

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3524
October 12, 1990R E S O L U T I O N

(RES. W-3524), SOUTHERN CALIFORNIA WATER COMPANY (SCWC),
BAY DISTRICT. ORDER AUTHORIZING AN OFFSET RATE INCREASE
PRODUCING \$227,300 OR 12.26% ADDITIONAL ANNUAL REVENUE.

By Advice Letter (AL) 814-W, filed August 29, 1990, 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 \$196,100 increase in purchased water costs, (2) \$3,500 in related increases in uncollectibles and franchise requirements, and (3) a \$27,700 increase due to an undercollection in the balancing account. SCWC serves about 4,700 metered customers in Contra Costa County.

The present rates became effective on January 1, 1990 pursuant to Decision 89-11-017 in which the Commission found the rates of return on rate base of 10.92% for 1990, 10.96% for 1991, and 10.90% for 1992 reasonable, with a 12.00% return on equity.

SCWC's water is purchased from the Contra Costa Water District. The offset increase requested herein is primarily for the purpose of recovering in rates, on a dollar-for-dollar basis, the increases in these items that have occurred since the present rates became effective. The requested increase would not result in a rate of return greater than last authorized for SCWC.

SCWC 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. No additional conservation measures should be ordered at this time.

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

SCWC has given public notice of the request for increase by publishing in the local newspaper on August 30, 1990, and by individual mailing to all customers. Nine letters were received from customers protesting the increase. The Water Utilities Branch sent a written response to each explaining the Commission's offset increase and balancing account procedure.

Since the increase requested is caused primarily by changes in the cost of purchased water and amortization of the balancing account, most of which is related to water consumption, the Branch recommends that it be applied to the quantity block for metered customers. Quantity charges for all water delivered would be increased by \$0.1886 per Ccf (one Ccf equals one hundred cubic feet). In addition, the balancing account surcharge would be increased by \$0.0262 per Ccf for 36 months to amortize the balancing account undercollection.

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> |
|----------------------|----------------------|-----------------------|-------------------------|
| 500 cu.ft. | \$14.27 | \$15.34 | 7.52% |
| 1,000 | 20.34 | 22.48 | 10.56 |
| 1,678 (Avg.) | 28.56 | 32.17 | 12.62 |
| 2,000 | 32.47 | 36.77 | 13.23 |
| 3,000 | 44.61 | 51.05 | 14.44 |
| 4,000 | 56.71 | 65.34 | 15.14 |
| 5,000 | 68.88 | 79.62 | 15.59 |

Pursuant to Public Utilities Code Section 792.5, SCWC is directed to maintain its balancing account.

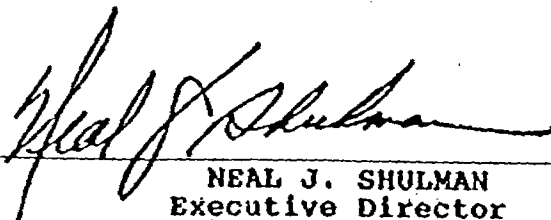
THE COMMISSION FINDS, after investigation by the Branch, that the rates hereby authorized are justified and the resulting rates are just and reasonable.

IT IS ORDERED that Southern California Water Company is authorized to make effective revised Schedule No. BY-1 attached to Advice Letter No. 814-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 October 12, 1990. The following Commissioners approved it:

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


 NEAL J. SHULMAN
 Executive Director