

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3907
February 8, 1995R E S O L U T I O N

(RES. W-3907), SOUTHERN CALIFORNIA WATER COMPANY (SCWC),
METROPOLITAN DISTRICT. ORDER AUTHORIZING AN OFFSET RATE
INCREASE OF \$1,780,000 OR 4.3%.

BY ADVICE LETTER 943, FILED DECEMBER 1, 1994.

SUMMARY

This Resolution authorizes SCWC to increase rates by \$1,780,000 or 4.3% to offset changes in operating costs that have occurred since its present rates became effective. The increase will not result in a rate of return greater than last authorized for SCWC.

BACKGROUND

SCWC requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates for water service in its Metropolitan District to offset: (1) a \$1,289,400 increase in purchased water expense, (2) a \$127,500 increase in purchased power expense, (3) an \$330,900 increase in pump tax, and (4) a \$32,200 increase in franchise taxes and uncollectibles. SCWC serves about 96,000 metered and flat rate customers in its Metropolitan District, which includes portions of the cities of Artesia, Bell Gardens, Carson, Cerritos, Compton, Oudahy, Culver City, Downey, El Segundo, Gardena, Hawaiian Gardens, Hawthorne, Huntington Park, Inglewood, Lakewood, La Mirada, Lawndale, Long Beach, Norwalk, Paramount, Santa Fe Springs, South Gate, and communities of Athens, Lennox, and Moneta and vicinity, in Los Angeles County, and portions of the City of Los Alamitos, in Orange County.

The present rates for the Metropolitan District became effective on February 21, 1994, pursuant to Decision 93-09-074 in which the Commission found the rates of return on rate base of 10.62% for 1992, 10.60% for 1993 and 1994 reasonable, with a 11.75% return on equity.

NOTICE AND PROTESTS

SCWC has given public notice of the request for increase by publishing a notice in the local newspaper on December 12, 1994. Two letters, protesting the increase, were received by the Water Utilities Branch (Branch). The Branch responded to the letters.

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 became effective. This rate increase will not result in a return greater than that previously authorized. Changes in purchased water, purchased power and pump tax are shown in the following tables:

<u>Name of Agency</u>	<u>Adopted Rate</u>	<u>Present Rate</u>	<u>Effective Date</u>
<u>Purchased Water</u>			
Central Basin MWD(Untrtd.)	\$402/AF	\$429/AF	7/1/94
Central Basin Serv. Chg.	\$8,760	\$ 8,760	7/1/94
West Basin MWD (Trtd.)	\$407/AF	\$434/AF	7/1/94
West Basin MWD Serv. Chg.	\$19,200	\$19,200	7/1/94
City of Cerritos	\$0.9615/Ccf	\$1.10235	7/1/94
City of Inglewood	\$1.9327/Ccf	\$2.295/Ccf	7/1/94
City of Downey	\$1.0600/Ccf	\$1.1300/Ccf	7/1/94
<u>Purchased Power</u>			
Electric: S.C.E.	\$0.09144/kWh	\$0.10073/kWh	6/5/94
GAS: S.C.G.	\$0.78193/Therm	\$0.71285/Therm	8/1/94
<u>Pump Tax</u>			
Water Replenishment Dist. of Southern California	\$137.00/AF	\$152.00/AF	7/1/94

Since the increase is caused by changes in expenses directly related to water consumption, it is applied to quantity blocks for meter customers and, proportionately, to flat rate customers. A dollar-for-dollar recovery of the increase in expenses as a result of the changes in rates for purchased water, purchased power and pump tax would have resulted in an increase of \$0.072/Ccf in all quantity blocks. One Ccf is one hundred cubic feet.

To ensure that purchased power is being used economically, the Branch reviewed the latest pump efficiency tests for this district and found the results to be generally satisfactory. Of the 151 electric pumps, 18 pumps rated "low".

Thirteen are on stand-by or non-operational or have low usage. SCWC has tentative plans to replace two, retest four and has taken one out of service.

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

The rate increase will result in a \$1.44 or 4.6% increase for the average metered customer on a 5/8 x 3/4- inch meter. The average monthly bill will increase from \$31.07 to \$32.51 for the average customer, using 1,975 cubic feet per month.

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.

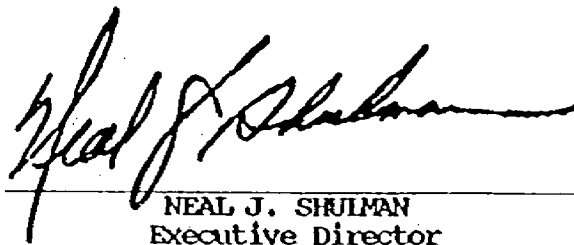
IT IS ORDERED that:

1. Southern California Water Company is authorized, five days after the effective date herein, to make effective revised Schedule No. ME-1, General Metered Service, Schedule No. ME-2, Flat Rate Service and Schedule No. ME-3, Reclaimed Water Service, as attached to Advice Letter No. 943 and to cancel the presently effective schedules.

2. Southern California Water Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5 and in accordance with the Branch's established procedures entitled "Procedures for Maintaining Balancing Accounts for Water Utilities", dated June 23, 1983.

3. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 8, 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