

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3925
July 6, 1995

RESOLUTION

(RES. W-3925), CALIFORNIA-AMERICAN WATER COMPANY (CAL-AM),
VILLAGE DISTRICT. ORDER AUTHORIZING AN OFFSET RATE INCREASE
PRODUCING \$622,156 OR 3.96% ADDITIONAL ANNUAL REVENUE.

BY ADVICE LETTER NO. 474, FILED ON MAY 3, 1995.

SUMMARY

This Resolution authorizes Cal-Am to increase revenues by \$336,074 or 2.14% to offset changes in offsettable operating costs that have occurred since its present rates became effective and \$286,081 or 1.82% in additional charges to the balancing account. The increase will not result in a rate of return greater than last authorized for Cal-Am.

BACKGROUND

Cal-Am requested authority under Section VI of General Order 96-A, and Section 454 of the Public Utilities Code to offset: (1) a \$86,004 increase in purchased water base facilities charges, (2) a \$245,046 increase in purchased water acre-foot charge, (3) a \$389 related increase in uncollectibles, and (4) \$4,635 related increase in franchise taxes.

Cal-Am also wishes to change its operating expense balancing account surcharge from a two-year surcharge of \$0.0956 per Ccf to a one-year surcharge of \$0.0900 per Ccf effective with the approval of the change in rates due the operating expense offset. The new balancing account balance will be \$574,458, of which \$288,377 is the uncollected balance of Commission authorized revenue loss during the drought, and \$286,081 in other operating expense charges to the balancing account.

Cal-Am serves approximately 17,300 customers in portions of Thousand Oaks, Newbury Park, and areas adjacent to Camarillo, and vicinity, Ventura County.

The present rates became effective on November 8, 1994, pursuant to Decision 92-12-055 in which the Commission found the rate of return on rate base of 10.28% for 1993 and 1994 reasonable, with an 11.50% return on equity.

NOTICE AND PROTESTS

Cal-Am has given public notice of the request for increase by publishing in the local newspaper on May 4, 1995. No correspondence or protests have been received in regards to this matter.

DISCUSSION

The reasons for the above expense changes are as follows:

- (1) Effective July 1, 1995, Calleguas Municipal Water District increased the purchased water base facilities charges for wholesale water by \$86,004, resulting in a 0.006% increase. This increase from Calleguas is due to increased wholesale charges from their supplier.
- (2) Effective July 1, 1995, Calleguas Municipal Water District will increase the purchased water charges from \$471 per acre-foot to \$487 per acre-foot resulting in a \$245,046 or 3.40% increase. This increase from Calleguas is due to increased wholesale charges from this supplier.
- (3) An increase in uncollectibles of \$389, due to the above increase.
- (4) An increase in franchise taxes of \$4,635 due to the increase in purchased water.

Since the requested offset increases cause changes in expenses directly related to water consumption, it is applied to the quantity rates. The rates for all quantities of water delivered would be increased by \$0.0519 per Ccf. (One Ccf is equal to one-hundred cubic-feet).

The amortization of the operating expense balancing account includes:

| | |
|-----------------|--------------|
| Purchased Water | \$ 94,665 |
| Interest | 14,098 |
| Drought | 288,377 |
| Expenses | 168,426 |
| Uncollectible | 984 |
| Franchise Tax | <u>7,918</u> |
| Total | \$574,458 |

The new balancing account surcharge is \$0.09 per Ccf over a 12-month period.

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

FINDINGS

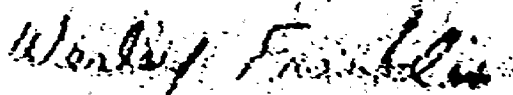
THE COMMISSION FINDS, after investigation by the Water Utilities Branch, that the rates hereby authorized are justified and the resulting rates and surcharges are just and reasonable.

The new adopted cost for purchased water base facilities charges is \$86,004, and for new purchased water costs is \$245,046. Uncollectible revenue costs are increased by \$389, and franchise taxes by \$4,635, due to the above increased costs. The new operating expense balancing account is \$574,458 undercollected.

IT IS ORDERED that:

1. California-American Water Company is authorized, five days after the effective date herein, to make effective revised Schedules V-1, General Metered Service, and V-9MC, Metered Construction Service, attached to Advice Letter 474, and to cancel corresponding presently effective rate schedules.
2. California-American Water 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 July 6, 1995. The following Commissioners approved it:



WESLEY M. FRANKLIN
Acting Executive Director

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