

Decision No. 50444

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of the SOUTHERN CALIFORNIA WATER)
COMPANY for authority to increase)
water rates charged by it for.)
water service.)

Application No. 34191
(Amended)

O'Melveny & Myers, by Lauren M. Wright and Everett Clary,
attorneys, and C. T. Mess, consulting engineer, for
applicant.
J. T. Phelps, Theodore Stein, and C. T. Coffey, for the
Commission staff.

FIFTH INTERIM OPINION

Southern California Water Company, by the above-entitled application filed March 27, 1953 and amended November 19, 1953, April 9, 1954 and May 24, 1954, seeks authority to increase rates for water service in twelve of its twenty-five districts in Los Angeles, Orange, and San Bernardino Counties by approximately \$327,000 based on 1953 operations.

This Fifth Interim Opinion and Fifth Interim Order relate to the matter of applicant's request to increase rates in its Norwalk District by approximately \$12,000, based on 1954 estimated operations.

Adjourned public hearings in this matter were held before Examiner Warner on April 21 and 22, and May 26 and 27, 1954 at Los Angeles. (1) The matter has been submitted and is ready for decision.

(1) Also heard at these hearings and submitted were the matters of applicant's requests to increase water rates in its South San Gabriel, Artesia-South Artesia, and Florence-Graham Districts. Original and adjourned hearings on applicant's over-all results of operations and its request to increase rates in its Gardena-Lawndale-Normandie, and Lennox Districts were held on January 13 and 14, 1954 and March 17 and 18, 1954.

General Information re
Norwalk District

As of December 31, 1953, applicant was furnishing water service to a total of 3,337 flat rate and 888 metered, or a total of 4,225 consumers in its Norwalk District. It estimated that by December 31, 1954 the total number of flat rate consumers, due to a planned metering program in the former Southland Water Company, Leibacher Water System, and Norwalk Water Company areas, would be reduced to 1,749⁽²⁾ and the number of metered consumers, after providing for an estimated over-all increase of 340 consumers, would increase to 2,816, or a total of 4,565 consumers.

The Norwalk District serves an area of approximately 1.7 square miles in unincorporated territory, Los Angeles County, adjacent to Norwalk. Exhibit No. 29, filed at the hearing, is a map of the area served. The area includes territory formerly served by Norwalk Water Company, purchased by applicant in accordance with Decision No. 47104, dated May 5, 1952, in Application No. 33195; Southland Water Company, purchased by applicant in accordance with Decision No. 47052, dated April 29, 1952, in Application No. 33240; Excelsior Water Company, purchased by applicant in accordance with Decision No. 47491, dated July 22, 1952, in Application No. 33534; and the Leibacher Water System, purchased by Decision No. 48872, dated July 28, 1953, in Application No. 34506.

The source of water supply includes 10 wells located at 6 plants within the district. At the end of 1953, water service was furnished through 213,800 feet of distribution mains, and 141 fire hydrants were connected to the system.

Applicant's authorized budget for the Norwalk District for the year 1954 provided for the expenditure of \$260,100 for net additions to fixed capital, \$18,300 of which were for new wells, \$29,900

(2) All in the former Excelsior Water Company area.

for pumping equipment, \$105,000 for distribution mains, and \$92,400 for services and meters.

Rates

The general meter rate schedule now on file for the Norwalk area of the Norwalk District was authorized by Decision No. 46155, dated September 4, 1951, in Application No. 32364; for the Excelsior area by Decision No. 43944, dated March 14, 1950, in Application No. 30570; for the Southland area by Decision No. 45105, dated December 5, 1950, in Application No. 31531; and for the Leibacher system by Decision No. 48872, dated July 28, 1953 in Application No. 34506. A summary and comparison of the present and proposed meter rates for the Norwalk District is shown in the following tabulation:

