

ORIGINALDecision No. 50404

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 the SOUTHERN CALIFORNIA WATER COMPANY) Application No. 34191
 for authority to increase water rates)
 charged by it for water service.)

FIRST SUPPLEMENTAL OPINION AND ORDER

By its First Supplemental Application in the above-entitled proceeding filed July 26, 1954, Southern California Water Company seeks authorization to file increased water rates for service rendered in its Southwest District in order to produce additional gross revenues in an amount equivalent to increased federal income taxes imposed upon applicant by the Internal Revenue Code of 1954. Under said code applicant will be obligated to pay federal income taxes, from and after April 1, 1954, at a rate of 52 per cent rather than at the 47 per cent rate upon which its presently effective tariffs are based. With respect to the provisions of said code which would permit applicant to adopt a liberalized method of depreciation for its property, applicant covenants that it has no present intention of adopting any such method for the year 1954 and that it will not undertake to do so without prior approval of this Commission.

The service rates authorized by this Commission's Decision No. 49984 issued April 27, 1954 were based upon revenues and expenses that reflected the 47 per cent federal income tax rate in effect at the time. As a result of the increased income tax rate, retroactive to April 1, 1954, applicant's earnings will be below that intended by the above-referred-to decision. Applicant proposes to now file service rates identical to those proposed in its original application as amended. The gross revenues will be increased by \$41,100 and by so doing applicant's earning position would be

returned to that which this Commission found to be fair and reasonable by said Decision No. 49984.

It is the rule established by the Supreme Court of the United States that income taxes, both state and federal, are a proper charge to operating expense (Galveston Electric Company v. City of Galveston - decided in 1922 - 285 U.S. 388, 399, 66 L.ed. 678, 684; Georgia Railway and Power Company v. Railroad Commission - decided in 1923 - 262 U.S. 625, 632-633, 67 L. ed. 1144, 1148). The Court stated unequivocally that income taxes are a proper charge to operating expense and that it is error not to allow such charge. In the circumstances, we are of the opinion that the Commission is bound by the rule laid down by the Supreme Court of the United States concerning the subject in question. Therefore the additional income taxes levied against this applicant at the 52 per cent rate must be allowed as a proper charge to its operating expense.

Applicant has heretofore made a full showing of the facts justifying the increased service rates authorized by Decision No. 49984 and we have so found.

The Commission is of the opinion that applicant's instant request is reasonable and should be granted without delay. Being of the further opinion that a public hearing thereon is not necessary,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that present rates, in so far as they differ therefrom are for the future unjust and unreasonable; therefore,

IT IS HEREBY ORDERED that Southern California Water Company is authorized to file in quadruplicate with this Commission on or after the effective date of this order the tariff schedules contained in Appendix A attached hereto and, after not less than

one day's notice to the public and to this Commission, to make said tariffs effective for all service billings based upon regular meter readings taken on and after the effective date of said filing.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 17th day of August, 1954.

Edward L. Mitchell
President

Justice J. Craven

Bennett F. Fottel

Gene Higgins

Commissioners

APPENDIX A
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Schedule No. 1

Southwest Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Within the established Southwest District, Los Angeles County.

RATES

Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
First	700 cu.ft. or less	\$ 1.80
Next	1,800 cu.ft., per 100 cu.ft.19
Next	7,500 cu.ft., per 100 cu.ft.16
Next	40,000 cu.ft., per 100 cu.ft.14
Next	50,000 cu.ft., per 100 cu.ft.12
Over	100,000 cu.ft., per 100 cu.ft.10
Minimum Charge:		
For	5/8 x 3/4-inch meter	\$ 1.80
For	3/4-inch meter	2.40
For	1-inch meter	3.35
For	1 1/2-inch meter	6.50
For	2-inch meter	10.00
For	3-inch meter	20.00
For	4-inch meter	30.00
For	6-inch meter	50.00
For	8-inch meter	75.00

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

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Schedule No. 2

Southwest Tariff Area

CONSTRUCTION AND OTHER TEMPORARY FLAT RATE SERVICE

APPLICABILITY

Applicable to water service furnished for construction and temporary purposes.

