

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities BranchRESOLUTION NO. W-3597  
July 24, 1991

## R E S O L U T I O N

(RES. W-3597), CALIFORNIA WATER SERVICE COMPANY (CWS),  
HERMOSA-REDONDO DISTRICT. ORDER AUTHORIZING AN OFFSET  
RATE INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES OF  
\$783,600 OR 9.1%.

BACKGROUND

By Advice Letter 1199, filed June 4, 1991, CWS requested authority under Section VI of General Order 96-A to increase rates for water service for its Hermosa-Redondo District to offset: (1) a \$25,400 increase in purchased power expense, (2) a \$697,100 increase in purchased water expense, (3) a \$60,000 increase in pump taxes, (4) a \$10,700 increase in postage expense, (5) a \$10,900 decrease in ad valorem taxes, and (6) a corresponding \$1,300 increase in franchise and uncollectible expense. CWS serves about 23,995 metered customers in its Hermosa-Redondo District.

The present rates for the Hermosa-Redondo District became effective on January 1, 1991, pursuant to Decision No. (D.) 89-04-005, dated April 12, 1989.

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) Southern California Edison Company's latest rate increase became effective January 1, 1991. This change resulted in an increase in purchased power expense of \$25,400. (2) Purchased Water - Operating expenses adopted in D.89-04-005 reflect the charges by West Basin Municipal Water District (WBMWD). WBMWD increased the rates effective on July 1, 1991, which will result in a purchased water increase of \$697,100. (3) Pump Taxes - Adopted in D.89-05-014 reflect the July 1, 1987 rate of \$71 per acre foot. Central and West Basin Water Replenishment Districts have adopted a pump tax rate of \$100 per acre foot effective July 1, 1991, which will increase the pump tax expense \$60,000 for the year. (4) 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%. The estimated postage expense increase for the Hermosa-Redondo District is \$10,700. (5) Ad valorem taxes adopted in D.89-04-005 for the Hermosa-Redondo District reflected the 1987-88

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fiscal year composite effective tax rate .936%. The 1990-91 fiscal year composite effective tax rate has been established at .869% for this district resulting in a decrease of \$10,700 for the test year. A minor decrease of \$200 in General Office ad valorem taxes has been reflected in the prorated expenses. (6) Uncollectibles - The additional revenue is required to produce a proportionate increase in uncollectibles of \$1,000 for the test year. (7) Local Taxes - The local franchise taxes are anticipated to increase \$300 due to the change in operating revenue.

The requested expense offset will result in an increase in the quantity rate of \$0.1196 per Ccf.

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's has established water conservation programs in the Hermosa-Redondo 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 \$17.58 to \$19.13 per month or 8.82% for an average use of 1,300 cubic feet.

#### PROTESTS

CWS's published a notice of this increase request in a local newspaper on June 10, 1991. Seven protests have been received. The staff has reviewed and responded to each protest.

#### 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:

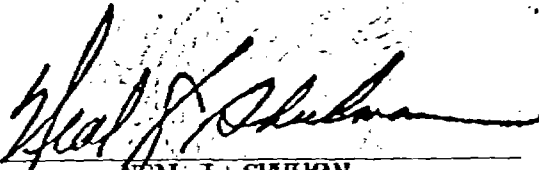
1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedule No. HR-1, General Metered Service, attached to Advice Letter No. 1199 and to cancel the presently effective Schedule No. HR-1.
2. California Water Service Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

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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



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NEAL J. SHULMAN  
Executive Director