

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3612
September 6, 1991R E S O L U T I O N

(RESOLUTION W-3612) METROPOLITAN WATER COMPANY (MWC)
ORDER AUTHORIZING AN OFFSET RATE INCREASE PRODUCING
ADDITIONAL ANNUAL REVENUES OF \$106,323 (13.2%) IN 1991.

BACKGROUND

By Advice Letter 29, filed May 29, 1991, MWC 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 \$104,196 increase in purchased water cost from Calleguas Municipal Water District (CMWD), and (2) a \$2,127 increase in the Ventura County Franchise Tax. MWC serves about 1,673 metered customers in Oak Park and vicinity located approximately four miles east of Thousand Oaks, Ventura County.

The present rates became effective on March 22, 1991, pursuant to Resolution No. W-3551 which authorized an offset increase of \$73,763 or 9.6%. The last general rate increase was granted by Decision 86-09-005, dated September 4, 1986, in which the Commission found a rate of return on rate base of 10.2% reasonable for the test year 1985.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, 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) a \$104,196 increase in purchased water cost due to CMWD's increase of its rate from the adopted \$271 per acre-ft to \$347 per acre-ft, effective July 1, 1991, and (2) an additional \$2,127 increase in franchise tax due to the increase in gross revenues.

These increases are primarily the results of changes in costs related to water consumption so they are applied to the quantity rates for metered service. The quantity rates will increase by \$0.19 per Ccf.

Resolution No. W-3612
Metropolitan Wtr Co/AL29/VDM:mem

In the Branch's review of electric energy use for MWC's previous offset rate increase (Advice Letter No. 27 authorized by Resolution No. W-3551, March 22, 1991), the Branch found that five of MWC's eight pumps were operating inefficiently. MWC has since replaced three of the inefficient pumps. MWC states that the remaining two pumps are of small size and are infrequently used, and it would not be cost effective to replace them at this time.

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

To promote water conservation, MWC has established a mandatory water conservation and rationing plan that implements a 20% reduction from its 1989 water usage. MWC also makes water conservation kits and brochures available to its customers. No other water conservation measures are required at this time.

At the proposed rates, the typical residential customer's bill will increase from \$38.80 to \$44.24 per month or 14.0% for an average use of 28 Ccf.

NOTICE AND PROTESTS

MWC mailed a notice of this increase request to all customers on June 5, 1991. No protests have been received.

FINDINGS

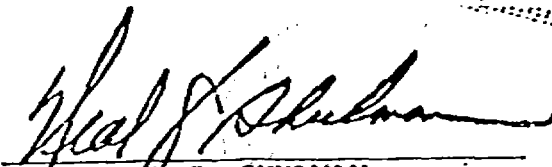
1. MWC's proposed summary of earnings in Advice Letter 29 is reasonable and should be adopted.
2. The rate increase proposed by MWC in Advice Letter 29 is reasonable and should be adopted.
3. The rate increase authorized herein is justified and the resulting rate is just and reasonable.

IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 for Metropolitan Water Company to make effective five (5) days after the effective date herein, revised Schedule No. 1 attached to Advice Letter 29, and concurrently to cancel its presently effective rate Schedule No. 1.
2. Metropolitan Water Company shall maintain its balancing account as required by Public Utilities Code 792.5.
3. This resolution is effective today.

Resolution No. W-3612
Metropolitan Wtr Co/AL29/VDM:mem

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 6, 1991. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

PATRICIA M. ECKERT
President
JOHN B. CHANIAN
DANIEL WM. FESSLER
NORMAN D. SHUMWAY
Commissioners

I abstain.

G. MITCHELL WILK
Commissioner