

WATER/FLC:jlj\*\*

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION  
Water Advisory Branch

RESOLUTION W-4128  
January 7, 1999

RESOLUTION

**(RES. W-4128), SOUTHERN CALIFORNIA WATER  
COMPANY, ORANGE COUNTY DISTRICT. ORDER  
AUTHORIZING A RATE BASE OFFSET REVENUE INCREASE  
OF \$405,909 OR 1.88% ADDITIONAL ANNUAL REVENUE  
FOR 1999.**

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SUMMARY

By Advice Letter 1046-W, filed on December 9, 1998, SCWC's Orange County District is requesting an increase in gross annual revenues of \$405,909, resulting in an average increase of 1.88%, to provide a return on investment for increased plant-in-service. The increase will not result in a rate of return greater than last authorized for SCWC.

BACKGROUND

SCWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to recover costs for capital improvements in its Orange County District. The projects are included in the 1995, 1996, and 1997 capital improvement program's as set forth in the settlement agreement authorized by Decision (D.) 97-12-027, dated December 18, 1995.

The present rates became effective on January 1, 1999, by D.98-12-070 which authorized a general rate increase of \$2,564,112 or 13.46%.

**DISCUSSION**

These tariffs are submitted pursuant to Ordering Paragraph No. 6 of D.95-12-027, dated December 18, 1995, in Application No. 95-03-15, filed March 17, 1997, whereby "SCWC is authorized to file advice letters seeking authorization to include in rate base plant additions set forth in the Settlement Agreement and to receive a corresponding rate adjustment for the additional rate base."

In accordance with Section 6.22 of the Settlement Agreement, SCWC is permitted to file an advice letter to reflect in rates the actual costs incurred once the Golden Reservoir Upgrades, College Reservoir Upgrades, and the Orangethorpe Transmission Main Projects are completed. The Settlement Agreement estimated the cost for all three projects at \$3,227,125. The projects have now been completed at a cost of \$2,532,332.

	<u>Settlement</u>	<u>Actual</u>
College Reservoir	\$ 631,000	\$ 379,995.29
Golden Reservoir	721,125	418,499.86
Orangethorpe Projects	<u>1,875,000</u>	<u>1,733,837.17</u>
Total	\$3,227,125	\$2,532,332.32

The first year revenue requirement for the projects is \$405,909. The capital cost is a fixed cost; therefore, in accordance with Commission rate design policy, 50% of the \$405,909 will be recovered through the service charge components of rates and the remainder through the quantity rate component. With authorized sales of 11,872,400 Ccf, the required quantity rate increase is \$.017/Ccf. The above increase will be applied to Schedules Nos. OC-1 and OC-3M.

At proposed rates, the bimonthly bill for a metered customer with a 5/8 x 3/4-inch meter using the system average of 23 Ccf (One Ccf is equal to one hundred cubic feet) of water would increase from \$35.81 to \$36.45 or 1.42%.

**NOTICE**

Notice of the proposed rate increase was mailed to each customer on May 25, 1995. No protests have been received by the Water Advisory Branch (Branch).

January 7, 1999

**FINDINGS**

THE COMMISSION FINDS, after investigation by the Branch, that the rate increase proposed by SCWC is just and reasonable to recover the cost of the plant improvements.

IT IS ORDERED that:

1. Southern California Water Company is authorized to make effective the revised Schedules OC-1, General Metered Service, and OC-3M, Metered Irrigation Service attached to Advice Letter 1046-W and to cancel the presently effective rate schedules. The effective date of the revised rate schedules shall be five days after the date herein.
2. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 7, 1999. The following Commissioners approved it:



WESLEY M. FRANKLIN  
Executive Director

RICHARD A. BILAS  
President

HENRY M. DUQUE

JOSIAH L. NEEPER

Commissioners