

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

3949

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3951
November 8, 1995

R E S O L U T I O N

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(RES. W-~~3949~~), CALIFORNIA WATER SERVICE COMPANY (CWS),
HERMOSA-REDONDO DISTRICT. ORDER AUTHORIZING AN OFFSET RATE
INCREASE PRODUCING ADDITIONAL ANNUAL REVENUE OF \$1,085,400
OR 9.8%.

BY ADVICE LETTER 1393, FILED SEPTEMBER 8, 1995.

BACKGROUND

CWS requested authority under Section VI of General Order 96-A to increase rates for water service to offset: (1) a \$994,200 increase in purchased water expense, (2) a \$52,200 increase in water replenishment expense, (3) an \$18,600 increase in purchased power, (4) a \$7,500 increase in postage, (5) a \$10,900 increase in ad valorem taxes, and (6) \$2,000 in related increases in uncollectibles and franchise taxes. CWS serves about 25,990 metered customers in its Hermosa-Redondo District.

The present rates became effective on January 1, 1995, pursuant to Commission Decision 93-08-033 authorized CWS for the attrition increase for 1995.

DISCUSSION

The offset 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) The Central Basin Municipal Water District (CBWD) increased its rates effective July 1, 1995, which will result in a purchased water increase of \$994,200; (2) The Water Replenishment District of Southern California (WRDSC) increased its rates effective July 1, 1995, which will result in a water replenishment increase of \$52,200; (3) an \$18,600 increase in purchased power; (4) a \$7,500 increase in postage, and (5) a \$10,900 increase in ad valorem taxes.

Since the requested increase is primarily caused by changes in expenses directly related to water consumption, the increase should be applied to quantity rates. The rates for all quantities of water delivered would be increased by \$0.1838 per Ccf (one Ccf equals one hundred cubic feet).

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 conservation, through bill inserts and distribution of conservation material, CWS has requested its customers to reduce their water consumption.

At the proposed rates the typical residential customer's bill will increase from \$30.30 to \$33.58 per month or 10.8% for an average use of 1,781 cubic feet.

NOTICE AND PROTESTS

CWS has given public notice of the request by publishing in a local newspaper on September 18, 1995. The Branch has not received any letters protesting the increase.

FINDINGS

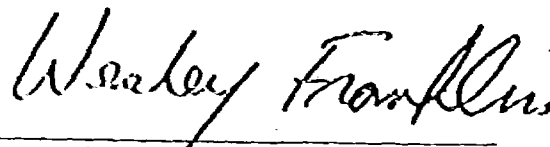
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

IT IS ORDERED that:

1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedule No. HR-1, General Metered Service, and HR-6, Reclaimed Metered Service, attached to Advice Letter No. 1393, and concurrently to cancel its presently effective rate Schedules Nos. HR-1 and HR-6.
2. California Water Service 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 November 8, 1995. The following Commissioners approved it:

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



WESLEY M. FRANKLIN
Acting Executive Director