

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3498  
May 22, 1990

## R E S O L U T I O N

(RES. W-3498) CALIFORNIA-AMERICAN WATER COMPANY  
(CAL-AM), SAN MARINO DISTRICT. ORDER AUTHORIZING AN  
OFFSET RATE INCREASE PRODUCING \$167,469 OR 2.94%  
ADDITIONAL ANNUAL REVENUE.

By Advice Letter No. 342, filed March 14, 1990, Cal-Am requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates for water service to offset: (1) a \$65,707 increase in administrative assessment fees, (2) a \$1,148 increase in Long Beach make-up water fees, (3) a \$78,673 reduction in replenishment cost, (4) a \$36,031 increase in Southern California Edison Company purchased power cost, (5) a \$143,056 increase as the result of undercollection in the balancing account, and (6) a \$200 increase in uncollectibles. Cal-Am serves about 13,690 metered services in the communities of San Marino, Rosemead, portions of San Gabriel, Temple City, and vicinity, Los Angeles County.

The reasons for the above cost changes are as follows. (1) The \$65,707 increase is due to a \$3.00 per acre foot increase in administrative assessment fees, effective July 1, 1989, as well as a special assessment of \$3.00 per acre foot for the Main San Gabriel Basin water contaminant cleanup, effective 1989-1990, that are payable to the Main San Gabriel Basin Watermaster. (2) The \$1,148 increase is due to an increase in water production as a result of an increase in water rights in the Main San Gabriel Basin over adopted levels. This 6.29% increase is due to an increase in the total cost for the Long Beach make-up water assessment, a court ordered payment for water rights as a result of water adjudication between the Main San Gabriel Basin and the Central Basin. (3) The \$78,673 reduction is due to a \$5.00 per acre foot (12.37%) decrease, effective July 1, 1989, in replenishment costs. Replenishment costs are payments for groundwater pumped in excess of the operating safe yield of the water basin. These are used to purchase water from other sources to replace the water of the basin. (4) The \$36,031 increase is due to an increase in electric rates resulting in increased costs of 4.44%, effective February 1, 1990. (5) The \$143,056 increase is due to an undercollection in the balancing account as of January 31, 1990. (6) The \$200 increase in uncollectibles is due to the revenue increase at .12% uncollectible rate.

These increases and decrease are primarily the result of changes in costs related to water consumption so they are applied to the quantity block for metered services. The total quantity rate will increase by \$0.0307 per Ccf (one Ccf equals one hundred cubic feet). No rate changes are proposed for the service charges or the flat rate fire protection services because those charges are related to the availability rather than the use of water.

The non-recurring increases, those resulting from the balancing account undercollection and the the special assessment of \$3.00 per acre foot for the Main San Gabriel Basin water contaminant cleanup, will be recovered through a surcharge of \$0.0262 per Ccf for the balancing account undercollection and a \$0.0056 per Ccf for the special assessment to be added to the quantity rate for a twelve-month period to be effective on the date of the filed tariffs.

The present rates became effective on January 1, 1990 pursuant to Advice Letter No. 333, filed November 13, 1989. The latest general rate increase decision for this district is Decision No. 89-07-056, dated July 19, 1989, in which the Commission found rates of return of 10.82% for 1989 and 1990 reasonable. This rate increase will not result in a return greater than that previously authorized.

Cal-Am has given public notice of this increase request by publishing in the local newspaper on March 17, 1990. No protest or correspondence has been received.

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

Cal-Am has a variety of programs designed to promote water conservation including printed brochures, movies, advertising, and community conservation awareness measures. Staff considers Cal-Am's water conservation program adequate.

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.	\$ 9.32	\$ 9.42	1.07%
500	10.74	10.89	1.40
1,000	14.28	14.59	2.17
2,000	21.36	21.97	2.86
2,575 (avg.)	25.43	26.22	3.12
4,000	35.52	36.74	3.43
5,000	42.60	44.13	3.59
10,000	78.00	81.06	3.92

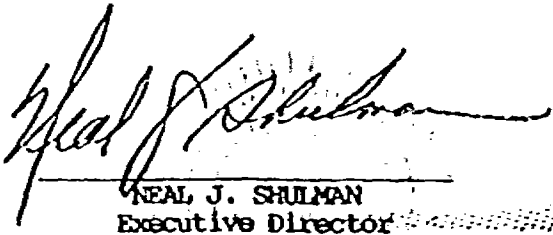
After investigation by the Water Utilities Branch, the Commission finds that the requested rate increase is justified, and that the resulting rates are reasonable. Cal-Am is directed to maintain its balancing account as required by Public Utilities Code 792.5.

IT IS ORDERED that California-American Water Company is authorized, on the effective date herein, to make effective revised Schedule No. SM-1 attached to Advice Letter No. 342 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 May 22, 1990. The following commissioners approved it:

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

  
NEAL J. SHULMAN  
Executive Director

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