

WATER/ABJ/HJL:jjj*

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Advisory Branch**

**RESOLUTION NO. W-4284
August 23, 2001**

R E S O L U T I O N

**(RES. W-4284), CALIFORNIA-AMERICAN WATER COMPANY
(CAL-AM), MONTEREY DIVISION. ORDER AUTHORIZING AN
OFFSET INCREASE IN RATES PRODUCING AN OVERALL
INCREASE OF \$622,947 OR 2.63% IN ADDITIONAL REVENUE.**

SUMMARY

By Advice Letter 554, filed June 12, 2001, Cal-Am's Monterey Division is requesting an increase in annual revenue of \$622,947 or 2.63% to offset the expense of Purchased Power. The increase will not result in a rate of return greater than that last authorized for Cal-Am.

BACKGROUND

Cal-Am requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset increases in the expense of Purchased Power it purchased from Pacific Gas and Electric Company (PG&E), which increased rates effective on June 1, 2001.

Cal-Am serves approximately 38,776 customers in the Monterey Service Area consisting of the incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, and certain unincorporated areas in the County of Monterey, Hidden Hills, and Ryan Ranch Subdivision. The present rates became effective March 16, 2000, by Decision (D.) 00-03-053. The last general increase in rates was authorized by D.00-03-053, which authorized a rate of return of rate base of 8.73%. Cal-Am's summary of earnings ending March 31, 2001 shows that Monterey Division is not earning more than the company's last authorized rate of return either on a pro-forma or actual basis. This division is still within its rate case cycle.

NOTICE AND PROTESTS

Notice of the proposed increase in rates was published in local papers of general circulation within the Monterey Service areas on June 14, 2001. The Advisory Branch of the Water Division received no letters protesting the increase.

DISCUSSION

The offset increase is due to increased rates from PG&E authorized by Commission D.01-05-064. This increase resulted in a \$616,194 increase in purchased power expense to the Monterey Area and \$4,971 increase in purchased power expense to Hidden Hills and Ryan Ranch Service Area with corresponding increase of \$1,782 for uncollectibles, for a total increase of \$622,947. This rate increase will not result in a return greater than that previously authorized.

This increase is directly related to water consumption and should be applied to the quantity rate, which would be:

	<u>Rate Increase</u> \$/Ccf	<u>Power Increase</u> \$/kWh
Elevation Zone Surcharge:		
Elevation Zone 1, per 100 cu.ft.	0.0981	0.06136
Elevation Zone 2, per 100 cu.ft.	0.1081	0.04879
Residential & PAR Customers:		
For the first 800 cu.ft., per 100 cu.ft.	0.0797	0.04308
For the next 800 cu.ft., per 100 cu.ft.	0.1063	0.04308
For the next 1,600 cu.ft., per 100 cu.ft.	0.2126	0.04308
Over 3,200 cu.ft., per 100 cu.ft.	0.4253	0.04308
Multi-Residential & PAR Customers:		
For the first 400 cu.ft., per 100 cu.ft.	0.0797	0.04308
For the next 400 cu.ft., per 100 cu.ft.	0.1063	0.04308
For the next 400 cu.ft., per 100 cu.ft.	0.2126	0.04308
Over 1,200 cu.ft., per 100 cu.ft.	0.4253	0.04308
Special Use Customers:		
For all water delivered, per 100 cu.ft.	0.1595	0.04308
All Other Customers:		
For all water delivered up to monthly allotment, per 100 cu.ft.	0.1063	0.04308
For all water delivered over monthly allotment, per 100 cu.ft.	0.2126	0.04308
Hidden Hills and Ryan Ranch Customers:		
For the first 800 cu.ft., per 100 cu.ft.	0.0397	0.06829
For the next 2,200 cu.ft., per 100 cu.ft.	0.0529	0.06829
Over 3,000 cu.ft., per 100 cu.ft.	0.1058	0.06829
All Other:		

For all water delivered, per 100 cu.ft. 0.0529 0.06829

The monthly bill for a typical Monterey residential customer using 8 Ccf per month will increase from \$26.11 to \$26.74 or 2.41%. The monthly bill for a typical Hidden Hills residential customer using 34 Ccf per month will increase from \$148.75 to \$150.66 or 1.2%.

FINDINGS AND CONCLUSIONS

THE COMMISSION FINDS, after investigation by the Water Advisory Branch, that the proposed offset increase in rates are justified, and the resulting rates are reasonable.

THEREFORE IT IS ORDERED THAT:

1. California-American Water Company is authorized to make effective revised Schedules Nos. MO-1 and MO-1-68, General Metered Service, attached to Advice Letter No. 554, and to cancel its presently effective rate schedules. The effective date of the revised rate schedules shall be five days after the effective date of this Resolution.
2. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 23, 2001; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President

HENRY M. DUQUE

RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN

Commissioners

