

ORIGINAL

Decision No. 42421

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of

CALIFORNIA WATER & TELEPHONE COMPANY

Application No. 29523

to increase rates for water service
in its Coronado District.

Macigalupi, Elkus & Selinger by Claude W. Rosenberg, and Peter A. Menzel, for applicant; J. K. Goodbody, City Attorney, for the City of Coronado, and Commander F. D. Powers, in propria persona, interested parties.

INTERIM OPINION

California Water & Telephone Company, a corporation, engaged in the business of a public utility rendering water service for irrigation, domestic, industrial, and public purposes in portions of San Diego, Los Angeles, and Monterey Counties, and also rendering telephone service in certain areas of the state, requests authority herein to increase its charges for water service in the Coronado District, San Diego County.

A public hearing was held in San Diego on October 21, 1948, before Examiner Syphers, at which time evidence was adduced and the matter submitted.

The rates at present in effect were filed by the company on October 23, 1944, as an informal voluntary reduction from the schedule of rates established by the Commission in Decision No. 9948, issued December 29, 1921, and revised informally as of September 15, 1938. The effective rates now provide for a minimum meter charge of \$1.35.

per month with an allowance of 500 cubic feet of water. Excess use is charged at a rate of 20 cents per 100 cubic feet for quantities over 500 cubic feet.

The proposed rate provides for a minimum meter charge of \$1.50 per month, with an allowance of 500 cubic feet, and a charge of 24 cents per 100 cubic feet for all use in excess of this quantity.

Since 1944 the consumers have increased from 3,972 to 4,741.

Applicant's vice president testified that the Coronado District, herein under consideration, comprises the area of the City of Coronado, North Island, the Silver Strand, Imperial Beach, and the South Bay area, and the strip along the transmission main which connects with the City of San Diego System. 1/

There are three sources of water supply for this district:

(1) wells in the Tia Juana Valley, (2) wells in the Otay Valley, and (3) purchases from the City of San Diego. The average cost of production from each of these sources is as follows: Tia Juana Valley, five cents per 100 cubic feet; Otay wells, one cent per 100 cubic feet; purchase from the City of San Diego, 15 cents per 100 cubic feet. In 1944 the applicant company obtained 60% of its water supply from the Tia Juana Valley; in 1945, 78%; in 1946, 68%; and in 1947, 72%

The distribution and transmission system consists of 449,129 feet of mains that vary from 3/4 to 20 inches in diameter. Storage is provided by a concrete reservoir on the ground, having a capacity of 1,725,000 gallons and an elevated steel tank having a capacity of 500,000 gallons.

1/ This area is shown on a map received as Exhibit No. 1.

By order of the Superior Court of the State of California in and for the County of San Diego in Case No. 85482,^{2/} which order was dated August 30, 1948, the applicant company was ordered to "cease the exportation of water on September 5, 1948, from the Tia Juana Basin" without permission of the watermaster appointed by the court.^{3/} This order has for its purpose the protection of the "holders of prior rights to water" in the Tia Juana Basin. The result has been a drastic curtailment of applicant's source of water, and this has necessitated additional purchases of water from the City of San Diego, with resulting increased costs of approximately \$16,000, for the last four months of 1948.

The actual results of applicant's operations for the years 1946 and 1947, and for the first seven months of 1948 are set forth in applicant's Exhibit No. 8. Also, the estimated results of operation for the last five months of 1948 are shown under present and proposed rates. This evidence may be tabulated as follows:

	Present Rates		Proposed Rates	
	Actual		Five Months Estimated	
	1946	1947	1948	1948
Average Rate Base	\$1,471,000	\$1,603,000	\$1,655,000	\$1,655,000
Operating Revenues	286,724	266,381	281,436	329,000
Operating Expenses	206,406	207,910	240,441	254,783
Net Operating Revenue	80,318	58,471	40,995	74,217
Rate of Return	5.46%	3.65%	2.48%	4.48%

According to the testimony the revenue for 1948 was greatly influenced by climatic conditions. Because this year was an extremely dry one, the water usage was higher than normal and likewise the operating costs were higher because of the necessity of purchasing additional water. Applicant's Exhibit No. 9 adjusts the 1948 figures in Exhibit No. 8 to reflect the so-called normal situation so far as

^{2/} Marvin L. Allen, et al., vs. California Water & Telephone Company, a corporation.

^{3/} Exhibit No. 2 is a certified copy of the Court Order.

rainfall in the area is concerned. The adjusted rates of return on a rate base of \$1,655,000 are 4.02% under present rates, and 5.67% under proposed rates.