	<u>GENERAL METERED SERVICE</u>				
	<u>Norwalk District</u>				
	<u>Per Meter Per Month</u>				
	<u>Present</u>		<u>Proposed</u>		
	<u>Norwalk Area</u>	<u>Excelsior Area</u>	<u>Southland Area</u>	<u>Entire District</u>	
	<u>Old Norwalk</u>	<u>Leibacher</u>			
Quantity Rates:					
First 1,500 cu. ft., or less	\$	\$	\$2.25	\$	\$
First 1,000 cu. ft., or less	2.00	1.75	-	1.50	2.00
Next 500 cu. ft., per 100 cu.ft.	0.15	0.125	-	0.15	0.15
Next 500 cu. ft., per 100 cu.ft.	0.15	0.125	0.12	0.15	0.15
Next 1,000 cu. ft., per 100 cu.ft.	0.15	0.125	0.12	0.14	0.15
Next 2,000 cu. ft., per 100 cu.ft.	0.15	0.125	0.10	0.12	0.15
Next 5,000 cu. ft., per 100 cu.ft.	0.12	0.125	0.08	0.12	0.12
Next 40,000 cu. ft., per 100 cu.ft.	0.10	0.08	0.08	0.12	0.10
Over 50,000 cu. ft., per 100 cu.ft.	0.08	0.08	0.08	0.12	0.08
Minimum Charge:					
For 5/8 x 3/4-inch meter	\$2.00	\$1.75	\$2.25	\$1.50	\$2.00
3/4-inch meter	2.50	2.00	3.00	1.80	2.75
1-inch meter	3.00	2.50	4.00	2.10	4.00
1 1/2-inch meter	4.50				
1 1/2-inch meter	4.50		6.00	3.00	6.50
2-inch meter	6.00		10.00	3.90	10.00
3-inch meter				6.00	20.00
4-inch meter				9.00	30.00
6-inch meter					50.00

5th Interim

No increase in rates is proposed for the old Norwalk Company area. Customers in the old Excelsior and Southland areas now pay \$2.25 for a monthly consumption of 1,500 cubic feet, and under the present metered service rate for the old Leibacher area the charge would be \$2.38. The uniform charge for this water usage would be \$2.75 under the proposed rates. The flat rates in the Leibacher area are now \$2.00 per month for a 3/4-inch connection and \$2.75 for a 1-inch connection, and in the Southland area \$2.25 for a single residence on one lot. These rates would be increased to the uniform flat rate of \$2.50 per month for each customer supplied through not to exceed a 3/4-inch service connection and occupying an average size single lot. No change in the basic flat rate of \$2.50 is proposed in the Excelsior area and, as noted before, applicant proposes to eliminate all flat rate service in the Leibacher, Southland, and Norwalk areas by the installation of meters.

Earnings

The following tabulation is a summary of the earnings information of the Norwalk District contained in applicant's Exhibits Nos. 30 and 30-A and the Commission staff Exhibit No. 42:

	SUMMARY OF EARNINGS					
	Year 1953		Year 1954 - Estimated			
	Present Rates		Present Rates		Proposed Rates	
	Recorded	Adjusted	Per Co.	Per PUC	Per Co.	Per PUC
Per Co.	Per PUC	Ex. 30	Ex. 42	Ex. 30	Ex. 42	
Ex. 30	Ex. 42			& 30-A		
Oper. Rev.	\$131,446	\$127,294	\$141,610	\$148,420	\$153,710	\$156,985
Oper. Exp.	89,191	87,340	99,620	102,795	106,160	107,425
Net Oper. Rev.	42,255	39,954	41,990	45,625	47,550	49,560
Rate Base #	689,700	684,000	868,100	860,000	868,100	860,000
Rate of Return*	6.13%	5.84%	4.84%	5.31%	5.48%	5.76%

Weighted average depreciated rate base.

* Utilizing 52% federal income tax rate for 1954 estimated:

Conclusion

It is evident from the summary of earnings tabulation hereinbefore contained that applicant will not earn a fair rate of return for the year 1954 estimated in its Norwalk District at the

present rates, and that it is entitled to rate relief. It is further evident that the rate of return for the year 1954 at the rates for water service proposed in the application would not be excessive. The order which follows will authorize the filing of the schedule of rates as applied for. The filing of new schedules of rates for employees' service, fire sprinkler service and public fire hydrant service will also be ordered.

FIFTH INTERIM ORDER

Application as above-entitled having been filed, public hearings having been held, the matter of the application for increase in rates in the Norwalk District having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that present rates insofar as they differ from those herein prescribed are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED that:

- (1) a. Applicant be, and it is, authorized to file in quadruplicate with this Commission, after the effective date of this order, in conformity with the Commission's General Order No. 96, the schedules of rates applicable to the Norwalk District shown in Appendix A attached hereto, and on not less than five days' notice to the Commission and to the public to make such rates effective for service rendered on and after September 10, 1954. ✓
- b. Within thirty days after the effective date of this order, applicant shall file with this Commission four copies of a tariff service area map in conformity with the provisions of the Commission's General Order No. 96.
- c. Within forty days after the effective date of this order, applicant shall file four copies of a comprehensive map drawn to an indicated scale not smaller than 600 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of various properties of applicant.

- (2) Applicant shall review annually the accruals to depreciation reserve which shall be determined for each primary plant account by dividing the original cost of plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the surviving plant of the account; and the results of the reviews shall be submitted annually to the Commission.

The effective date of this order shall be twenty days after the date hereof.

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

President

Commissioners

APPENDIX A
Page 1 of 5

Schedule No. 1

Norwalk Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

In the vicinity of the unincorporated community of Norwalk, Los Angeles County.

RATES

Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
First	1,000 cu.ft. or less	\$2.00
Next	4,000 cu.ft., per 100 cu.ft.15
Next	5,000 cu.ft., per 100 cu.ft.12
Next	40,000 cu.ft., per 100 cu.ft.10
Over	50,000 cu.ft., per 100 cu.ft.08

Minimum Charge:

For	5/8 x 3/4-inch meter	\$2.00
For	3/4-inch meter	2.75
For	1-inch meter	4.00
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

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

APPENDIX A
Page 2 of 5

Schedule No. 2

Norwalk Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all water service rendered to residential consumers on a flat rate basis.

TERRITORY

In the vicinity of the unincorporated community of Norwalk, Los Angeles County.

RATES

	<u>Per 3/4-inch Service Connection Per Month</u>
For each single family residence including premises not exceeding 6,000 square feet in area	\$2.50
For each additional residence on premises served from the same service connection	1.00
For each additional 100 square feet of area of premises in excess of 6,000 square feet02

SPECIAL CONDITIONS

1. All service not covered by the above classifications will be furnished only on a metered basis.

2. Meters may be installed at option of utility or customer for above classifications in which event service thereafter will be rendered only on the basis of Schedule No. 1, General Metered Service.

APPENDIX A
Page 3 of 5

Schedule No. 3

Norwalk Tariff Area

FIRE SPRINKLER SERVICE

APPLICABILITY

Applicable to all fire sprinkler service.

TERRITORY

In the vicinity of the unincorporated community of Norwalk, Los Angeles County.

RATES

Per Service
Per Month

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

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 1/2 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.

Schedule No. 4

Norwalk Tariff Area

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all public fire hydrant service.

TERRITORY

In the vicinity of the unincorporated community of Norwalk,
Los Angeles County.

RATES

(To be inserted by applicant in accordance with rates presently
being charged pursuant to agreement between applicant and any
public fire protection agency concerned.)

Schedule No. 5

Norwalk Tariff Area

SERVICE TO COMPANY EMPLOYEES

APPLICABILITY

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

TERRITORY

In the vicinity of the unincorporated community of Norwalk, Los Angeles County.

RATES

(To be inserted by applicant in accordance with rates presently being charged.)