

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3661
JULY 22, 1992

R E S O L U T I O N

(RES. W-3661) CALIFORNIA-AMERICAN WATER COMPANY (CAL-AM),
BALDWIN HILLS DISTRICT. ORDER AUTHORIZING AN OFFSET RATE
INCREASE PRODUCING \$226,408 OR 7.5% ADDITIONAL ANNUAL
REVENUE.

BACKGROUND

By Advice Letter 402, filed May 26, 1992, Cal-Am 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 \$51,658 increase in purchased water; (2) a \$105,443 increase in water replenishment; (3) \$1,158 in related increases in uncollectibles and franchise taxes; and (4) a \$68,149 increase to amortize the undercollection in the balancing account. Cal-Am serves about 6,000 metered customers in portions of the cities of Baldwin Hills, Windsor Hills, View Park, Ladera Heights in Los Angeles County.

The present rates became effective on May 16, 1992, pursuant to Commission Decision 91-10-042 which authorized a voluntary conservation surcharge.

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. This rate increase will not result in a return greater than that previously authorized. Increases in purchased water and water replenishment are shown in the following table:

	<u>Adopted</u> <u>Rate</u>	<u>Present</u> <u>Rate</u>	<u>Effective</u> <u>Date</u>
Replenishment Assessments:			
Central & West Basin	\$100/AF	\$125/AF	7/1/92
Purchased Water:			
West Basin MWD	\$276/AF	\$341/AF	7/1/92

Since the increase is caused by changes in expenses directly related to water consumption, it is applied to the quantity blocks. Rates for all quantity blocks will be increased by \$0.1064 per Ccf. One Ccf is one hundred cubic feet.

Baldwin Hills District's balancing account as of April 30, 1992, showed an undercollection of \$68,149. A surcharge of \$0.0458 per Ccf will be added to the quantity rates for 12 months.

According to Decision 91-11-069, Cal-Am's service quality was determined to be satisfactory. However, the Commission ordered that priority be given to certain sub-divisions in the Baldwin Hills District in making annual main improvements scheduled under a five-year improvement program to expedite better fire flow and water pressure. The Commission also ordered that periodic water pressure and fire flow testing and reports be filed with each annual advice letter, and that Cal-Am file a supplemental main improvement plan with its 1993 advice letter evaluating the impact of expediting the scheduled five-year main and hydrant improvements. As of this date, Cal-Am is in full compliance with the Commission orders.

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

For the average customer who uses 19 Ccf per month and has a 5/8 x 3/4-inch meter, this rate change will result in an increase of \$2.02 per month or 6.2%. The increase will cause the average bill to go from \$32.43 to \$34.45.

NOTICE AND PROTESTS

Cal-Am has given public notice of the request by publishing in a local newspaper on May 28, 1992. The Water Utilities Branch has not received any letters protesting the increase.

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.

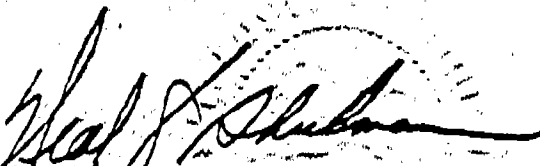
IT IS ORDERED that:

1. California-American Water Company is authorized, five days after the effective date herein, to make effective revised Schedule No. BH-1 attached to Advice Letter No. 402, and concurrently to cancel its presently effective rate Schedule No. BH-1.
2. California-American Water Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

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Cal-Am Wtr/AL402/BSK/jlj:mem.

3. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 22, 1992. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners