

WATER/FLC/ABJ/HJL:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Advisory Branch**

**RESOLUTION W-4135
February 18, 1999**

RESOLUTION

**(RES. W-4135), SOUTHERN CALIFORNIA WATER COMPANY,
LOS OSOS DISTRICT. ORDER AUTHORIZING A RATE BASE
OFFSET REVENUE INCREASE OF \$96,145 OR 5.86% ADDITIONAL
ANNUAL REVENUE FOR 1999.**

SUMMARY

By Advice Letter 1047-W, filed December 22, 1998, SCWC is requesting an increase in gross annual revenues of \$96,145 or 5.86% in its Los Osos District, to recover costs associated with 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 Los Osos District. This project was included in the 1983, 1984, and 1985 capital improvement program as authorized by Decision (D.) 83-04-069, dated April 20, 1983.

The present rates became effective on January 1, 1999, by D.97-12-065, which authorized a step rate increase of \$67,000 or 4.3%.

DISCUSSION

This advice letter is submitted pursuant to D. 83-04-069, dated April 20, 1983, in Application No. 82-08-22, filed August 10, 1982, whereby SCWC was authorized to include in rate base plant additions, the costs associated with the construction

of the Calle Cordoniz Reservoir and to receive the corresponding revenue requirement for the additional rate base. However, delays in obtaining the necessary siting approvals from the County of San Luis Obispo caused an extended delay in completing construction. SCWC was subsequently ordered by the Commission (D.89-01-043) to refund the ratepayers the dollars collected in rates related to this project. SCWC refunded those amounts to the ratepayers over the 1990-1992 rate case cycle.

SCWC, in this advice letter, requests an increase in rates to recover the actual costs associated with the Calle Cordoniz Reservoir Project now that it is completed. The total cost of the project was \$577,357 which was verified by the Water Advisory Branch.

The first year revenue requirement for the project is \$96,145. The capital cost is a fixed cost; therefore, in accordance with Commission rate design policy, 50% of the \$96,145 will be recovered through the service charge components of rates and the remainder through the quantity rate component. With authorized sales of 556,800 Ccf, the required quantity rate increase is \$.086/Ccf. The above increase will be applied to Schedule No. LO-1, General Metered Service.

At proposed rates, the monthly bill for a metered customer with a 5/8 x 3/4 - inch meter using the system average of 14.75 Ccf of water would increase from \$43.18 to \$45.50 or 5.37%.

NOTICE

As indicated above, SCWC was first authorized to recover in rates the costs associated with the Calle Cordoniz Reservoir in D.83-04-069. Notice of the proposed rate increase including recovery of the costs of the Calle Cordoniz Reservoir was mailed to each customer on October 15, 1982. No protests were received at that time.

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 Schedule LO-1, General Metered Service, attached to Advice 1047-W and to cancel the presently effective rate schedule. The effective date of the revised rate schedule 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 February 18, 1999. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners