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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3434
March 8, 1989

R E S O L U T I O N

(RES. W-3434) SOUTHERN CALIFORNIA WATER COMPANY (SCWC),
SAN GABRIEL VALLEY DISTRICT. ORDER AUTHORIZING AN OFFSET
RATE INCREASE PRODUCING \$76,000 OR 2.87% ADDITIONAL ANNUAL
REVENUE.

By Advice Letter (AL) 796-W, filed January 24, 1989, SCWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates by \$76,000 annually to begin recovering the costs of its 1,000,000 gallon Farnà storage tank and San Gabriel Valley District's share of a mainframe computer replacement in SCWC's general office, both as approved by the Commission in Ordering Paragraph #4 of Decision (D.) 87-12-046. The new storage tank was placed in service on January 15, 1989. SCWC serves about 11,200 metered rate customers in the San Gabriel Valley District in the cities of San Gabriel, Arcadia, El Monte, and vicinity, Los Angeles County.

The present rates became effective on January 1, 1989 as filed by AL 791-W pursuant to D.87-12-046 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.

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 January 31, 1989. No customer protests or correspondence has been received.

Water conservation has been emphasized in this district through radio and newspaper advertising, bill inserts, and distribution of water conservation kits. The additional storage that Farnà tank provides will also help alleviate future shortages.

An increase caused by the addition of plant, which represents fixed costs not directly related to water consumption, is ordinarily applied to the service charge portion of metered rate schedules. In this case, doing so will result in the service charge recovering 47% of fixed expenses. This is within the guidelines of D.86-05-064 which permits recovery of up to 50% of fixed expenses through the service charge.

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.	\$ 6.63	\$ 7.15	7.8%
500	7.85	8.37	6.6
1,000	10.89	11.41	4.8
2,000	16.98	17.50	3.1
2,250 (average)	18.50	19.02	2.8
3,000	23.07	23.59	2.3
5,000	35.25	35.77	1.5

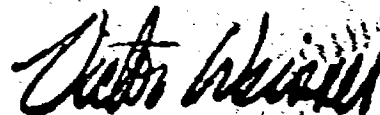
After investigation by the Water Utilities Branch, the Commission finds that the requested rate increase hereby authorized is justified, and that the resulting rates are reasonable.

IT IS ORDERED that Southern California Water Company is authorized, on the effective date herein, to make effective revised Schedule No. SG-1 attached to Advice Letter No. 796-W 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 March 8, 1989. The following commissioners approved it:

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



VICTOR R. WEISSER
Executive Director