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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3456
July 19, 1989

R E S O L U T I O N

(RES. W-3456) CALIFORNIA WATER SERVICE COMPANY (CWS),
LOS ALTOS-SUBURBAN DISTRICT. ORDER AUTHORIZING AN
OFFSET RATE INCREASE PRODUCING \$512,900 OR 7.7% ADDITIONAL
ANNUAL REVENUE.

By Advice Letter No. 1110, filed June 12, 1989, 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 \$27,400 increase in purchased power costs, (2) a \$273,700 increase in purchased water costs, (3) a \$152,300 increase in ground water charges, (4) a \$12,900 decrease in ad valorem taxes, (5) a \$66,300 increase due to an undercollection in the district's balancing account, and (6) \$6,100 in related increases in uncollectibles and franchise requirements. CWS serves about 17,302 metered customers in the City of Los Altos and vicinity, Santa Clara County.

The present rates became effective on May 1, 1989 pursuant to Decision No. 89-04-060 in which the Commission found the rates of return on rate base of 11.33% for 1989, 11.33% for 1990, and 11.33% for 1991 reasonable, with a 12.25% 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 purchased water, which are directly related to water consumption, it is applied to the quantity blocks for metered customers. Rates for all the blocks would be increased by \$0.093 per Ccf. (One Ccf is equal to one-hundred cubic-feet.) No rate changes are proposed for service charges in the flat rate fire protection service because those charges are related to availability rather than the use of water. CWS has given public notice of the request for increase by publishing in the local newspaper on June 14, 1989. No customer protests or correspondence have been received.

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

To ensure that purchased power is being used economically, the Branch 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 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.

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.	\$ 8.44	\$ 8.72	3.32%
1,000	15.10	16.03	6.16
2,000	24.61	26.47	7.56
2,250 (Avg.)	26.99	29.08	7.74
3,000	34.12	36.91	8.18
4,000	43.63	47.35	8.53
5,000	53.14	57.79	8.75

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 Schedule No. IS-1 attached to Advice Letter No. 1110 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 July 19, 1989. The following commissioners approved it:

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



VICTOR R. WEISSER
Executive Director

Commissioner Patricia M. Eckert,
being necessarily absent, did
not participate.