

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3586
July 24, 1991R E S O L U T I O N

(RES. W-3586), CALIFORNIA WATER SERVICE COMPANY (CWS),
PALOS VERDES DISTRICT. ORDER AUTHORIZING AN OFFSET RATE
INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES OF
\$1,438,100 OR 10.8%.

BACKGROUND

By Advice Letter 1197, filed May 31, 1991, CWS requested authority under Section VI of General Order 96-A to increase rates for water service for its Palos Verdes District to offset: (1) a \$229,100 increase in purchased power expense, (2) an \$800,300 increase in purchased water expense, (3) a \$9,900 increase in postage expense, (4) a \$2,800 decrease in ad valorem taxes, (5) a corresponding increase of \$12,600 in franchise and uncollectible expenses, and (6) an undercollection of \$389,000 in the balancing account. CWS serves about 22,583 customers in its Palos Verdes District.

The present rates for the Palos Verdes District became effective on November 23, 1988, pursuant to Resolution No. W-3418 which granted an offset rate increase for purchased water and power.

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) Purchased Power - Operating expenses adopted as a result of Resolution No. W-3418 for the Palos Verdes District reflect Southern California Edison (SCE) power rates which became effective June 1, 1988. Since that time SCE has increased rates effective January 1, 1991. This change in power rates has resulted in an increase in purchased power expense of \$229,100 per year; (2) Purchased Water - Operating expenses adopted in Resolution No. 3418 reflect West Basin Municipal Water District (WBMWD) water and rates which became effective July 1, 1988. WBMWD will increase the rates effective July 1, 1991 which will result in a purchased water increase of \$800,300; (3) Postage - Effective February 3, 1991, the United States Postal Service increased postal rates. The weighted percentage increase for Cal Water's mail was 16.5 percent. The estimated postage expense increase for the Palos Verdes District is \$9,900; (4) Ad valorem taxes adopted in Resolution No. W-3418 reflect the 1987-88 calculated composite effective tax rate. The 1990-1991 fiscal year composite effective tax rate has been established at 0.915 percent for this district resulting in a decrease of \$2,500 for the test year, plus a \$300 adjustment for the general office; and, (5) Franchise Tax - The corresponding increase of franchise taxes will be \$11,800 and the uncollectible will be \$800 due to the increase in operating revenue.

The requested expense offset will result in an increase in quantity rates of \$0.141 per Ccf.

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Due to the undercollection in the balancing account, a surcharge of \$0.053 per 100 cubic feet is to be added to the quantity rates for a 12-month period.

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 water conservation programs in the Palos Verdes 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 \$46.13 to \$51.40 per month or 11.42% for an average use of 2,700 cubic feet.

PROTESTS

CWS has sent a notice of this increase to each customer because it is over 10%. No protests have been received.

FINDINGS

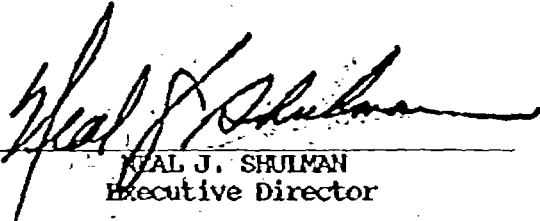
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

IT IS ORDERED that:

1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedule No. PV-1, General Metered Service, as attached to Advice Letter No. 1197 and to cancel the presently effective Schedule No. PV-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 July 24, 1991. The following Commissioners approved it:

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


NEAL J. SHULMAN
Executive Director