

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3596
July 24, 1991

RESOLUTION

(RES. W-3596), CALIFORNIA WATER SERVICE COMPANY (CWS),
SAN MATEO DISTRICT. ORDER AUTHORIZING AN OFFSET RATE
INCREASE PRODUCING \$1,326,500 OR 15.2% ADDITIONAL ANNUAL
REVENUE.

BACKGROUND

By Advice Letter (A.L.) 1195, 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 Mateo District to offset: (1) a \$16,800 increase in purchased power expense from Pacific Gas and Electric Company (PG&E), (2) a \$1,298,200 increase in purchased water costs, (3) a \$11,600 increase in postage rates, (4) a \$1,900 decrease in ad valorem taxes, and (5) a corresponding \$1,800 increase in uncollectibles. CWS serves about 24,730 metered customers in its San Mateo 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 \$16,800 increase in purchased power expense to reflect an increase in the average cost of electric energy from \$0.10508 per kilowatt-hour (kwh) based on PG&E's January 1, 1990 rates to an average cost of \$0.11483 per kwh based on PG&E's January 1, 1991 rates, (2) a \$1,298,200 increase in purchased water expense to reflect an increase in purchased water from the San Francisco Water Department of \$0.2104/Ccf (one CCF equals one hundred cubic feet), (3) a \$11,600 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 \$1,800 increase in uncollectibles as a result of the change in revenues.

The requested expense offset will result in an increase in the quantity rate of \$0.2397 per Ccf.

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To ensure that purchased power is being used economically, the 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 Mateo 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 \$17.43 to \$19.83 per month or 13.77% for an average use of 1,000 cubic feet.

PROTESTS

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

FINDINGS

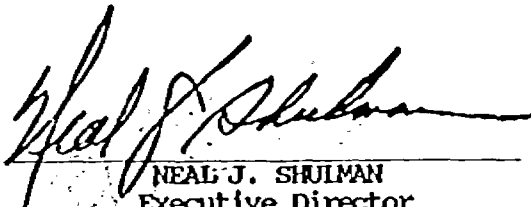
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

IT IS ORDERED that:

1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedule No. SM-1, General Metered Service, as attached to Advice Letter No. 1195 and to cancel the presently effective Schedule No. SM-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