

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3418
November 23, 1988R E S O L U T I O N

(RES. W-3418) CALIFORNIA WATER SERVICE COMPANY (CWS),
PALOS VERDES DISTRICT. ORDER AUTHORIZING AN OFFSET
RATE INCREASE PRODUCING \$460,200 OR 3.5% ADDITIONAL
ANNUAL REVENUE.

By Advice Letter No. 1082, filed September 29, 1988, CWS 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 \$32,200 increase in purchased power costs, (2) a \$106,700 increase in purchased water costs, (3) a \$8,700 increase in postal rates, (4) a \$6,800 decrease in ad valorem taxes, (5) a \$318,000 accumulated deficit due to an undercollection in the district's balancing account, and (6) \$1,400 in related uncollectibles and franchise fees. CWS serves approximately 22,600 metered customers in the community of Palos Verdes and vicinity, Los Angeles County.

The present rates became effective on January 1, 1988, as filed by Advice Letter No. 1062 which implemented a step rate increase pursuant to the provisions of Decisions Nos. 85-12-089 and 86-05-018 dated December 18, 1985 and May 7, 1986, respectively. In Decision No. 85-12-089 the Commission found that rates of return of 12.35%, 12.40% and 12.51% were reasonable for the years 1986, 1987 and 1988, respectively with a 14.25% return on equity. This offset increase will not result in a rate of return greater than last authorized.

Since the increase is caused primarily by changes in the cost of purchased power and water which are related to water consumption, it is applied to the quantity blocks for metered customers. Rates for the first 300 cubic feet were increased by \$0.020 per Ccf (one Ccf equals one hundred cubic feet), rates for the next 29,700 cubic feet were increased by \$0.019 per Ccf, and rates for all quantities over 30,000 cubic feet were increased by \$0.020 per Ccf. No rate changes are contemplated for the service charges or the flat rate fire protection service because those charges are related to availability rather than the use of water. There will be a \$0.043 per Ccf surcharge for all water sold in order to amortize the undercollection in the balancing account.

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

CWS has a variety of programs designed to promote water conservation including monthly reminders in the water bills, leak detection service, free customer conservation pamphlets, free water conservation kits and a variety of conservation literature for presentation to schools and public information meetings.

CWS has given public notice of this increase request by publishing in the local newspaper on October 4, 1988. No customer protests or correspondence has been received.

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

The following table shows typical bills for residential customers at various usage levels at present and proposed rates:

<u>General Metered Service (5/8 x 3/4-inch meters)</u>			
<u>Monthly Usage</u>	<u>Present Rates</u>	<u>Proposed Rates*</u>	<u>Percent Increase</u>
300 cu. ft.	\$10.05	\$10.24	1.89%
1,000	20.42	21.05	3.09
2,000	35.24	36.49	3.55
3,000	50.06	51.93	3.74
4,000	64.88	67.37	3.84
5,000	79.70	82.81	3.90

*The proposed rates include the \$0.043 per Ccf balancing account surcharge.

After investigation by the Water Utilities Branch, the Commission finds that the requested rate increase hereby authorized is justified, and that the resulting rates are reasonable. CWS is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

IT IS ORDERED that California Water Service Company is authorized, on the effective date herein, to make effective revised Rate Schedule No. PV-1 attached to Advice Letter No. 1082 and to cancel the presently effective rate schedule for water service.

This resolution is effective today.

I certify that this resolution was approved by the Public Utilities Commission at its regular meeting on November 23, 1988. The following commissioners approved it:

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



VICTOR R. WEISSNER
Executive Director