

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3590
July 24, 1991

R E S O L U T I O N

(RES. W-3590), CALIFORNIA-AMERICAN WATER COMPANY (CAWC),
DUARTE DISTRICT. ORDER AUTHORIZING AN OFFSET RATE
INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES OF \$329,111
OR 11.11%.

BACKGROUND

By Advice Letter 375, filed May 30, 1991, CAWC 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 \$276,528 increase in purchased water expense, (2) a \$46,432 increase in purchased power expense, (3) a \$2,365 increase in postage expense, (4) a \$2,386 increase due to an undercollection in the purchased power balancing accounts, and (5) a corresponding \$1,400 increase in uncollectible expenses. CAWC serves about 7,007 metered customers in the Duarte District.

The present rates became effective on January 1, 1991, pursuant to Decision No. 89-07-057, dated July 19, 1989.

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) Effective July 1, 1991, the Main San Gabriel Basin Watermaster will increase Administrative Assessment costs from \$2.50 to \$16.30 per acre-foot, the replenishment costs from \$158.00 to \$206.85 per acre-foot, and will decrease the Long Beach Assessment costs from \$3.00 to \$1.50, resulting in a 37.40% increase. This increase from the Main San Gabriel Basin Watermaster is due to increased wholesale costs; (2) a \$46,432 increase in purchased power expense due to rate increases of Southern California Edison Company, and (3) a corresponding \$1,400 increase in uncollectible expenses.

The requested expense offset will result in a \$0.1121/Ccf increase in quantity rates, and due to the undercollection of \$2,386 in the balancing account, a surcharge of \$0.0008/Ccf is added to the quantity rates for a twelve-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.

July 24, 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, CAWC has established a water conservation program in the Duarte 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.

At the proposed rates, the typical residential customer's bill will increase from \$23.69 to \$25.96 per month or 9.58% for an average use of 2,000 cubic feet.

PROTESTS

CAWC has sent a notice of this increase to each customer because it is greater than 10%. Two protests have been received and the Branch has responded to them.

FINDINGS

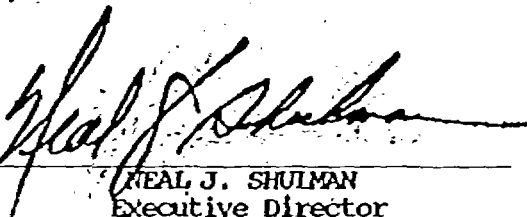
THE COMMISSION FINDS, after investigation by the Water Utilities Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

IT IS ORDERED that:

1. California-American Water Company is authorized, five days after the effective date herein, to make effective revised Schedule No. DU-1, General Metered Service, attached to Advice Letter No. 375 and to cancel the presently effective Schedule No. DU-1.
2. California-American Water 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. SHULMAN
Executive Director