

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3551
March 22, 1991

R E S O L U T I O N

(RES. W-3551) METROPOLITAN WATER COMPANY (MWC). ORDER
AUTHORIZING AN OFFSET INCREASE PRODUCING ADDITIONAL
REVENUES OF \$73,763 OR 9.6%.

BACKGROUND

By Advice Letter No. 27, filed December 4, 1990, MWC requested authority under Section VI of General Order (GO) 96-A and Section 454 of the Public Utilities Code to increase rates for water service to offset: (1) a \$31,533 or 9.3% increase in purchased water cost from Calleguas Municipal Water District (CMWD), (2) a \$1,500 or 39.7% increase in purchased power cost from Southern California Edison Company (SCE), (3) a \$1,446 increase in the Ventura County Franchise Tax, and (4) a \$39,284 surcharge for amortization of an under-collection in the production cost balancing account. MWC serves 1,613 metered services in Oak Park and vicinity located approximately four miles east of Thousand Oaks, Ventura County.

The present rates became effective September 28, 1986, pursuant to Decision No. 86-09-005 which authorized a rate of return of 10.2% for test year 1985.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, changes in items that have occurred since the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

The reasons for the above increases are as follows: (1) the \$31,533 increase in purchased water cost is due to CMWD's increase from \$248 per acre foot in 1985 to \$271 per acre foot, effective July 1, 1990; (2) the \$1,500 increase in purchased power is due to SCE's increase in average electric energy rates from the adopted \$0.07339 per Kilowatt-hour (kWh) in 1984 to \$0.10245 per kWh in 1990; (3) the \$1,446 increase is due to the county franchise tax increasing from 1% to 2% of gross revenues; and (4) the \$39,284 increase is necessary to amortize in 36 months an undercollection of \$117,851 in the balancing account which has been accumulating since 1981 without previous adjustment.

These increases are primarily the result of changes in costs related to water consumption so they are applied to the quantity block for

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metered services. The total quantity rates will increase by \$0.059 per ccf (one ccf equals one hundred cubic feet). The franchise tax increase is a fixed cost and is recovered through the meter service charges on an approximately equal percentage increase basis.

The balancing account undercollection will be recovered through a surcharge of \$0.070 per ccf to be added to quantity rates for a 36-month period beginning on the effective date of Advice Letter No. 27.

To determine if purchased power is being used efficiently, the Water Utilities Branch (Branch) reviewed the latest pump efficiency tests and found five of the utility's eight pumps were operating inefficiently. MWC should, therefore, take the necessary steps to improve pump efficiencies where required.

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

To promote water conservation, MWC has requested its customers, through the local newspaper and homeowners association meetings, to reduce their water consumption by 15%.

PROTEST

MWC mailed notice of this increase request to customers on December 21, 1990. Two letters protesting the increase have been received.

FINDINGS

Metropolitan Water Company is directed to maintain its balancing account as required by Public Utilities Code 792.5.

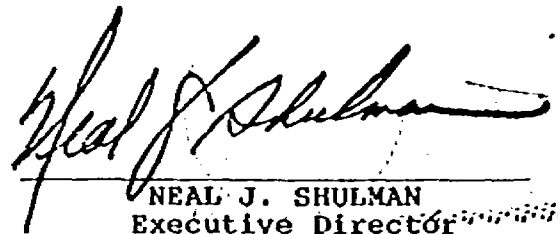
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rates are just and reasonable.

IT IS ORDERED that Metropolitan Water Company is authorized, on the effective date herein, to make effective revised Schedule No. 1 attached to Advice Letter No. 27 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 March 22, 1991. The following Commissioners approved it:

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners


NEAL J. SHULMAN
Executive Director