

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3206
November 21, 1990

R E S O L U T I O N

RESOLUTION E-3206. SOUTHERN CALIFORNIA WATER COMPANY (SOCAL WATER) REQUESTS AUTHORIZATION TO INCREASE RATES PRODUCING \$2,513,658 OR 27.4% ADDITIONAL ANNUAL REVENUE IN ITS BEAR VALLEY ELECTRIC DISTRICT.

BY ADVICE LETTER 137-E, FILED ON OCTOBER 5, 1990.

SUMMARY

1. By Advice Letter 137-E, filed October 5, 1990, SoCal Water requests Commission authority to increase electric rates applicable to its Bear Valley District. The proposed rates reflect an increase in the cost of power purchased from Southern California Edison Company (Edison) and an amortization of the Purchased Power Balancing Account (PPBA) balance as of July, 1990. This results in increases of \$1,012,652 and \$1,501,006 annually, equal to 11.0% and 16.4 %, respectively, based on 1990 revenue. The total increase is \$2,513,658 annually, or 27.4%.
2. This Resolution approves the request.

BACKGROUND

1. The proposed rates reflect an increase in cost of power purchased from Edison of \$0.00997 per kilowatt hour (kWh) due to an increase in the Fuels Cost Adjustment Factor based on 1990 costs estimated in Decision 89-01-043. The Decision used a factor of -\$0.00202 per kWh and historical purchases from Edison averaged \$0.00795 per kWh from July, 1989 through June, 1990.
2. The proposed rates also reflect an increase of \$0.01722 per kWh to amortize over twenty-four months the undercollection in SoCal Water's PPBA as of July, 1990. SoCal proposes amortizing the balancing account undercollection over twenty-four months to reduce rate shock.

NOTICE

1. Public notification of this filing was made by mailing copies of the Advice Letter to other utilities and interested parties who requested such notification. Notice of the Advice Letter filing was published in the Commission calendar on October 12, 1990.
2. Direct notification of this filing was made to the customers in a separate mailing.

PROTESTS AND COMMENTS

1. The Mayor of the City of Big Bear Lake filed a late protest to Advice Letter 137-E on November 5, 1990. The Mayor was concerned that appropriate proposed rate increase documentation was not submitted to the effected community to allow for analysis and response to the filing.
2. The utility responded on November 6, 1990, supplying the data requested to the City of Big Bear Lake.
3. There were also 27 customer letters submitted, commenting primarily on the excessiveness of the proposed rate increase and the hardship it would create.

DISCUSSION

1. SoCal Water filed Advice Letter 137-E in accordance with General Order 96-A. The increase in rates is caused by an increase in the cost of power purchased from Edison and amortization of the Purchased Power Balancing Account undercollection as of July, 1990. Commission Advisory and Compliance Division (CACD) has reviewed the increase due to the Purchased Power Adjustment Clause and reviewed the amount and amortization period to amortize the PPBA undercollection.
2. Although the Advice Letter and public notice indicated that the PPBA amortization charge would be in effect for twenty-four months, the tariff schedules submitted with SoCal Water's filing do not indicate an expiration date. SoCal Water should make a filing cancelling the PPBA amortization charge after twenty-four months or justifying its continuation.
3. CACD recommends the increases requested by Advice Letter 137-E be authorized; Purchased Power Adjustment Clause increases and entries in the Purchased Power Balancing Account are subject to Commission reasonableness review in SoCal Water's next general rate case.

FINDINGS

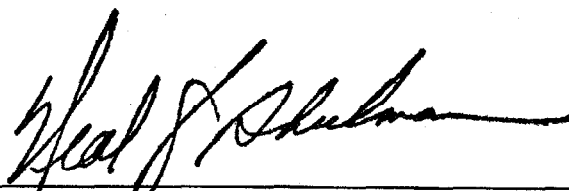
1. Southern California Water Company requests an increase of \$2,513,658 to its electric rates applicable to its Bear Valley District in Advice Letter 137-E.
2. This Purchased Power Adjustment Clause increase is subject to subsequent reasonableness review in Southern California Water Company's next general rate case.
3. Amortization of the Purchased Power Balancing Account undercollection is subject to subsequent reasonableness review in Southern California Water Company's next general rate case.

THEREFORE, IT IS ORDERED that:

1. Advice Letter 137-E and accompanying tariff sheets shall be marked to show that they were approved by Resolution E-3206. The rates shall be effective on the effective date of this Resolution.
2. Southern California Water Company shall file an advice letter cancelling the Purchased Power Balancing Account amortization charge twenty-four months after its effective date, or justifying its continuation.
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 21, 1990. The following Commissioners approved it:

G. MITCHELL WILK
President
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners



NEAL J. SHULMAN
Executive Director

Commissioner Frederick R. Duda,
being necessarily absent, did
not participate.