

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3670
August 11, 1992

RESOLUTION

(RES. W-3670) CALIFORNIA WATER SERVICE COMPANY,
(CWS) SAN MATEO DISTRICT. ORDER AUTHORIZING AN
OFFSET RATE INCREASE PRODUCING \$1,164,900 OR 11.5%
ADDITIONAL ANNUAL REVENUE.

BACKGROUND

By Advice Letter 1247, filed June 1, 1992, 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 to offset: (1) a \$1,800 increase in purchased power cost from Pacific Gas & Electric Company (PG&E), (2) a \$879,100 increase in purchased water costs from the San Francisco Water Department (SFWD), (3) a \$2,200 increase in ad valorem taxes, and (4) a \$1,200 increase in uncollectibles. CWS serves approximately 25,064 customers in the City of San Mateo, San Mateo County. Additionally, \$280,600 is required to amortize balancing account undercollection.

The present rates became effective January 1, 1992, pursuant to Resolution W-3596, which authorized a step rate increase. The last general rate increase became effective March 13, 1990, pursuant to Decision 90-03-007 which authorized an increase of \$369,400, or 5.1% for 1990, \$61,100 or 0.9% for 1991, and \$57,400 or 0.7% for 1992. The rates of return on rate base of 11.26% for 1990 and 11.20% for 1991 were found to be reasonable.

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 previously authorized.

The purchased power cost increase results from PG&E's January 1, 1991, increase of \$.00106 per kWh. The amount of increase is \$1,800. The purchased water cost increase is due to the SFWD's 19.15% increase of \$879,100. Similarly, ad valorem taxes have increased by \$2,200 and uncollectibles by \$1,200.

As of March 31, 1992, the balancing account undercollection is \$280,600 or 2.8% of gross revenue.

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

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

To promote water conservation, CWS has an ongoing conservation program including distribution of free conservation kits containing low-flow washers and conservation literature.

The increase will result in a \$3.37 per month or a 10.5% increase for the average residential 5/8 x 3/4-inch metered customer using 16 Ccf per month (One Ccf equals one hundred cubic feet). The average monthly metered bill will increase from \$32.04 to \$35.41.

RATE DESIGN

The increase, which is the result of changes in the cost of purchased power and purchased water is related to water consumption and is applied to the quantity block for metered service. The quantity rate for general metered service will be increased by \$0.1598 per Ccf and the balancing account surcharge will be \$0.0507 per Ccf.

NOTICE AND PROTEST

CWS has given public notice of this increase request by publishing in a local newspaper on June 6, 1992. Because the combined increase is over 10% of gross revenue, CWS must and has sent individual notices to each and every customer. No letters protesting the increase have been received.

FINDINGS

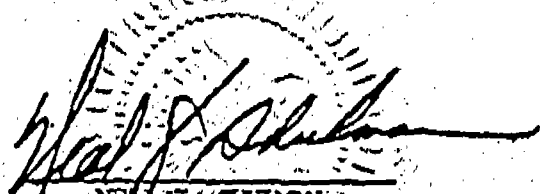
The Commission finds, after investigation by the Branch, that the requested rate increase hereby authorized is justified, and that the resulting rates are reasonable.

IT IS ORDERED that:

1. California Water Service Company is authorized, to make effective, five days after the date herein, revised Schedule No. SM-1 attached to Advice Letter No. 1247 and to cancel the presently effective rate schedules for water service.
2. This resolution is effective today.

I hereby certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on August 11, 1992. The following Commissioners approved it:

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


NEAL J. SHULMAN
Executive Director

Commissioner John B. Ohanian,
being necessarily absent, did
not participate.