

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3922
June 21, 1995

RESOLUTION

(RES. W-3922), CALIFORNIA WATER SERVICE COMPANY (CWS),
EAST LOS ANGELES DISTRICT. ORDER AUTHORIZING AN OFFSET
RATE INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES OF
\$506,700, OR 3.5%.

BY ADVICE LETTER 1387, FILED MAY 15, 1995.

BACKGROUND

CWS requests authority under Section VI of General Order 96-A to increase rates for water service for its East Los Angeles District to offset: (1) a \$34,800 increase in purchased power expense, (2) a \$396,200 increase in purchased water expense, (3) a \$68,700 increase in pump tax, (4) a \$8,000 increase in postage, (5) a \$10,100 decrease in ad valorem taxes, and (6) a corresponding \$9,100 increase in local franchise tax and uncollectible expense. CWS serves approximately 25,797 metered customers in its East Los Angeles District.

The present rates became effective January 1, 1995, pursuant to Decision (D.) 93-08-033, dated August 4, 1993.

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 reasons for the above expense changes are as follows: (1) Purchased Power - Southern California Edison Company's (SCE) rate increase became effective January 1, 1995. This change resulted in an increase in purchased power expense of \$34,800. (2) Purchased Water - Operating expenses adopted in Resolution W-3863 reflect Central Basin Municipal Water District (CBMWD) water rates which became effective July 1, 1994. CBMWD increased the rates effective on July 1, 1995, which will result in a purchased water increase of \$396,200. (3) Pump Tax - Operating expenses adopted through Resolution W-3863 reflect the July 1, 1994 rate of \$152 per acre-foot. The Water Replenishment District of Southern California has adopted a pump tax rate of \$162 per acre-foot effective July 1, 1995. This change will increase the pump tax expense by \$68,700 annually. (4) Postage - Effective January 1, 1995, the United States Postal Service increased postal rates. The weighted percentage increase for CWS's mail was 10.34%. The estimated postage expense increase for the East Los Angeles district is \$8,000. (5) Ad Valorem Taxes - Ad

valorem taxes adopted through D.93-08-033 reflected the 1991-92 calculated composite effective tax rate. The 1994-95 fiscal year composite effective tax rate has been established at .885% for this district resulting in a decrease of \$8,200 for the test year. A minor decrease of \$1,900 in General Office ad valorem taxes has been reflected in the prorated expenses. (6) Uncollectibles - The additional revenue is anticipated to produce a proportionate increase in uncollectibles of \$500 for the test year. (7) Local Taxes - The local franchise taxes are anticipated to increase \$8,600 due to the change in operating revenue.

The requested expense offset will result in an increase in the quantity rate of \$0.054 per Ccf. This will result in an increase in annual revenue of \$506,700, or 3.5%.

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.

To promote water conservation, CWS has established water conservation programs in the East Los Angeles District which include leak repair and main replacement programs, conservation brochures, bill inserts, and conservation displays in the office.

At the proposed rates, the typical residential customer's bill will increase from \$34.38 to \$35.57 per month or 3.5% for an average use of 2,208 cubic feet.

PROTESTS

CWS published a notice of this rate increase request in the local newspaper, EAST LA TRIBUNE, on May 24, 1995. The Branch received no protest letters.

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.

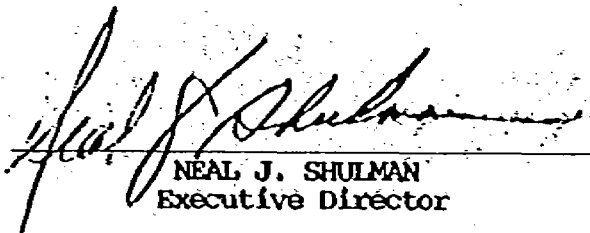
IT IS ORDERED that:

1. California Water Service Company is authorized, no sooner than July 1, 1995, to make effective revised Schedule No. EL-1, General Metered Service, attached to Advice Letter No. 1387 and to cancel the presently effective Schedule No. EL-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 June 21, 1995. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
Commissioners