

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities BranchRESOLUTION NO. W-3602  
August 7, 1991

## RESOLUTION

(RES. W-3602), CALIFORNIA WATER SERVICE COMPANY (CWS),  
WESTLAKE DISTRICT. ORDER AUTHORIZING AN OFFSET RATE  
INCREASE PRODUCING \$397,400 OR 9.22% ADDITIONAL  
ANNUAL REVENUE.

---

BACKGROUND

By Advice Letter 1200, filed June 4, 1991, CWS requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates to offset: (1) a \$629,600 increase in purchased water costs, (2) a \$3,100 increase in purchased power expense, (3) a \$2,600 increase in postage expense, (4) a \$25,900 decrease in ad valorem taxes, and (5) a corresponding \$6,700 increase in uncollectibles and franchise requirements. The total of these five offsets is \$616,100. However, because the rate of return of 14.88% for the 12-month period ending April 1991 exceeds the authorized rate of return of 11.26%, CWS, by letter dated July 2, 1991, proposes a surcredit to decrease revenues by \$218,700 for the 12-month period following the effective date of this offset rate increase thereby decreasing its request to \$397,400. WS serves approximately 6,442 metered customers in Ventura County.

The present rates became effective on March 18, 1991, pursuant to Decision No. 91-03-014, dated March 13, 1991.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, changes in items that have occurred since the present rates became effective. With the accompanying surcredit, this rate increase will not result in a return greater than that previously authorized.

The reason for the requested \$616,100 increase is due to the following: (1) Purchased Power - Operating expenses adopted through D.91-03-014 for the Westlake District reflect Southern California Edison Company (SCE) power rates which became effective January 1, 1990. 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 \$3,100 for test year 1991. (2) Purchased Water - Operating expenses adopted through D.91-03-014 reflect Russell Valley Municipal Water District (RVMWD) water rates which became effective July 1, 1990. RVMWD increased the rates effective July 1, 1991 which will result in a purchased water increase of \$629,600. (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%. The estimated postage expense increase for the Westlake District is \$2,600. (4) Ad valorem taxes adopted through D.91-03-014 reflect the 1989-90 calculated composite effective tax rate. The 1990-1991 fiscal year composite effective tax rate has been established at 0.465% for this district resulting in a decrease of \$25,700 for the test year, and (5) Local taxes for the Westlake District consists of no business license fee but does include a local franchise tax. The local franchise taxes are anticipated to increase \$6,400 due to the change in operating revenue.

Because CWS's rate of return exceeds the authorized 11.26%, it is appropriate to limit this rate increase to that necessary for a 11.26% return. To achieve this 11.26% rate of return, a surcredit of \$0.0648 per Ocf will be added as a special condition to reduce revenues by \$218,700 over a 12-month period.

The net increase in quantity rates is \$0.1179 per one hundred cubic feet (Ocf).

To determine if purchased power is being used efficiently, the Branch reviewed the latest pump efficiency tests and found the results to be satisfactory.

Service is satisfactory. There are no Commission orders requiring system improvements, nor are there significant service problems requiring corrective action.

To promote conservation, CWS has requested its customers, through bill inserts and distribution of conservation material, to reduce their water consumption.

This increase will result in a \$3.65 per month or a 8.8% increase for the average metered customer on a 5/8 x 3/4-inch meter. The average monthly bill will increase from \$41.65 to \$45.30 for an average use of 3,100 cubic feet.

#### NOTICE AND PROTEST

CWS has given public notice of the request for increase to each customer, and by publishing in the local newspaper on June 7, 1991. No customer protest or correspondence 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.

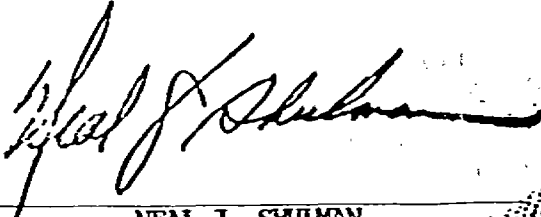
#### IT IS ORDERED that:

1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedule No. WK-1 attached to Advice Letter No. 1200, and to cancel the presently effective rate schedule for water service.
2. California Water Service Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

Resolution No. W-3602  
CWS/AL NO. 1200/HJL/AAM:jlj

3. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 7, 1991. The following Commissioners approved it:

  
NEAL J. SHULMAN  
Executive Director

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

Commissioner Daniel Wm. Fessler, being necessarily absent, did not participate.