

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION  
Water Utilities BranchRESOLUTION NO. W-3419  
November 23, 1988R E S O L U T I O N

(RES. W-3419) CALIFORNIA WATER SERVICE COMPANY (CWS),  
EAST LOS ANGELES DISTRICT. ORDER AUTHORIZING AN  
OFFSET RATE INCREASE PRODUCING \$435,800 OR 4.4%  
ADDITIONAL ANNUAL REVENUE.

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By Advice Letter No. 1079, 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 \$ 36,900 increase in purchased power costs, (2) a \$104,300 increase in purchased water costs, (3) a \$10,000 increase in postal rates, (4) a \$7,500 decrease in ad valorem taxes, (5) a \$289,300 accumulated deficit due to an undercollection in the district's balancing account, and (6) \$2,800 in related uncollectibles and franchise fees. CWS serves approximately 25,600 metered customers in the communities that comprise the East Los Angeles basin, Los Angeles County.

The present rates became effective on January 1, 1988, as filed by Advice Letter No. 1060 which implemented a step rate increase pursuant to the provisions of Decisions Nos. 85-12-086, 86-03-050 and 86-06-054, dated December 18, 1985, March 19, 1986 and June 25, 1986, respectively. In Decision No. 85-12-086 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 \$0.019 per Ccf (One Ccf equals one hundred cubic feet), while rates for the two higher blocks were increased by \$0.017 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 to the use of water. There will be a \$0.034 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 13, 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.	\$ 9.44	\$ 9.60	1.70%
1,000	15.36	15.88	3.39
2,000	23.82	24.85	4.32
3,000	32.28	33.82	4.77
4,000	40.74	42.79	5.03
5,000	49.20	51.76	5.20

\*The proposed rates include the \$0.034 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. EL-1 attached to Advice Letter No. 1079 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. WEISSER  
Executive Director