TERRITORY

Within the established Southwest District, Los Angeles County.

RATES

- (1) For each 100 sq.ft. of concrete sidewalk constructed ... \$0.20
- (2) For each 100 linear feet of concrete curb constructed40
- (3) For each 100 sq.ft. of concrete gutter constructed40
- (4) For each 100 sq.ft. of concrete street constructed40
- (5) For settling graded street, for each 100 sq.ft. of street graded05
- (6) For settling backfill of trenches, for each lineal foot of trench with 16-square-foot cross sectional area, or less01

For each lineal foot of trench of over 16-square-foot cross sectional area the rate per foot of trench increases in proportion to the area.

SPECIAL CONDITIONS

1. For other temporary uses, an estimate of the quantity of water used will be made by the Company. The charge for this water will be made at the quantity rate for General Metered Service.

2. The applicant for such temporary service shall be required to pay to the Company in advance, the net cost of installing and removing any facilities necessary in connection with furnishing such service by the Company.

Schedule No. 2

Southwest Tariff Area

CONSTRUCTION AND OTHER TEMPORARY FLAT RATE SERVICE

SPECIAL CONDITIONS--Contd.

3. The applicant for temporary service shall be required to deposit with the Company a sum of money equal to the estimated amount of the Company's bill for such service or to otherwise secure, in a manner satisfactory to the Company, the payment of any bills which accrue by reason of such service so furnished or supplied.

Schedule No. 3

Southwest Tariff Area

FIRE SPRINKLER SERVICE

APPLICABILITY

Applicable to all fire sprinkler service.

TERRITORY

Within the established Southwest District, Los Angeles County.

RATE

Per Service
Per Month

For each inch of diameter of fire sprinkler service	\$1.00
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SPECIAL CONDITIONS

1. The customer will pay, without refund, the entire cost of installing the fire sprinkler service.
2. The minimum diameter for fire sprinkler service will be 4 inches and the maximum diameter will be not more than the diameter of the main to which the service is connected.
3. The customer's installation must be such as to effectively separate the fire sprinkler system from that of the customer's regular water service. As a part of the sprinkler service installation there shall be a detector check or other similar device acceptable to the Company which will indicate the use of water. Any unauthorized use will be charged for at the regular established rate for General Metered Service, and/or may be grounds for the Company's discontinuing the fire sprinkler service without liability to the Company.
4. There shall be no cross-connection between the fire sprinkler system supplied by water through the Company's fire sprinkler service to any other source of supply without the specific approval of the Company. This specific approval will require, at the customer's expense, a special double check valve installation or other device acceptable to the Company. Any such unauthorized cross-connection may be the grounds for immediately Discontinuing the sprinkler service without liability to the Company.

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Schedule No. 4

Southwest Tariff Area

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all public fire hydrant service.

TERRITORY

Within the established Southwest District, Los Angeles County.

RATES

Per Hydrant
Per Month

City of Gardena:

4-inch Riser Type Hydrant, with one
2½-inch outlet:

Attached to 4-inch main	\$1.50
Attached to 6-inch main, or larger	1.75

6-inch Standard Type Hydrant, with
one 2½-inch outlet, or one 4-inch outlet:

Attached to 4-inch main	2.00
Attached to 6-inch main, or larger	2.50

6-inch Standard Type Hydrant, with two
2½-inch outlets, or one 2½-inch and
one 4-inch outlet:

Attached to 4-inch main	2.25
Attached to 6-inch main, or larger	2.75

City of Hawthorne:

Riser Type Hydrant, with one 2½-inch outlet	1.50
Standard Type Hydrant, 6-inch diameter, or less ..	2.50

City of Inglewood:

Riser Type Hydrant, with one 2½-inch outlet	1.50
Standard Type Hydrant, 6-inch diameter, or less ..	2.50

City of Los Angeles:

For each hydrant	2.00
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Schedule No. 5

Southwest Tariff Area

SERVICE TO COMPANY EMPLOYEES

APPLICABILITY

Applicable to water service for residential use rendered to employees of the Company.

TERRITORY

Within the established Southwest District, Los Angeles County.

RATES

Minimum rate for the size of meter used by employee.