

FUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory & Compliance Division  
Water Utilities Branch

RESOLUTION NO. W-3467  
DATE: October 12, 1989

RESOLUTION

(RES. W-3467), SAN GABRIEL VALLEY WATER COMPANY, LOS ANGELES COUNTY DIVISION. ORDER AUTHORIZING AN ELIMINATION OF THE \$0.044 PER CCF UNDERCOLLECTION SURCHARGE OR \$772,000 REVENUE REDUCTION.

By Advice Letter (AL) 248, filed September 20, 1989, San Gabriel Valley Water Company requests authority under Section V.B. of General Order 96-A to discontinue collecting a special surcharge to amortize an undercollection in its water supply balancing account. San Gabriel's Los Angeles County Division serves about 43,000 customers in portions of Arcadia, Baldwin Park, El Monte, City of Industry, Irwindale, La Puente, Montebello, Monterey Park, Pico Rivera, Rosemead, San Gabriel, Santa Fe Springs, South El Monte, West Covina, Whittier and vicinity, Los Angeles County.

The surcharge, \$0.044 per Ccf (one Ccf is one hundred cubic feet), was approved and became effective April 12, 1989 by Commission Resolution W-3438 approving San Gabriel's Advice Letter 244. Based on quantities adopted in San Gabriel's most recent general rate case, Decision No. (D.) 89-09-048, dated September 7, 1989, the surcharge was expected to produce additional annual revenue of \$772,000. An elimination of the surcharge is necessary at this time to avoid overcollection in the balancing account.

Pursuant to D.89-09-048, the Commission authorized rates of return on rate base for 1990, 1991, and 1992 of 10.97%, 11.01%, and 11.07% respectively. The related returns on common equity are 11.90%, 12.00%, and 12.10% for 1990, 1991, and 1992, respectively. The elimination of the undercollection surcharge will not change the authorized rate of return.

On September 6, 1989, the Upper San Gabriel Valley Municipal Water District (Upper District), a member agency of the Metropolitan Water District of Southern California (MWD) adopted a rate for water used for groundwater replenishment purposes of \$115 per acre-foot, thus reducing the replenishment water rate from the previously adopted \$153 per acre-foot. The Upper District's replenishment water rate coincides with the recently adopted MWD seasonal storage rate for water replenishment purposes.

On September 11, 1989, the Main San Gabriel Basin Watermaster (Watermaster) amended its replacement water assessment from \$153 to \$115 per acre foot in accordance with the change in water rates adopted by MWD and the Upper District. The Watermaster assessment applied to San Gabriel's water production during the water year July 1, 1988 through June 30, 1989 and was due and payable by San Gabriel on or before September 30, 1989.

Because the balancing account has reflected a higher Watermaster replacement water assessment rate, an adjustment is now necessary in the balancing account

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to give effect to the resulting water cost reduction for the 1988-89 water year. That reduction is estimated to be approximately \$713,000. As noted above, the undercollection surcharge to be discontinued would have produced annual revenue of \$772,000.

In Ordering Paragraph No. 6 of D.89-09-048, the Commission directed San Gabriel as follows:

"San Gabriel shall continue to use the balancing account surcharge rate currently in effect. When its undercollected balance reaches \$50,000 or less, San Gabriel shall file an advice letter with the Commission Advisory and Compliance Division Director setting forth a proposal to terminate its surcharge rate."

That condition has been met.

Section V.B. of General Order No. 96-A states: "Upon application in the advice letter, and for good cause shown, the Commission may authorize tariff sheets which do not result in increases in rates or charges to become effective on less than the forty (40) day statutory notice period."

San Gabriel is anxious to eliminate the surcharge as quickly as possible to keep its rates low and to reduce future overcollection in its balancing account. It therefore requests that AL 248 become effective as soon as possible.

On September 21, 1989, San Gabriel mailed a copy of this advice letter to each adjacent and competing utility as required by Section III.G. of General Order 96-A. No comments have been received.

San Gabriel Valley has a variety of programs designed to promote water conservation including monthly reminders in water bills, leak detection service, free conservation pamphlets, and free water conservation kits.

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

After investigation by the Water Utilities Branch, the Commission finds that the requested elimination of the undercollection surcharge at this time is consistent with the Commission's intent as expressed in Ordering Paragraph No. 6 of D.89-09-048. The reduction should be made effective immediately to avoid overcollection in San Gabriel's balancing account.

IT IS ORDERED that San Gabriel Valley Water Company is authorized, on the effective date herein, to make effective revised Schedule Nos. IA-1, LAV-1 and IA-3L attached to Advice Letter No. 248 and to cancel the presently effective rate schedules for water service.

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This resolution is effective today.

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

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

*Wesley Franklin*  
WESLEY FRANKLIN  
Acting Executive Director