

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities BranchRESOLUTION NO. W-3576  
June 5, 1991**R E S O L U T I O N**

(RES. W-3576), CALIFORNIA WATER SERVICE COMPANY (CWS),  
CHICO-HAMILTON CITY DISTRICT. ORDER AUTHORIZING AN  
OFFSET RATE INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES  
OF \$77,200 OR 1.4%.

**BACKGROUND**

By Advice Letter 1185, filed April 9, 1991, CWS requested authority under Section VI of General Order 96-A to increase rates for water service for its Chico-Hamilton City District to offset: (1) a \$91,200 increase in purchased power expense due to Pacific Gas and Electric Company (PG&E)'s rate increase, (2) a \$7,400 increase in postage expense, and (3) a \$21,400 decrease in ad valorem taxes. CWS serves about 18,700 metered and flat rate customers in its Chico-Hamilton City District.

The present rates for the Chico-Hamilton City District became effective on March 18, 1991, pursuant to Decision No. 91-03-014, dated March 13, 1991.

**DISCUSSION**

The offset increase requested herein is for the purpose of recovering in rates the 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 expense changes are as follows: (1) a \$91,200 increase in purchased power expense to reflect an increase in the average cost of electric energy from \$0.1067 per kilowatt-hour (kwh) based on PG&E's January 1, 1990 rates to an average cost of \$0.11626 per kwh based on PG&E's January 1, 1991 rates, (2) a \$7,400 increase in postage expenses to reflect an average percentage increase for CWS's cost of mail of 16.5% due to the United States Postal Service postal rates increase effective February 3, 1991, (3) a \$21,400 reduction in ad valorem taxes to reflect a composite tax rate of 0.610%, which is lower than the adopted composite tax rate of 0.707%.

The requested expense offset will result in a 2.22% increase in quantity rates and a 1.45% increase in residential flat rate service.

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.

June 5, 1991

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 water conservation programs in the Chico-Hamilton City district which include leak repair and main replacement programs, conservation brochures, bill inserts, water kit distributions, paid conservation advertisements and conservation displays in the office.

At the proposed rates, the typical residential customer's bill will increase from \$25.29 to \$25.69 per month or 1.58% for an average use of 5,047 cubic feet.

PROTESTS

CWS published a notice of this increase request in a local newspaper on April 13, 1991. No protests have been received.

FINDINGS

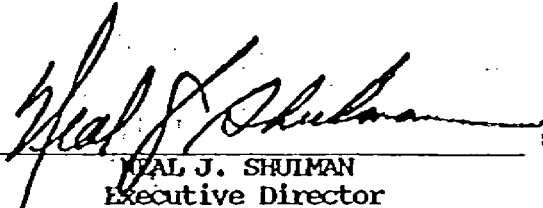
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

IT IS ORDERED that:

1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedule No. CH-1, General Metered Service, and Schedule No. CH-2R, Residential Flat Rate Service, as attached to Advice Letter No. 1185 and to cancel the presently effective Schedules Nos. CH-1 and CH-2R.
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. SHUMAN  
Executive Director