

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3427
December 19, 1988

R E S O L U T I O N

(RES. W-3427) SOUTHERN CALIFORNIA WATER COMPANY
(SCWC), BIG BEAR DISTRICT. ORDER AUTHORIZING AN
OFFSET RATE INCREASE PRODUCING \$99,100 OR 2.49%
ADDITIONAL ANNUAL REVENUE.

By Advice Letter (AL) 785-W, filed November 2, 1988, SCWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates by \$99,100 annually to begin recovering the costs of its Yosemite storage tank and associated transmission mains as approved by the Commission in Ordering Paragraph #2 of Decision (D.) 88-01-025, dated January 13, 1988. SCWC serves about 12,800 metered and 220 flat rate customers in the Big Bear District in the City of Big Bear Lake and vicinity, San Bernardino County.

The present rates became effective on January 18, 1988 as filed by AL 777-W pursuant to D.88-01-025 in which the Commission found rates of return on rate base of 11.06% for 1988, 11.07% for 1989, and 11.09% for 1990 reasonable, with a 12.50% return on equity. This offset increase will not result in a rate of return greater than last authorized.

Big Bear is a resort area for Southern California. SCWC has had severe service problems in this district in the past, primarily leaks and intermittent water outages during peak times in the winter and summer. An aggressive main replacement program during the last several years is reducing the number of leaks in the district. Because of the resort nature of the area, the population increases greatly during weekends and holidays. This increase in demand, along with decreasing yields from wells and other problems, has resulted in peak-time water outages, primarily in the higher elevation areas. The Water Utilities Branch (Branch) was ordered in D.88-01-025 to monitor conditions in the Big Bear District and report to the Commission with a recommendation on the need for a service connection moratorium.

The Branch reported to the Commission on April 13, 1988, recommending that SCWC complete and have in operation a new well and storage tank by July 1, 1988 and have two additional wells or an adequate substitute therefor in service by November 1, 1988, or a service moratorium should be imposed on the upper Moonridge area. The Commission reopened the proceeding and issued D.88-05-025 which adopted the staff recommendations. The Yosemite reservoir was completed and put in service by July 1, 1988, but leaked. The leaks were remedied in November, 1988 when water demand would allow the tank to be taken out of service.

By D.88-05-025 the Commission also ordered SCWC to install additional wells in the system. On October 14, 1988, SCWC sent a letter to the administrative law judge (ALJ) stating that, while it did not complete the wells as ordered, it did have an adequate substitute in the booster pumps from other areas. Also, the City of Big Bear Lake has agreed to construct two wells and sell the production to SCWC. The Big Bear Lake Metropolitan Water District will construct one well and sell the production to SCWC. The Branch is reviewing the situation and will report on SCWC's compliance with the other requirements of the decision to the ALJ.

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

SCWC has given public notice of this increase request by publishing in the local newspaper on November 10, 1988. No customer protests or correspondence has been received.

Because of the water supply problems discussed above, water conservation has been strongly emphasized in this district through radio and newspaper advertising, distribution of water conservation kits, even and odd day irrigation, etc. In compliance with D.88-05-025, SCWC filed tariff Rule 14.1 for the Big Bear District to enforce water conservation and prohibit nonessential use of water. The additional storage Yosemite tank provides and the other measures under consideration noted above will also help alleviate future shortages.

An increase caused by the addition of plant, which represents fixed costs not directly related to water consumption, are ordinarily applied to the service charge portion of metered rate schedules. However, to preserve the present rate structure under which the service charge recovers about 70% of fixed costs, the Branch recommends that this increase be applied to both the commodity and service charges in the same proportion.

The percentage increase for flat rates is slightly higher, but the dollar increase is slightly lower.

The table below shows typical bills for flat rate and 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.	\$ 20.96	\$ 21.48	2.48%
600 (average)	24.93	25.54	2.45
1,000	30.21	30.96	2.48
2,000	43.42	44.50	2.49
3,000	56.63	58.04	2.49
4,000	69.84	71.58	2.49
5,000	83.05	85.12	2.49

Residential Flat Rate Service

	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
<u>Single Family Residential Unit</u>	\$ 18.30	\$ 18.80	2.73%
<u>Additional Units</u>	13.50	14.00	3.70%

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.

IT IS ORDERED that Southern California Water Company is authorized, on the effective date herein, to make effective revised Schedules No. BB-1 and BBF-2 attached to Advice Letter No. 785-W and to cancel the presently effective rate schedules 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 December 19, 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