

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities BranchRESOLUTION W-3904  
January 5, 1995R E S O L U T I O N

(RES. W-3904) CALIFORNIA WATER SERVICE COMPANY (CWSC),  
MID-PENINSULA DISTRICT. ORDER AUTHORIZING AN OFFSET RATE  
INCREASE AND SURCHARGE PRODUCING \$925,500 OR 7.0% ADDITIONAL  
ANNUAL OPERATING REVENUE.

BY ADVICE LETTER NO. 1363, FILED ON DECEMBER 9, 1994.

SUMMARY

This resolution authorizes CWSC to increase rates in its Mid-Peninsula District by \$925,500, or 7.0% per year, to offset changes in operating costs that have occurred since its present rates became effective. This increase will not result in a rate of return greater than last authorized for CWSC.

BACKGROUND

CWSC has requested authority under Section VI of General Order 96-A, and Section 454 of the Public Utilities Code to offset: (1) a \$4,500 increase in purchased power, (2) a \$801,400 increase in purchased water, (3) a \$11,500 increase in local franchise taxes, (4) an increase of \$800 in uncollectibles, and (5) an increase in the City of San Mateo business license fee of \$107,300. For items one through four, the additional amount is added to the quantity rate. For item five, CWSC proposes instituting a surcharge instead, and removing from the quantity rate the current business license portion.

CWSC serves approximately 35,000 customers in and around the Cities of San Carlos and San Mateo in San Mateo County.

The present rates for the Mid-Peninsula District became effective on January 1, 1995, pursuant to Decision No. (D.) 93-08-033, in which the Commission found a return on rate base of 9.29% for 1995.

NOTICE AND PROTEST

CWSC has given public notice of the request for increase by publishing a notice in the local newspaper. No protests or correspondence have been received.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, changes in items that have occurred since the present rates have become 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. Purchased Power—Operating expenses adopted as a result of D.93-08-033 for the Mid-Peninsula District reflect Pacific Gas & Electric Company (PG&E) power rate which became effective January 1, 1992. Since that time, PG&E has increased rates twice: January 1, 1993 and January 1, 1994. This change in power rates has resulted in an increase in power expense of \$4,500.
2. Purchased Water—Operating expenses adopted in D.93-08-033 reflect San Francisco Water Department (SFWD) rates which became effective July 1, 1993. Since that time, SFWD increased its rates effective July 1, 1994, which resulted in a purchased water increase of \$801,400.
3. Business License Fees—Effective September 14, 1994, the City of San Mateo increased CWSC's business license fee from \$20,000 to 1.35% of gross revenue. The City of San Carlos fee remains unchanged at an effective rate of 1.733%. CWSC proposes to remove the business license fees from quantity rates and institute two separate city based surcharges instead. The increased City of San Mateo business license fee will result in an additional expense of \$107,300 for CWSC.
4. Local Taxes and Uncollectibles—The local taxes for the Mid-Peninsula District consist of both business license and local franchise taxes. The franchise taxes are based on revenue in this district and are anticipated to increase \$11,500 due to the increase in operating revenue granted by this resolution. (This increase is in addition to the City of San Mateo's business license fee increase explained in the preceding paragraph.) Likewise, uncollectibles will increase \$800.

Since the requested offset increase is caused by changes in expenses directly related to water consumption, it is applied to the quantity rates. In addition, the quantity rates are reduced by the respective business fee license amounts for the Cities of San Mateo and San Carlos, and instead surcharges are added for customers in these two cities. The rates for all quantities of water delivered will be increased by a net amount of \$0.1135 per CCF (One CCF is equal to one hundred cubic feet).

Service is satisfactory. There are no Commission Orders requiring system improvement, nor any significant service problems requiring corrective action.

At the proposed rates, the typical residential customer bill, using 14.62 CCF per month, will increase from \$29.29 to \$30.95 per month, or 5.7%.

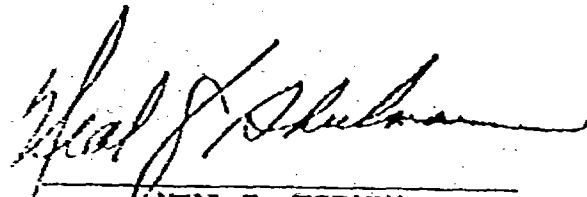
FINDINGS

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

IT IS ORDERED that:

1. California Water Service Company is authorized to make effective revised Schedule No. MID-1, General Metered Service, attached to Advice Letter No. 1363, and to correspondingly cancel the presently effective rate schedule. The effective date of the revised rate schedule shall be five days after the effective date of this resolution.
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 January 5, 1995. The following Commissioners approved it:

  
NEAL J. SHULMAN  
Executive Director

DANIEL Wm. FESSLER  
President  
NORMAN D. SHUMWAY  
P. GREGORY CONLON  
JESSIE J. KNIGHT, JR.  
Commissioners