

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3554  
April 10, 1991

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

(RES. W-3554), SAN GABRIEL VALLEY WATER COMPANY (SGV),  
FONTANA WATER COMPANY DIVISION. ORDER AUTHORIZING AN  
OFFSET RATE INCREASE PRODUCING ADDITIONAL ANNUAL  
REVENUES OF \$572,500 OR 8.9%.

BACKGROUND

By Advice Letter 255, filed February 27, 1991, received by the Water Utilities Branch (Branch) on February 27, 1991, SGV requested 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 \$315,200 increase in purchased power expense from Southern California Edison Company (SCE), (2) an \$81,500 increase in postage expense, (3) a \$163,900 increase due to an undercollection in the purchased power balancing account, and (4) \$11,900 in related increases in uncollectibles and franchise requirements. SGV serves about 29,000 metered customers in portions of Fontana, Rancho Cucamonga, Rialto, and vicinity, San Bernardino County.

The present rates became effective on October 12, 1990, pursuant to Resolution No. W-3523 which authorized a \$1,155,200 or 29.0% increase.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, changes in expenses 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 cost changes are as follows: (1) a \$315,200 increase in purchased power due to SCE's increase in the average cost of electric energy from the adopted \$0.0957 per kilowatt-hour (kWh) in 1990 to an average cost of \$0.1054 per kWh in 1991, (2) an \$81,500 increase in postage expenses from an average of \$0.218 per piece in 1988 to \$0.256 per piece in 1991, (3) an undercollection of \$163,900 in the purchased power balancing account, and (4) an \$11,900 increase in uncollectibles and franchise requirements using the adopted rate of 2.138%.

The increase in purchased power expense is applied to the quantity rate because it is directly related to water consumption. The rates for all quantities of water delivered would be increased by \$0.042 per Ccf.

Since the requested postage increase is caused by changes in expenses not directly related to water consumption, the Branch recommends that the \$0.023 per month increase be applied to the service charge.

April 10, 1991

In addition, the Branch recommends, in accordance with the Commission's balancing account policy for water utilities, that the undercollection in the purchased power balancing account be amortized over a 12-month period by adding a surcharge of \$0.022 per Ccf to the quantity rates.

To ensure that purchased power is being used economically, the Branch reviewed the latest pump efficiency tests and found the results to be satisfactory.

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

To promote water conservation, SGV has requested through bill inserts that its customers reduce their water consumption by 20%. SGV also makes water conservation kits available to its customers. No other water conservation measures are required at this time.

At the proposed rates, the typical residential customer's bill will increase from \$22.49 to \$24.19 per month or 7.56% for an average use of 2,300 cubic feet.

#### PROTESTS

SGV mailed a notice of this increase request to customers on February 28, 1991. No protests have been received.

#### FINDINGS

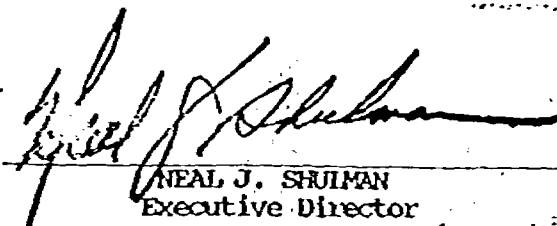
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

IT IS ORDERED that San Gabriel Valley Water Company is directed to maintain its balancing account as required by the Public Utilities Code Section 792.5. San Gabriel Valley Water Company is authorized, on the effective date herein, to make effective revised Schedule No. FO-1, General Metered Service, attached to Advice Letter No. 255 and to cancel the presently effective Schedule No. FO-1.

This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 10, 1991. The following Commissioners approved it:

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

  
NEAL J. SHULMAN  
Executive Director