

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3675
August 11, 1992

RESOLUTION

(RES. W-3675), CALIFORNIA WATER SERVICE COMPANY (CWS),
BEAR GULCH DISTRICT. ORDER AUTHORIZING AN OFFSET RATE
INCREASE AND A BALANCING ACCOUNT SURCHARGE PRODUCING
TOTAL ADDITIONAL ANNUAL REVENUES OF \$964,000 OR 9.5%.

BACKGROUND

By Advice Letter 1249, filed June 3, 1992, CWS requested authority under Section VI of General Order 96-A to increase rates for water service for its Bear Gulch District to offset: (1) a \$709,600 increase in purchased water expense, (2) a \$5,400 increase in purchased power expense, (3) a \$200 increase in ad valorem taxes, (4) a \$6,900 increase in franchise and uncollectibles and (5) a \$241,900 increase to amortize the undercollection in the balancing account. CWS serves about 16,912 metered and flat rate customers in its Bear Gulch District, which includes the communities of Atherton, Menlo Park, Portola Valley and Woodside, as well as adjacent unincorporated areas in San Mateo County.

The present rates for the Bear Gulch District became effective on January 1, 1992, pursuant to Decision No. 90-03-007, dated March 13, 1990, and the requisite Advice Letter 1213 filed November 21, 1991. Advice Letter 1233, filed March 18, 1992, provided for a 12-month surcharge of \$0.3835 per Ccf to recover conservation related lost revenue effective June 1, 1992.

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 reason for the above expense changes are as follows: (1) a \$5,400 increase in purchased power expense to reflect an increase in the average cost of electric energy from \$0.10807 to per kilowatt-hour (kWh) to \$0.10939 per kWh, (2) a \$709,600 increase in purchased water expense to reflect an increase in purchased water from the San Francisco Water Department of \$0.1444 per one hundred cubic feet effective July 1, 1992, (3) a \$6,900 increase in uncollectibles and local franchise taxes as a result of the change in revenue, and (4) a \$200 increase in ad valorem taxes to reflect an increase in the tax rate.

The requested expense offset will result in an increase in the quantity rates by \$0.1386 per Ccf (One Ccf is one hundred cubic feet). In addition, a surcharge of \$0.0464 per Ccf will be added to the quantity rates for a period of 12 months to offset the undercollection in the balancing account.

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 less than satisfactory. Twenty of the 53 pumps were not tested by CWS; for 11 of the 20 untested pumps, CWS did not provide satisfactory reasons for not doing so. The Branch will monitor this district's pump efficiencies closely in future rate increase requests by CWS.

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 Bear Gulch 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.

The following table shows the effect that this rate increase will have on typical bills for a residential customer at present and proposed rates.

General Metered Service (5/8 x 3/4-inch Meters)

Monthly Usage (cf)	Present Rates ¹	Proposed Rates ²	Increase	
			Amount	Percent
300	\$13.54	\$14.09	\$0.55	4.10%
500	17.09	18.30	1.21	7.10
1,000	26.93	28.77	1.84	6.84
1,800 (avg.)	42.21	45.55	3.34	7.92
2,000	46.04	49.74	3.70	8.04
3,000	65.17	70.72	5.55	8.52
5,000	103.41	112.66	9.25	8.95

For the average residential customer who uses 18 Ccf per month and has a 5/8 x 3/4-inch meter, this rate change will result in an increase of \$3.34 per month or 7.92%.

PROTESTS

CWS notified its customers of this increase through local newspaper announcements published on June 5, 1992. No protests have been received.

- 1 Includes conservation surcharge of \$0.3835 per Ccf for 12 months beginning June 1, 1992.
- 2 Includes conservation surcharge and Balancing Account surcharge.

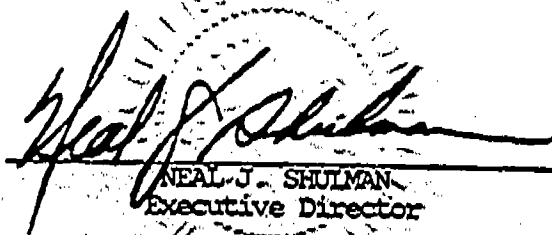
FINDINGS

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. BG-1, General Metered Service, as attached to Advice Letter No. 1249 and to cancel the presently effective Schedule No. BG-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.