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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3439
April 12, 1989

R E S O L U T I O N

(RES. W-3439) SOUTHERN CALIFORNIA WATER COMPANY (SCWC),
BAY DISTRICT. ORDER AUTHORIZING AN OFFSET RATE INCREASE
PRODUCING \$262,700 OR 23.5% ADDITIONAL ANNUAL REVENUE.

By Advice Letter (AL) 798-W, filed February 10, 1989 and amended on March 10, 1989, SCWC 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 \$630 increase in purchased power costs, (2) a \$209,890 increase in purchased water costs, and (3) an accumulated deficit in Bay District's balancing account at a rate of \$52,180 annually. SCWC serves about 4,160 metered customers in portions of the City of Pittsburg and vicinity, Contra Costa County.

The present rates became effective on January 1, 1989 pursuant to Decision 87-04-069 in which the Commission found rates of return on rate base of 11.09% for 1987, 11.12% for 1988, and 11.06% for 1989 reasonable, with a 12.75% return on equity. This offset increase will not result in a rate of return greater than last authorized.

Since the portion of the requested increase caused by changes in the cost of purchased power and water is related to water consumption, it is applied to the quantity blocks for metered customers. Rates for all water used are increased by \$0.2494 per Ccf (one Ccf equals one hundred cubic feet). In accordance with the Commission's balancing account policy for water utilities, a \$0.0616 per Ccf surcharge for all water used is established for a forty-eight month period to amortize the undercollection in SCWC's balancing account. No rate changes are proposed for the service charges or the flat rate fire protection service because those charges are related to availability rather than the use of water.

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 February 15 and March 16, 1989. A special notification was also mailed to each customer on March 3, 1989. Three customer letters have been received in response. One letter asked about the purpose to which Contra Costa Water District, SCWC's supplier, would put the increased purchased water charges from SCWC, and why the District doesn't provide service directly; the second asked for a careful review because water customers are unable to seek service elsewhere; and the third complained that water quality is too poor to justify an increase. The Branch wrote to these customers to explain that this offset rate increase is due primarily to a 47% increase in the wholesale cost of water authorized by the District to fund construction of the Los Vaqueros Reservoir approved by voters last November.

SCWC has a number of programs designed to promote water conservation including monthly reminders as an insert in water bills, free customer conservation pamphlets and water conservation kits, and a variety of conservation literature in its local office.

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.	\$ 6.43	\$ 7.36	14.5%
1,000	12.48	15.59	24.9
1,600 (average)	17.67	22.65	28.2
2,000	21.13	27.35	29.4
3,000	29.78	39.11	31.3
4,000	38.42	50.86	32.4
5,000	47.07	62.62	32.8

* Proposed rates include \$0.0616 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. SCWC is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

IT IS ORDERED that Southern California Water Company is authorized, on the effective date herein, to make effective revised Schedule No. BY-1 attached to its amended Advice Letter No. 798-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 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