a rate of return greater than last authorized.

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

CAWC has given public notice of the request for increase by publishing in the local newspaper on May 20, 1988. No customer protests or correspondence has been received.

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

CAWC has a variety of programs designed to promote water conservation, including monthly reminders in water bills, leak detection service, free customer conservation pamphlets and a variety of conservation literature for presentation to schools and public information meetings. CAWC's water suppliers, Central Basin and West Basin Metropolitan Water Districts, have not requested cutbacks in water usage because of current drought conditions in California.

Since most of the increase caused by changes in the cost of purchased power and water is related to water consumption, it is applied to the quantity blocks for metered customers. Rates for all quantity blocks were increased by

\$.0238 per Ccf (one Ccf equals one hundred cubic feet). In addition, a \$.0596 per Ccf increase is imposed as a special condition to amortize over one year the undercollection in the balancing account.

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.	\$ 7.57	\$ 7.82	3.30%
1,000	16.77	17.60	4.95
1,786 (Avg.)	27.10	28.59	5.49
2,000	29.91	31.57	5.55
3,000	43.05	45.54	5.78
4,000	56.19	59.51	5.91
5,000	69.33	73.48	5.99

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. CAWC is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

THE COMMISSION FINDS that the requested rate increase is justified and the resulting rates hereby authorized are reasonable.

IT IS ORDERED that California-American Water Company is authorized, on the effective date herein, to make effective revised Schedule No. BH-1 attached to Advice Letter No. 310 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 July 8, 1988. The following commissioners approved it:

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OMANIAN
Commissioners



VICTOR R. WEISSER
Executive Director