

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3671  
August 11, 1992

## RESOLUTION

(RES. W-3671), CALIFORNIA WATER SERVICE COMPANY (CWS),  
PALOS VERDES DISTRICT. ORDER AUTHORIZING AN OFFSET RATE  
INCREASE AND A BALANCING ACCOUNT SURCHARGE PRODUCING  
ADDITIONAL TOTAL ANNUAL REVENUES OF \$1,635,850 OR 11.4%.

BACKGROUND

By Advice Letters 1253 and 1253-A Supplement, filed June 11, 1992 and July 16, 1992, respectively, CWS requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates to offset: (1) a \$21,000 increase in purchased power expense, (2) an \$1,156,000 increase in purchased water expense, (3) a \$7,600 increase in ad valorem taxes, (4) a corresponding increase of \$13,500 in franchise and uncollectible expenses, and (5) an amortization of undercollection of \$437,750 in the balancing account. CWS serves about 22,583 customers in its Palos Verdes District, which serves the communities of Palos Verdes Estates, Rolling Hills Estates, Lomita, and Rancho Palos Verdes, and adjacent unincorporated portions of Los Angeles County.

Supplement filing 1253-A was necessitated by a reduction in the purchased water increase initially included in Advice Letter 1253.

The present rates became effective on July 24, 1991, pursuant to Resolution No. W-3586 which authorized an offset of \$1,438,100.

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 expense changes are as follows:

1. Southern California Edison Company latest increase in rates charged to CWS, effective January 20, 1992. This resulted in an increase in purchased power of \$21,000.
2. Purchased Water operating expenses adopted in Resolution No. W-3586 reflect West Basin Municipal Water District (WBMWD) water rates which became effective July 24, 1991. WBMWD has increased its water rates effective July 1, 1992, which results in a purchased water increase of \$1,156,000.
3. Ad valorem taxes adopted in Resolution No. W-3586 reflect the 1990-91 fiscal year composite effective tax rate at .915%. The 1991-92 fiscal year composite effective tax rate has been established at .944% for this district resulting in an increase of \$7,200 for the test year, plus \$400 for adjustment for the general office.

4. Franchise Tax, the corresponding increase of franchise taxes will be \$12,600 and the uncollectible will be \$900 due to the increase in operating revenue.

The increase in purchased power, purchased water, amortization of balancing account, and related expenses have been applied to quantity rates since these variable costs are directly related to water consumption.

The requested expense offset will result in an increase in quantity rates of \$0.162 per Ccf.

Due to the undercollection in the balancing account, a surcharge of \$0.0592 per 100 cubic feet is to be added to the quantity rates for a 24-month period, resulting in a total annual increase of \$1,635,850 or 11.4%.

To promote water conservation, CWS has established water conservation programs in the Palos Verdes District which include leak repair and main replacement programs, conservation brochures, bill inserts, water kit distributions, paid conservation advertisements and conservation displays in the office.

To ensure that purchased power is being used economically, the Water Utilities Branch (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.

The table below shows the effect this rate increase would have on typical bill for a residential customer at present and proposed rates:

<u>GENERAL METERED SERVICE (5/8 X 3/4-INCH METERS)</u>				
<u>MONTHLY USAGE</u> (cf)	<u>PRESENT RATES</u>	<u>PROPOSED<sup>1</sup> RATES</u>	<u>INCREASE</u>	
			<u>AMOUNT</u>	<u>%</u>
300	\$10.54	\$11.20	\$ 0.66	6.3 %
500	13.82	14.93	1.11	8.0
1,000	22.04	24.25	2.21	10.0
2,000	38.47	42.89	4.42	11.5
2,700 (avg.)	49.97	55.94	5.97	11.9
3,000	54.90	61.53	6.63	12.1
5,000	87.76	98.82	11.06	12.6

At the proposed rates, the monthly bill of a typical residential customer (5/8 X 3/4-inch meter) will increase from \$49.97 to \$55.94 per month or 11.9% for an average use of 2,700 cubic feet.

<sup>1</sup> Includes Balancing Account Surcharge.

PROTESTS

CWS mailed to each customer and published in a local newspaper, notice of this increase request to its customers on June 23, 1992. Seven customer letters were received objecting the rate increase. The staff has reviewed each customer complaint.


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. PV-1, General Metered Service, as attached to Advice Letter No. 1253-A Supplement and to cancel the presently effective Schedule No. PV-1. Revised scheduled No. PV-1, as attached to the original Advice Letter 1253, is hereby withdrawn and superseded.
2. California Water Service Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

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



NEAL J. SHULMAN  
Executive Director

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

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