

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3673
August 11, 1992

RESOLUTION

(RES. W-3673), CALIFORNIA WATER SERVICE COMPANY (CWS),
HERMOSA-REDONDO DISTRICT. ORDER AUTHORIZING AN OFFSET
RATE INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES OF
\$1,176,950, OR 12.5%.

BACKGROUND

By Advice Letter 1252, filed June 11, 1992, CWS requested authority under Section VI of General Order 96-A to increase rates for water service for its Hermosa-Redondo District to offset: (1) a \$4,800 increase in purchased power expense, (2) a \$859,700 increase in purchased water expense, (3) a \$51,800 increase in pump taxes, (4) a \$1,300 decrease in ad valorem taxes and a \$300 increase in General Office ad valorem taxes, and (5) a corresponding \$1,600 increase in franchise and uncollectible expense. CWS serves about 24,455 metered customers in its Hermosa-Redondo District.

The present service charge rates for the Hermosa-Redondo District became effective on January 1, 1991, pursuant to Decision No. 89-04-005, dated April 12, 1989. The present quantity charge rates became effective on July 24, 1991, pursuant to Resolution W-3597.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates 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) Southern California Edison Company's latest rate increase became effective January 1, 1992. This change resulted in an increase in purchased power expense of \$4,800. (2) Purchased Water - Operating expenses adopted in Res. W-3597 reflect the charges by West Basin Municipal Water District (WBMWD). WBMWD increased the rates effective on July 1, 1992, which will result in a purchased water increase of \$859,700. (3) Pump Taxes - Adopted in Res. W-3597 reflect the July 1, 1991 rate of \$100 per acre-foot. Central and West Basin Water Replenishment Districts have adopted a pump tax rate of \$125 per acre-foot effective July 1, 1992, which will increase the pump tax expense \$51,800 for the year. (4) Ad valorem taxes adopted in Res. W-3597 for the Hermosa-Redondo District reflected the 1990-91 fiscal year composite effective tax rate .869%. The 1991-92 fiscal year composite effective tax rate has been established at .861% for this district resulting in a decrease of \$1,300 for the test year. A minor increase of \$300 in General Office ad valorem taxes

has been reflected in the prorated expenses. (5) Uncollectibles - The additional revenue is required to produce a proportionate increase in uncollectibles of \$1,200 for the test year. (6) Local Taxes - The local franchise taxes are anticipated to increase \$400 due to the change in operating revenue.

The requested expense offset will result in an increase in the quantity rate of \$0.1399 per Ccf (One Ccf is one hundred cubic feet). In addition, a surcharge of \$0.0397 per Ccf will be imposed for 24 months from the effective date of this Resolution to recover undercollection in the balancing account. This will result in an increase in annual revenue of \$1,176,950, or 12.5%.

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.

To promote water conservation, CWS has established water conservation programs in the Hermosa-Redondo 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.

At the proposed rates, the typical residential customer's bill will increase from \$22.43 to \$24.67 per month or 9.98% for an average use of 16 Ccf.

PROTESTS

CWS inserted a notice of the rate increase request in its June billing to customers. CWS also published the notice in the local newspaper, THE DAILY BREEZE, on June 17, 1992. The Branch received five protest letters. The staff has reviewed and responded to each protest.

FINDINGS

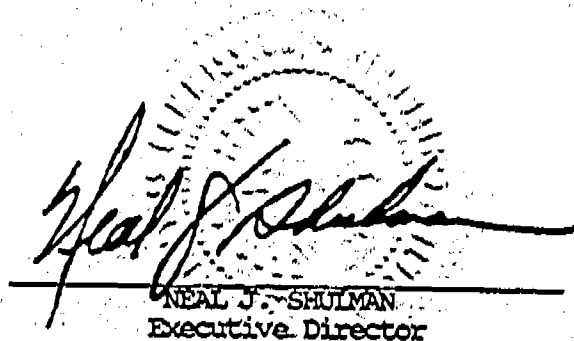
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

IT IS ORDERED that:

1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedule No. HR-1, General Metered Service, attached to Advice Letter No. 1252 and to cancel the presently effective Schedule No. HR-1.
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.