

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION RESOLUTION NO. W-3530
Water Utilities Branch November 21, 1990

R E S O L U T I O N

(RES. W-3530), SOUTHERN CALIFORNIA WATER COMPANY (SCWC),
SANTA MARIA DISTRICT. ORDER AUTHORIZING AN OFFSET RATE
INCREASE PRODUCING \$173,300 OR 4.88% ADDITIONAL ANNUAL
REVENUE.

By Advice Letter 817-W, filed October 5, 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 \$28,800 increase in purchased power costs, (2) a \$143,600 undercollection in the balancing account, and (3) \$900 in related increases in uncollectibles and franchise requirements. SCWC serves about 11,400 metered customers in San Luis Obispo and Santa Barbara Counties.

The present rates became effective on January 1, 1990 pursuant to Decision (D.) 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 power is purchased from Pacific Gas & Electric Company. The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, the increases in electric costs that have occurred since the present rates became effective and to amortize over a twelve-month period the undercollection in SCWC's expense balancing account for the Santa Maria District. The requested increase would not result in a rate of return greater than last authorized for SCWC.

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

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. This district will be filing a Water Management Plan pursuant to D.90-08-055. The entire conservation program will be considered in that plan. No additional conservation measures should be ordered at this time.

The Water Utilities Branch (Branch) reviewed the pump efficiencies and found them to be satisfactory. All of the lower efficiency pumps will be refurbished or replaced.

SCWC has given public notice of the request for increase by publishing in the local newspaper on October 11, 1990. No customer protests or correspondence have been received.

Since the increase requested is caused primarily by changes in the cost of purchased power and amortization of the balancing account, both of which are 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 \$0.0074 per Ccf (one Ccf equals one hundred cubic feet). In addition, the balancing account surcharge would be increased by \$0.0368 per Ccf for 12 months to amortize the balancing account undercollection.

By D.89-11-017 SCWC was authorized attrition step rate increases for 1991 and 1992 effective not earlier than January 1 of each year. To avoid customer confusion, it is desirable to minimize the frequency with which customers' rates are changed. We will, therefore, authorize this rate increase to be effective on the same date as SCWC's Santa Maria District attrition step increases. Because the cost increases addressed by AL 817-W are subject to balancing account treatment, SCWC will be made whole for revenues foregone in the interim.

The table below shows the effect this increase would have on 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.	\$ 9.78	\$10.00	2.26%
1,000	12.81	13.25	3.45
2,000	18.87	19.75	4.68
2,720 (Avg.)	23.20	24.40	5.17
3,000	24.93	26.26	5.32
4,000	30.99	32.76	5.71
5,000	37.05	39.26	5.96

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 rate increase hereby authorized is justified and the resulting rates are just and reasonable.

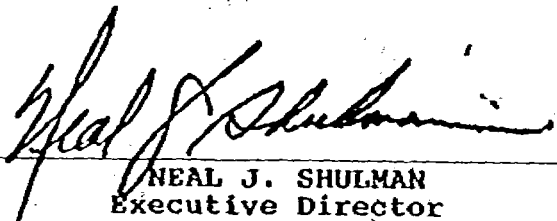
IT IS ORDERED that Southern California Water Company is authorized to make effective the rate increases proposed by Advice Letter 817-W concurrently with the attrition step increases for 1991 authorized by Decision 89-11-017.

This resolution is effective January 1, 1991.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 21, 1990. The following Commissioners approved it:

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

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


NEAL J. SHULMAN
Executive Director