

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3588
July 24, 1991

R E S O L U T I O N

(RES. W-3588), CALIFORNIA WATER SERVICE COMPANY
(CWS), SAN CARLOS DISTRICT. ORDER AUTHORIZING AN
OFFSET RATE INCREASE PRODUCING \$480,300 OR 13.2%
ADDITIONAL ANNUAL REVENUE.

BACKGROUND

By Advice Letter (AL) 1194, filed May 31, 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 for its San Carlos District to offset: (1) a \$13,900 increase in purchased power expense from Pacific Gas and Electric Company (PG&E), (2) a \$458,900 increase in purchased water costs, (3) a \$4,600 increase in postage rates, (4) a \$5,300 decrease in ad valorem taxes, and (5) a corresponding \$8,200 increase in uncollectibles and local franchise taxes. CWS serves about 10,000 metered customers in its San Carlos District.

The present rates became effective on January 1, 1990, pursuant to Decision 90-03-007 in which the Commission found the rates of return on rate base of 11.25% for 1990, 11.20% for 1991, and 11.18% for 1992 reasonable, with a 12.25% return on equity.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, 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 \$13,900 increase in purchased power expense to reflect an increase in the average cost of electric energy from \$0.10370 per kilowatt-hour (kwh) based on PG&E's January 1, 1990 rates to an average cost of \$0.11420 per kwh based on PG&E's January 1, 1991 rates, (2) a \$458,900 increase in purchased water expense to reflect an increase in purchased water from the San Francisco Water Department of \$0.2242 per one hundred cubic feet (Ccf), (3) a \$4,600 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, (4) a \$8,200 increase in uncollectibles and local franchise taxes as a result of the change in revenues.

The requested expense offset will result in an increase in the quantity rates of \$0.2525 per Ccf for all rate blocks.

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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 water conservation programs in the San Carlos District which includes leak repair and main replacement programs, conservation brochures, bill inserts, water kit distributions, paid conservation advertisements and conservation displays in its office.

At the proposed rates, the typical residential customer's bill will increase from \$20.05 to \$22.58 per month or 12.62% for an average use of 1,000 cubic feet.

PROTESTS

CWS has mailed a notice of this increase request to all customers since it is over 10%. One protest has been received and the Branch has responded.

FINDINGS

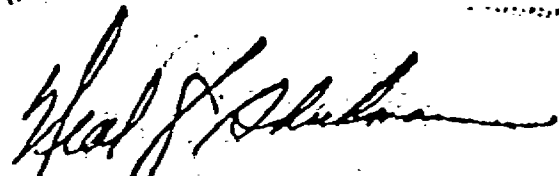
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

IT IS ORDERED that:

1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedule No. SC-1, General Metered Service, as attached to Advice Letter No. 1194 and to cancel the presently effective Schedule No. SC-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. FESSLER
NORMAN D. SHUMWAY
Commissioners


NEAL J. SHUMAN
Executive Director