

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3604  
August 7, 1991

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

(RES. W-3604), CALIFORNIA WATER SERVICE COMPANY (CWS),  
EAST LOS ANGELES DISTRICT. ORDER AUTHORIZING AN OFFSET  
RATE INCREASE PRODUCING \$1,231,200 OR 12.2%  
ADDITIONAL ANNUAL REVENUE.

BACKGROUND

By Advice Letter (AL) 1198, filed June 4, 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 East Los Angeles District to offset: (1) a \$55,000 increase in purchased power expense, (2) a \$963,800 increase in purchased water expense, (3) a \$186,200 increase in pump taxes, (4) a \$11,400 increase in postage expense, (5) a \$7,600 decrease in ad valorem taxes, and (6) a corresponding \$22,400 increase in franchise and uncollectible expenses. CWS serves about 25,650 metered customers in its East Los Angeles District.

The present rates for the East Los Angeles District became effective on November 23, 1989, pursuant to Decision No. 85-12-086, dated December 18, 1985.

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) Purchased Power - Operating expenses adopted through Resolution No. W-3419 for the East Los Angeles District reflect Southern California Edison (SCE) power rates which became effective June 1, 1988. 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 \$55,000. (2) Purchased Water - Operating expenses adopted through Resolution No. W-3419 reflect Central and West Basin Water Replenishment District (Central and West Basin) water rates which became effective July 1, 1988. Central and West Basin increased the rates effective on July 1, 1991, which will result in a purchased water increase of \$963,800. (3) Pump Taxes - adopted through Resolution No. W-3419 reflect the July 1, 1985 rate of \$61 per acre foot. Central and West Basin has adopted a pump tax rate of \$100 per acre foot effective July 1, 1991, which increase the pump tax expense \$186,200 for the year. (4) Postage - Effective February 3, 1991, the United States Postal Service increased postal rates. The weighted percentage increase for CWS's mail was 16.5%.

August 7, 1991

The estimated postage expense increase for the East Los Angeles District is \$11,400. (5) Ad valorem taxes adopted through Resolution No. W-3419 reflect the 1987-88 calculated composite effective tax rate. The 1990-1991 fiscal year composite effective tax rate has been established at 0.908% for this district resulting in a decrease of \$7,400 for the test year. The local franchise taxes are anticipated to increase \$20,900 due to the change in operating revenue.

The requested expense offset will result in a \$0.1447 per one hundred cubic feet (Ocf) increase in quantity rates.

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 East Los Angeles 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 \$21.66 to \$24.13 per month or 11.41% for an average use of 1,709 cubic feet.

#### PROTESTS

CWS has mailed notices of this increase to each customer, because it is over 10%. No protests 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:

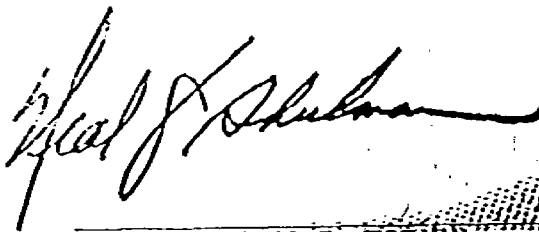
1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedule No. EL-1, General Metered Service, as attached to Advice Letter No. 1198 and to cancel the presently effective Schedule No. EL-1.

2. California Water Service Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

August 7, 1991

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.