

Decision No. 39899

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation
on the Commission's Own Motion into
the Rules and Regulations of Water
Utilities.

ORIGINAL

Case No. 4701

(See Appendix for List of Appearances)

O P I N I O N

This proceeding is an investigation into the reasonableness of the rules and regulations of public utility water companies, and for the establishment of just, reasonable, and nondiscriminatory rules and regulations.

The regulatory statute requires public utilities to file schedules showing their rates, together with all utility rules affecting service. Such schedules set forth the rates to be used in computing charges, as well as the rules specifying the conditions under which service will be furnished. They must be reasonable and nondiscriminatory, and the rates and rules of particular utilities may be altered by the Commission in appropriate proceedings in the manner provided by the statute. The obligation to establish and file reasonable rates and rules rests in the first instance upon the utilities.

Rules of water utilities, as well as rates, necessarily differ in some respects, because of many variable factors found in particular territories and systems. They cannot be uniform in all particulars.

The present rules and regulations of practically all water utilities provide that the utility will pay interest on customers' credit deposits for the establishment and re-establishment of credit at the rate of six per cent per annum. Upon consideration of the earnings of water utilities generally, and of the other factors that enter into a determination of the reasonable rate of interest to be paid on such deposits, the Commission is of the opinion that

water utilities should be authorized to reduce the rate of interest from six per cent to five per cent, but only on new deposits made after the effective date of such a reduction in interest rate.

In the interest of expeditious consideration of the revision of rules, informal staff discussion with utilities should result in the filing of fair and equitable rules without the necessity of further consideration in this proceeding. The Commission's staff is preparing a revised set of rules and regulations, which will be forwarded to the appearances in this proceeding and to other water utilities, to serve as a basis for the contemplated informal discussions.

ORDER

Finding that a reduction from six per cent per annum to five per cent per annum in the rate of interest paid by water utilities on customers' credit deposits for the establishment or re-establishment of credit is reasonable, and, in so far as such reduction in interest rate may be a technical rate increase within the meaning of Section 63(a) of the Public Utilities Act, that such increase is justified, IT IS ORDERED that all public utility water corporations are hereby authorized to make appropriate tariff filings effecting a reduction in the rate of interest paid by such water utilities on customers' credit deposits for the establishment or re-establishment of credit from six per cent per annum to five per cent per annum, such reduced rate of interest to be applicable on new deposits made after the effective date of such tariff filing.

IT IS FURTHER ORDERED that, in all other respects, Case No. 4701 is hereby discontinued.

The Secretary is directed to cause a copy of this Order to be sent by ordinary mail to all appearances in this proceeding and to all public utility water corporations having rates on file with the Commission.

This Order shall become effective on the twentieth day after the date hereof.

Dated, San Francisco, California, this 21st day of

January, 1947.

Harold P. Kirk

Justus J. Casper

Isaac H. Powell

P. J. [unclear]

Commissioners.

A P P E N D I X

J. J. Deuel, for California Farm Bureau Federation;
R. W. DuVal, for Pacific Gas and Electric Company;
Carl F. Mau, for California Water Service Company, and San Jose Water Works;
Peter A. Nenzel, for California Water & Telephone Company, and Santa Rosa Water Works;
Charles Grunsky, for Coast Counties Gas and Electric Company;
F. J. Keys, for Public Utilities California Corporation;
R. W. Adcock, for Adcock Water Company;
A. W. Holworst, Hollister Water Company;
P. M. Sheridan, for Cove Water Company;
Miss M. E. Randolph, for Plymouth Water Works;
Bruce Bidwell, for Bidwell Water Company;
Cela Casad, for Merced Water System;
Mrs. James M. Eva, for Summer Home Park Water Company;
B. W. Waters, for Hills Water Company;
J. T. Spencer, for Department of Public Utilities, City of Alameda;
J. S. Longwell, for East Bay Municipal Utilities District;
J. S. Peters, for Marin Municipal Water District;
George Cooper, for Monterey Bay Water Company;
Arthur Nicholls, for Dutch Flat Water Works;
Paul Overton, for San Gabriel Valley Water Service, Park Water Company, and Los Nietos Water Company;
M. T. Moseley, for San Gabriel Valley Water Service;
F. V. Rhodes, for California Independent Telephone Association;
George B. Ross, for Home Gardens Water Company;
Lawrence Kirk, for Westmorland Water Company;
E. D. Woodward, for Lake Hemet Water Company;
J. T. Wagy, for Westside Water Company;
Ruskin T. Gardner, for Sunkist Water Company;
Thomas J. Kelley, for Randsburg Water Company;
McIntyre Faries, for Lost Hills Water Company, and California Water & Telephone Company;
Edward M. Loftus, for Sunshine Water Company;
H. H. Messick, for Investment Water Corporation;
W. C. Welton, for Southern California Water Company;
H. C. Ferry, for Orcutt Town Water Company;
S. S. Harwood, for Conservative Water Company;
J. R. Shoemaker, for San Dimas - Charter Oak Domestic Water Company;
L. W. Grayson, for Riverside Water Department;
H. E. Butler, for City of Glendale Water Department;
C. F. Culver, for Clara Street Water Company;
Earl Martin, for Martin & Goold Water Company;
E. S. Olson, for Idyllwild Water Company;
B. Rintoul, for Western Water Company;
J. M. Goold, for Martin & Goold Water Company;
E. H. McHann, for McHann & Laycock Domestic Water System;
A. Van Aalst, for Bellflower Land & Water Company;
B. F. McGlothlen, for Pioneer Water Company, and Gardens Land & Water Company;
A. F. Hicks and John L. Holditch, for Palm Springs Water Company;
C. C. Hagar, for Palisades-Del Rey Water Company;
E. G. Dandridge, for City of Los Angeles Water Department;
J. P. Bradley, for Dominguez Water Corporation.