

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Small Water Branch

RESOLUTION NO. W-4024*
February 5, 1997

RESOLUTION

(RES. W-4024), CALIFORNIA-AMERICAN WATER COMPANY (CAL-AM), LOS ANGELES DISTRICT, ORDER AUTHORIZING AN OFFSET RATE INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES IN 1997 OF \$31,463 OR 0.89% IN ITS BALDWIN HILLS SERVICE AREA, \$50,645 OR 1.2% IN ITS DUARTE SERVICE AREA AND \$123,679 OR 1.78% IN ITS SAN MARINO SERVICE AREA.

BY ADVICE LETTER NO. 493, FILED ON NOVEMBER 6, 1996.

SUMMARY

This Resolution authorizes Cal-Am to increase gross annual revenues by \$31,463 or 0.89% in its Baldwin Hills Service Area, by \$50,645 or 1.2% in its Duarte Service Area and by \$123,679 or 1.78% in its San Marino Service Area 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 Cal-Am.

BACKGROUND

By Advice Letter 493, filed November 6, 1996, Cal-Am 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 Baldwin Hills Service Area to offset (1) a \$31,370 increase in purchased water, and (2) a \$93 related increase in uncollectibles; in its Duarte Service Area to offset: (1) a \$49,702 increase in purchased water, (2) a \$200 related increase in uncollectibles, and (3) a \$743 related increase in franchise taxes; and in its San Marino Service Area to offset: (1) a \$122,412 increase in purchased water, (2) a \$193 related increase in uncollectibles, and (3) a \$1,074 related increase in franchise taxes. Cal-Am serves approximately 6,154 metered customers in its Baldwin Hills Service Area, approximately 6,951 metered customers in its Duarte Service Area, and approximately 23,936 metered customers in its San Marino Service Area.

The present rates were established on January 1, 1996, pursuant to Decision (D.) 94-11-004.

DISCUSSION

The reasons for the above expense changes are as follows:

Baldwin Hills Service Area

1. Effective January 1, 1997, the West Basin Municipal Water Service Area will increase the purchase water costs from \$510 per acre-foot to \$521 per acre-foot. This increase is due to increased costs of wholesale non-treated water from MWD.
2. An increase in uncollectibles of \$93 due to the above increase.

Duarte Service Area

1. Effective July 1, 1996, the Main San Gabriel Basin Watermaster will increase replenishment costs from \$242.45 per acre-foot to \$250.85 per acre-foot, eliminate the \$0.50 Long Beach cost assessment because of the excess fund in the Long Beach account, and decrease the operating safe yield from 220,000 acre-feet to 210,000 acre-feet per year.
2. An increase in uncollectibles of \$200 due to the above increase.
3. An increase in franchise taxes of \$743 due to the increase in purchased water.

San Marino Service Area

1. Effective July 1, 1996, the Main San Gabriel Basin Watermaster will increase replenishment costs from \$242.45 per acre-foot to \$250.85 per acre-foot, eliminate the \$0.50 Long Beach cost assessment because of the excess fund in the Long Beach account, and decrease the operating safe yield from 220,000 acre-feet to 210,000 acre-feet per year.
2. Effective January 1, 1997, the Metropolitan Water Service Area will increase the cost of wholesale water from \$426 per acre-foot to \$431 per acre-foot.
3. An increase in uncollectibles of \$193 due to the above increase.
4. An increase in franchise taxes of \$1,074 due to the increase in purchased water.

Since the requested increase is caused by 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:

- a) increased by \$0.0212 per Ccf for Baldwin Hills Service Area;
 - b) increased by \$0.0190 per Ccf for General Metered Service and increased by \$0.01901 for Measured Irrigation Service for Duarte Service Area; and
 - c) increased by \$0.0235 per Ccf for San Marino Service Area.
- (One Ccf is equal to one-hundred cubic feet).

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

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NOTICE AND PROTESTS

Cal-Am has given public notice of the request for an increase by publishing in a newspaper of general circulation within the Baldwin Hills, Duarte, and San Marino Service Areas. No correspondence or protests have been received in regards to this matter.

FINDINGS AND CONCLUSIONS

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

Baldwin Hills Service Area

The new adopted price for purchased water service charge costs is \$817,189.

The new adopted price for purchased water quantity charge is \$521 per acre-foot.

Duarte Service Area

The new adopted price for purchased water service charge costs is \$426,157.

San Marino Service Area

The new adopted price for purchased water service charge costs is \$954,884.

The new adopted price for purchased water quantity charge is to \$431 per acre-foot.

IT IS ORDERED that:

1. California-American Water Company is authorized, five days after the effective date herein, to make effective revised Schedules No. LA-1, General Metered Service, and LA-3M, Measured Irrigation Service, attached to Advice Letter 493, 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.

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3. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 5, 1997. The following Commissioners approved it:


WESLEY M. FRANKLIN
Executive Director

P. GREGORY CONLON
President
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners