

WATER/DRP/MXD:jrb

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Advisory Branch**

**Resolution No. W-4145
May 13, 1999**

RESOLUTION

(RES. W-4145), SOUTHERN CALIFORNIA WATER COMPANY (SCWC), SANTA MARIA DISTRICT. ORDER AUTHORIZING AN OFFSET DECREASE IN RATES OF \$283,637 OR 5.7% AND A REFUND OF THE EXCESS IN ITS BALANCING ACCOUNT OF \$695,955.

SUMMARY

By Advice Letter No. 1041-W filed October 1, 1998, and Advice Letter No. 1041-W-A, filed April 7, 1999, SCWC, for its Santa Maria District, seeks a reduction in its rate schedules to reflect lower expenses of purchasing gas and electric energy. It also requests authority to refund the surplus in its balancing account by a reduction in the quantity rate used to compute customers' bills. This resolution grants the requested reduction in rates for general metered service and irrigation service by \$283,637, or 5.7% annually, and a further reduction in those rates of \$231,985 for three years, or 4.6%.

BACKGROUND

SCWC serves approximately 12,000 customers in the City of Santa Maria and vicinity in San Louis Obispo County. The present rates became effective on February 22, 1999, when SCWC was authorized an increase to cover a portion of the expense of its general office. The last general increase in rates became effective on January 1, 1998, as authorized by D.96-11-001. Since that time, the expense of purchased energy has been less than that adopted in the decision and SCWC requests a reduction in rates to reflect current expenditures. SCWC also requests authority to refund the excess of the adopted expenses of energy and actual expenses which is maintained in its balancing account.

DISCUSSION

A comparison of the average cost of energy adopted by the Commission and SCWC's present costs are shown below:

	<u>Adopted in D.96-11-001</u>	<u>Present</u>
Electric energy, per kWhr	\$0.10719	\$0.08610
Gas energy, per therm	\$0.68122	\$0.41843

These lower costs of energy result in the following annual reductions in expense based on the estimated use of energy adopted in D.96-11-001:

Electric energy:	\$225,650
Gas energy	57,420
Allowance for Uncollectibles	<u>567</u>
Total	\$283,637

Since the reductions in expense are related to water consumption, any decrease in rates should be applied to the quantity rates. Based on the sales estimate adopted in D.96-11-001, the rate for all water delivered would be reduced by \$0.0701 per hundred cubic feet (Ccf). The reduction would affect Schedule No. SM-1, General Metered Service, and Schedule No. SM-3ML, Limited Metered Irrigation Service.

As of December 31, 1998, SCWC's surplus in its balancing account was \$695,955 including an allowance for Uncollectibles. Compared to the revenue of \$4,999,400 adopted in D.98-01-001 for 1998, the surplus in the balancing account represents 13.9%. The Commission's policy for amortizing the remainder in a balancing account exceeding 10% of annual revenue requires that it be refunded or collected over a 36-month period. Based on this policy, SCWC requests authority to refund \$231,985 per year for three years, which, using the adopted sales, would be a reduction of \$0.0573 per Ccf.

NOTICE AND PROTESTS

Notice of this filing was made to adjacent and competing utilities by providing them with a copy of the advice letter and the related tariff sheets as required in General Order No. 96-A. No other party has requested notification and no protests have been received.

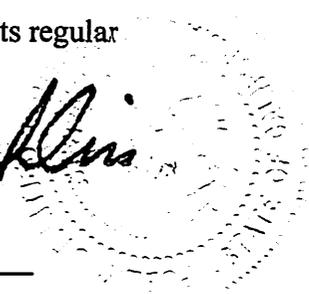
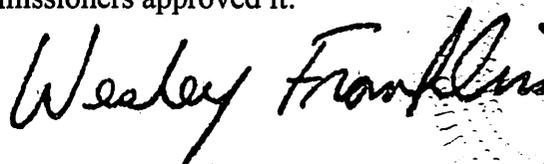
FINDINGS AND CONCLUSIONS

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

IT IS ORDERED that:

1. Southern California Water Company is authorized, to make effective revised schedules No. SM-1, General Metered Service, and No. SM-3ML, Limited Metered Irrigation Service, as filed in Advice Letter No. 1041-W-A, five days after the effective date herein and concurrently to cancel the presently effective rate schedules.
2. Southern California Water Company is ordered to maintain its balancing account for the reductions authorized herein as required by Section 792.5 of the Public Utilities Code using the quantities adopted in D.98-01-001 and an offset reduction in revenue based on a decrease of \$0.0701 per Ccf.
3. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on May 13, 1999. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President

HENRY M. DUQUE
JOSIAH L. NEEPER

Commissioners