

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities BranchRESOLUTION NO. W-3575  
June 5, 1991**R E S O L U T I O N**

**(RES. W-3575), CALIFORNIA WATER SERVICE COMPANY (CWS),  
KING CITY DISTRICT. ORDER AUTHORIZING AN OFFSET RATE  
INCREASE. THIS WILL PRODUCE ADDITIONAL ANNUAL REVENUES OF  
\$36,200 OR 6.60%.**

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**BACKGROUND**

By Advice Letter 1187, filed April 9, 1991, CWS 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 \$13,400 increase in purchased power expense from Pacific Gas and Electric Company (PG&E), (2) a \$700 increase in postage expense, (3) a \$22,900 increase due to an undercollection in the purchased power balancing account, and (4) a \$1,100 decrease in ad valorem taxes, (4) a \$1,100 decrease in ad valorem taxes, and (5) a corresponding \$300 increase in uncollectibles and franchise taxes. CWS serves about 1,504 metered customers in the King City District.

The present rates became effective on January 1, 1991, pursuant to Decision No. 89-04-005 which authorized a \$19,200 increase.

**DISCUSSION**

The offset increase requested herein is for the purpose of recovering in rates 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 \$13,400 increase in purchased power expense to reflect an increase in the average cost of electric energy from \$0.11108 per kilowatt-hour (kwh) based on PG&E's January 1, 1990 rates to an average cost of \$0.12438 per kwh based on PG&E's January 1, 1991 rates, (2) a \$700 increase in postage expense to reflect an average percentage increase of 16.5% due to the United States Postal Service postage rate increase effective February 3, 1991, (3) an undercollection of \$22,900 in the purchased power balancing account, and (4) a \$1,100 decrease in ad valorem taxes due to a change in the composite tax rate from .859% to .794% for the 1990 test year, and (5) a corresponding \$300 increase in uncollectibles and franchise taxes.

The requested expense offset will result in a \$0.0230/Ccf increase in quantity rates.

Due to the undercollection of \$22,900 in the balancing account, a surcharge of \$0.0393/Ccf is added to the quantity rates for a twelve-month period.

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To ensure that purchased power is being used economically, the Water Utilities Branch (Branch) reviewed the latest pump efficiency tests for this district and found the results to be satisfactory.

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

To promote water conservation, CWS has established a water conservation program in the King City District, which includes leak repair and main replacement programs, conservation brochures, bill inserts, water kit distributions, paid conservation advertisements and conservation displays in the office. No other water conservation measures are required at this time.

At the proposed rates, the typical residential customer's bill will increase from \$18.49 to \$18.91 per month or 2.27% for an average use of 1,820 cubic feet.

#### PROTESTS

CWS published a legal notice in the "King City Rustler" on April 17, 1991, and in the "Salinas Californian" on April 19, 1991. No protests have been received.

#### FINDINGS

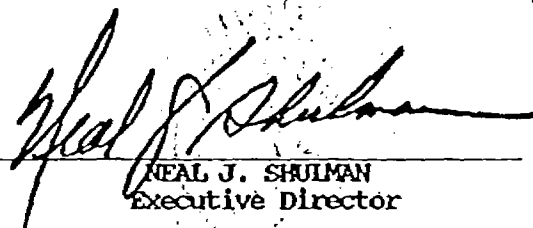
THE COMMISSION FINDS, after investigation by the Water Utilities Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

#### IT IS ORDERED that:

1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedule No. KC-1, General Metered Service, attached to Advice Letter No. 1187 and to cancel the presently effective Schedule No. KC-1.
2. California Water Service Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 5, 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