Testimony developed at the hearing indicated certain items had not been deducted from applicant's estimated rate base, including donations in aid of construction amounting to \$10,898.62, customers' advances in aid of construction amounting to \$18,999.11, and depreciation on motor vehicles of \$1,744.54.

While there may be doubts as to whether these items are properly included in the rate base, still they are relatively small and do not affect the estimated rate of return by more than one-quarter of one per cent. Likewise, we do not here pass upon applicant's method of estimating future revenue, since here again the effect of any items which might be questioned is negligible for the purpose of this interim decision.

Two public witnesses, users of applicant's water service, presented testimony as to defects in the service caused by insufficient pressure. However, it developed that these were local conditions and that efforts are being made to correct them.

The record shows that the Commission's staff has not completed a study of the company's operations and the effect of the proposed rates. Accordingly, the staff presented no testimony. However, a careful review of this record impels the conclusion that applicant has justified the proposed increases in its rate structure on an interim basis, pending the time further study can be made of the operations of this company.

INTERIM ORDER

Application as above entitled having been filed, a public hearing having been held thereon, the matter having been submitted

on an interim basis, and the Commission being fully advised in the premises, it is hereby found as a fact that applicant is entitled to increased revenues, that the interim schedules of rates set forth in Exhibit A attached hereto are fair and reasonable, and that the increase in rates is justified; therefore,

IT IS ORDERED that within thirty (30) days from the date of this order, California Water & Telephone Company is authorized to file in quadruplicate, in conformity with this Commission's General Order No. 96, the schedule of rates shown in Exhibit A, attached, to be charged for all water service taken on meter readings on and after February 1, 1948, within the Coronado District. The presently effective rates which will be superseded by the aforesaid rates on February 1, 1948, shall be cancelled.

IT IS FURTHER ORDERED that Application No. 29523 be continued to permit the holding of such further hearings and receipt of such additional evidence as may be deemed appropriate before final determination is made of said application.

This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 12th day of

January 1949.

R. J. [Signature]
Justice F. [Signature]
[Signature]
Harold P. [Signature]
[Signature]
Commissioners

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all domestic and industrial water service.

TERRITORY

Within the incorporated limits of the city of Coronado, North Island, Silver Strand, and South Bay Area westerly of Highland Reservoir, in San Diego County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Charge:	
First 500 cu.ft. or less.....	\$1.50
Over 500 cu.ft., per 100 cu.ft.....	.24
Minimum Charge:	
For 5/8-inch meter.....	\$1.50
For 3/4-inch meter.....	1.75
For 1-inch meter.....	2.25
For 1 1/2-inch meter.....	3.50
For 2-inch meter.....	5.00
For 3-inch meter.....	8.00
For 4-inch meter.....	15.00
For 6-inch meter.....	25.00
For 8-inch meter.....	35.00

The Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.

Schedule No. 2

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all domestic and industrial water service.

TERRITORY

Along transmission line between Coronado Wye and Highland Reservoir, in San Diego County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Charge:	
First 500 cu.ft. or less.....	\$1.50
Next 9,500 cu.ft., per 100 cu.ft.....	.25
Over 10,000 cu.ft., per 100 cu.ft.....	.24
Minimum Charge:	
For 5/8-inch meter.....	1.50
For 3/4-inch meter.....	1.75
For 1-inch meter.....	2.25
For 1 1/2-inch meter.....	3.50
For 2-inch meter.....	5.00
For 3-inch meter.....	8.00
For 4-inch meter.....	15.00
For 6-inch meter.....	25.00
For 8-inch meter.....	35.00

The Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.

Schedule No. 3

PUBLIC AND PRIVATE HYDRANT RENTALS
AND SERVICES FOR SPRINKLER SYSTEMS

APPLICABILITY

Applicable to all domestic and industrial consumers, City of Coronado, County of San Diego, and County Fire Districts.

TERRITORY

Within the incorporated limits of the City of Coronado, North Island, Silver Strand, and South Bay Area westerly of Highland Reservoir, in San Diego County.

RATES

	<u>Per Month</u>
Municipal and public fire hydrant charge:	
Per hydrant.....	\$ 3.00
Private fire hydrant charge:	
Per hydrant.....	3.00
Private fire service for sprinkler systems:	
4-inch connection.....	15.00
6-inch connection.....	25.00
8-inch connection.....	35.00
10-inch connection.....	50.00

SPECIAL CONDITIONS

Private fire service for sprinkler systems shall be equipped with standard detector type meter or by-pass check valve with pressure alarm system approved by the Board of Fire Underwriters.