

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3685
September 2, 1992

RESOLUTION

(RES. W-3685), CALIFORNIA WATER SERVICE COMPANY (CWS), WESTLAKE DISTRICT. ORDER AUTHORIZING AN OFFSET RATE INCREASE AND A BALANCING ACCOUNT SURCHARGE PRODUCING ADDITIONAL TOTAL ANNUAL REVENUES OF \$607,350 OR 11.9%.

BY ADVICE LETTER NO. 1251-A, FILED JULY 16, 1992.

BACKGROUND

By Advice Letters 1251 and supplemental filing 1251-A, filed June 8, 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 \$1,700 increase in purchased power expense, (2) an \$509,800 increase in purchased water expense, (3) a \$2,800 increase in ad valorem taxes, (4) a corresponding increase of \$5,600 in franchise and uncollectible expenses, (5) an undercollection of \$165,050 in the balancing account, and (6) a \$77,600 decrease to reflect earnings above the authorized rate of return. CWS serves approximately 6,442 metered customers in Ventura County.

Supplemental filing 1251-A was necessitated by a reduction in the purchased water increase initially included in Advice Letter 1251.

The present rates became effective on August 7, 1991, pursuant to Resolution No. W-3602 which authorized an offset of \$397,400. In addition, a surcharge of \$0.0484 was removed per Advice Letter 1241, effective April 14, 1992.

DISCUSSION

The offset rate 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's latest increase in rates charged to CWS became effective January 1, 1992. This resulted in an increase in purchased power of \$1,700.
2. Purchased water operating expenses adopted in Resolution No. W-3602 reflect Russel Valley Municipal Water District (RVMWD) water rates which became effective July 1, 1991. RVMWD has increased its water rates from \$349 per acre-foot to \$410 per acre-foot effective July 1, 1992, which results in a purchased water increase of \$509,800.
3. Ad valorem taxes adopted in Resolution No. W-3602 reflect the 1990-91 fiscal year composite effective tax rate at 0.465% and 0.973% for the district and general office, respectively. The 1991-92 fiscal year

composite effective tax rate has been established at 0.483% and 1.083% for the district and general office, respectively. The total increase in ad valorem taxes is \$2,800.

4. The corresponding increase in franchise taxes will be \$5,400 and uncollectibles will be \$200 due to the increase in operating revenue.

The requested expense offset will result in an increase in quantity rates of \$0.1528 per Ccf.

Due to the undercollection in the balancing account, a surcharge of \$0.0485 per 100 cubic feet is to be added to the quantity rates for a 24-month period. In addition, since CWS pro-forma rate of return of 12.46% exceeds the authorized 11.25%, a surcredit of \$0.0228 per 100 cubic feet is to be deducted from the quantity rates for a 12-month period resulting in a total decrease in revenues of \$77,600. The total increase in quantity rates after adding the surcharge and subtracting the surcredit is \$0.01785 per Ccf. The total increase in revenue granted by this resolution is \$607,350 or 11.9%.

To promote water conservation, CWS has established water conservation programs in the Westlake 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 a typical monthly bill for a residential customer at present and proposed rates:

GENERAL METERED SERVICE (5/8 X 3/4-INCH METERS)				
MONTHLY USAGE (cf)	PRESENT RATES	PROPOSED ¹ RATES	INCREASE	
			AMT	%
300	\$11.05	\$11.64	\$ 0.59	5.4 %
500	14.08	15.16	1.08	7.7
1,000	20.40	22.56	2.16	10.6
2,000	33.05	37.35	4.30	13.0
3,000	45.69	52.12	6.46	14.1
3,600 (avg.)	53.28	61.03	7.75	14.5
5,000	70.98	81.74	10.76	15.2

¹ Includes Balancing Account Surcharge

At the proposed rates, the monthly bill of a typical residential customer (5/8 X 3/4-inch meter) will increase from \$53.28 to \$61.03 per month or 14.5% for an average use of 3,600 cubic feet.

PROTESTS

CWS mailed and published notice of this increase request to its customers on June 9, 1992. No customer protest or correspondence has been received.

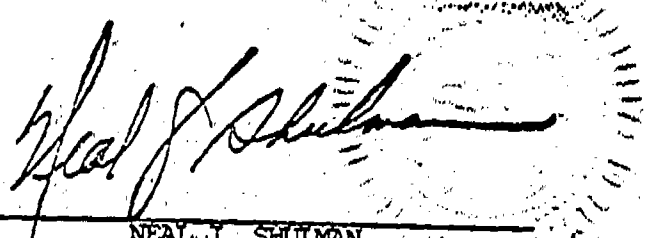
FINDINGS

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. WK-1, General Metered Service, as attached to Advice Letter No. 1251-A and to cancel the presently effective Schedule No. WK-1. Revised scheduled No. WK-1, as attached to the original Advice Letter 1251, 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 September 2, 1992. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director
DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
NORMAN D. SHUMWAY
Commissioners

Commissioner Patricia M. Eckert, being necessarily absent, did not participate.