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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3436  
April 12, 1989

R E S O L U T I O N

(RES. W-3436), CALIFORNIA-AMERICAN WATER COMPANY (CAL-AM),  
CORONADO DISTRICT. ORDER AUTHORIZING AN OFFSET RATE INCREASE  
PRODUCING \$77,223 OR 1.12% ADDITIONAL ANNUAL REVENUE.

By Advice Letter (AL) 319, filed February 23, 1989, Cal-Am 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 \$76,877 increase in purchased water costs, and (2) \$346 in related increases in uncollectibles and franchise requirements. Cal-Am serves about 18,600 metered customers in Coronado, Imperial Beach, and portions of San Diego and vicinity, San Diego County.

The present rates became effective on January 1, 1989, as filed by AL 315 which requested attrition rate increases pursuant to Decision (D) 87-03-030. In D.87-03-030, the Commission found rates of return on rate base of 10.89% for 1987, 10.94% for 1988, and 10.94% for 1989 reasonable, with a 13.00% return on equity. This offset will not result in a rate of return greater than last authorized.

Since the requested increase is caused by a change in expense directly related to water consumption, it is applied to the quantity rates. Rates for all quantities of water delivered are increased by \$0.0145 per Ccf (one Ccf is equal to one hundred cubic feet).

Cal-Am has given public notice of this increase request by publishing in the local newspaper on March 9, 1989. No customer protests or correspondence has been received.

Cal-Am has a variety of programs designed to promote water conservation including conservation and leak detection kits, brochures, printed and electronic advertising, billboards, and a variety of literature for presentation to schools and public information meetings. Brochures are available in district offices and sent as bill inserts; conservation and leak detection kits are available in district offices at no charge to customers.

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

The following table 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.	\$ 7.02	\$ 7.07	0.71%
1,000	14.31	14.46	1.05
1,450 (average)	18.99	19.20	1.11
2,000	24.72	25.01	1.17
3,000	35.13	35.57	1.25
4,000	45.54	46.12	1.27
5,000	55.95	56.68	1.30

All rates include the \$0.0453 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. Cal-Am is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

IT IS ORDERED that California-American Water Company is authorized, on the effective date herein, to make effective revised Schedule No. CO-1 attached to Advice Letter No. 319 and to cancel the presently effective rate schedule for water service.

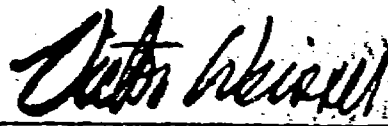
This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on April 12, 1989. The following commissioners approved it:

G. MITCHELL WILK  
President  
STANLEY W. HULETT  
JOHN B. OHANIAN  
Commissioners

Commissioner Frederick R. Duda being necessarily absent, did not participate.

Commissioner Patricia M. Eckert present but not participating.



VICTOR R. WEISSER  
Executive Director