

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION No. W-3676
August 11, 1992

RESOLUTION

(RES. W-3676), CALIFORNIA WATER SERVICE COMPANY (CWS),
SAN CARLOS DISTRICT. ORDER AUTHORIZING AN OFFSET RATE
INCREASE AND A BALANCING ACCOUNT SURCHARGE PRODUCING
TOTAL ADDITIONAL ANNUAL REVENUE OF \$408,100 OR 9.9%

BACKGROUND

By Advice Letter 1250, filed June 3, 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 for its San Carlos District by \$408,100 annually to offset: (1) a \$2,800 increase in purchased power expense from Pacific Gas and Electric Company (PG&E), (2) a \$310,900 increase in purchased water costs, (3) a \$1,000 decrease in ad valorem taxes, (4) a corresponding \$5,400 increase in uncollectibles and local franchise taxes, and (5) a \$90,000 increase to amortize the undercollection in the balancing account. CWS serves about 10,000 metered customers in its San Carlos District which includes the city of San Carlos and adjacent territory in San Mateo County.

The present rates for the San Carlos District became effective January 1, 1992, pursuant to Decision No. 90-03-007, dated March 13, 1990, and the requisite Advice Letter 1217. Advice Letter 1238, filed March 30, 1992, provided for a 12-month surcharge of \$0.3532 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, on a dollar-for-dollar basis, 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) a \$2,800 increase in purchased power expense to reflect an increase in the average cost of electric energy from \$0.11420 per kilowatt-hour (kWh) based on PG&E's January 1, 1991 rates to an average cost of \$0.11631 per kWh based on PG&E's January 1, 1992 rates, (2) a \$310,900 increase in purchased water expense to reflect an increase in purchased water from the San Francisco Water Department of \$0.1518 per one hundred cubic feet (Ccf), effective July 1, 1992, and (3) a \$5,400 increase in uncollectibles and local franchise taxes as a result of the change in revenues.

The requested expense offset will result in an increase in the quantity rates of \$0.1672 per Ccf for all blocks.

San Carlos District's balancing account as of March 31, 1992 showed an undercollection of \$121,158. A surcharge of \$0.0473 per Ccf will be added to the quantity rates for 12 months to recover \$90,000 of the undercollection.

To ensure 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 improvements nor significant service problems requiring corrective action.

To promote water conservation, CWS has established water conservation programs in the San Carlos District which includes leak repair and main replacement programs, conservation brochures, bill inserts, water kit distributions, paid conservation advertisements and conservation displays in its 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)

<u>Monthly Usage</u> (cf)	<u>Present Rates</u> ¹	<u>Proposed Rates</u> ²	<u>Increase</u>	
			<u>Amount</u>	<u>Percent</u>
300	\$ 12.23	\$12.88	\$ 0.65	5.31%
500	16.23	17.30	1.07	6.60
1,000	26.20	28.34	2.14	8.17
1,100 (avg.)	28.20	30.56	2.36	8.37
2,000	46.14	50.43	4.29	9.30
3,000	66.10	72.53	6.43	9.73
5,000	105.99	116.72	10.73	10.12

For the average customer who uses 11 Ccf per month and has a 5/8 x 3/4-inch meter, this rate change will result in an increase of \$2.36 per month or 8.37%.

PROTESTS

CWS has given public notice of the request through a local newspaper announcement published on June 5, 1992. The Water Utilities Branch has received no letters protesting the increase.

FINDINGS

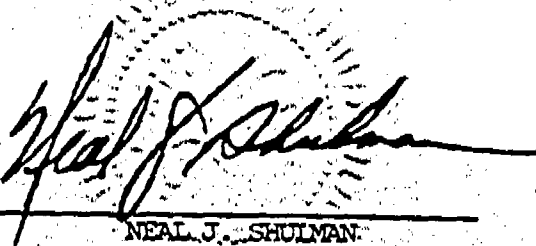
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

- 1 Includes conservation surcharge of \$0.3532 per Ccf for 12 months beginning June 1, 1992.
- 2 Includes conservation surcharge and Balancing Account surcharge.

IT IS ORDERED that:

1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedule No. SC-1, General Metered Service, as attached to Advice Letter No. 1250 and to cancel the presently effective Schedule No. SC-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 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:



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.