

**ORIGINAL**Decision No. 50529

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, attorneys, by Lauren M. Wright, and C. T. Mess, consulting engineer, for applicant.

Otto M. Lucking and Eugene L. White, consumers, in propria personae, complainants as to service conditions in southernmost portion of the service area.

L. H. Gulick and C. T. Coffey, for the Commission staff.

SEVENTH INTERIM OPINION

Southern California Water Company, by the above-entitled application filed March 27, 1953, as amended November 19, 1953, April 9, 1954, and May 24, 1954, seeks authority to increase rates for water service in 12 of its 25 districts in Los Angeles, Orange, and San Bernardino Counties by approximately \$327,000, based on 1953 operations.

This Seventh Interim Opinion and Seventh Interim Order relate to the matter of applicant's request to increase rates in its Bloomington District by approximately \$6,800, based on 1954 estimated operations. There were no protests to the granting of this portion of the application, as such, but two consumers appeared and complained of poor service conditions.

An adjourned public hearing in this matter was held before Examiner Stewart C. Warner on August 5, 1954 at San Bernardino.<sup>1/</sup> The Bloomington District matter has been submitted and is ready for decision.

General Information Re Bloomington District

As of December 31, 1953 water service was being furnished by applicant to 622 consumers in its Bloomington District, and it is estimated that this number would increase to 690 by December 31, 1954. The area served comprises approximately one square mile and is located in unincorporated territory, San Bernardino County, approximately seven miles west of San Bernardino. As of the end of 1953, 16 fire hydrants were connected to the system. The source of water supply includes one well located within the district, and storage is provided by means of a concrete reservoir with a capacity of 100,000 gallons. At the present time water is pumped directly from the well into the reservoir and then boosted throughout the district by means of two booster pumps. Applicant has an inter-connection with Citizens Land and Water Co., an irrigation company, in which applicant owns water stock. Through such stock ownership applicant is entitled to and does receive an additional water supply. This water supply is utilized by applicant occasionally to supplement its well source of supply. Applicant's authorized budget for the year 1954 included net additions to fixed capital of \$37,100, \$16,100 of which was for distribution mains. During 1954 applicant

<sup>1/</sup> Original and adjourned hearings on applicant's over-all results of operations and its request to increase rates in its Gardena-Isardale-Normandie and Lennox Districts were held on January 13 and 14 and March 17 and 18, 1954. Adjourned hearings on applicant's request to increase water rates in its South San Gabriel (Wilmar), Artesia-South Artesia, Florence-Graham and Norwalk Districts were held on April 21 and 22 and May 26 and 27, 1954. Also applicant's direct showing on its Bell Gardens (Clara Street) District was heard on April 22, 1954. Adjourned hearings on applicant's request to increase rates in its Barstow District were held on August 3 and 4, 1954 at Barstow.

replaced certain distribution pipelines in order to improve operating pressures and service conditions. At the hearing, applicant's president testified that an additional \$19,000 would be spent immediately and before August 31, 1954, to replace certain other pipelines in the southernmost portion of the service area where operating water pressures have been reported and found to be inadequate. Said inadequate operating pressures were complained of at the hearing.

Rates

The general metered and flat rate schedules now applicable to the Bloomington District were authorized by Decision No. 16986, dated June 24, 1926, in Application No. 11751. The following tabulation summarizes and compares the present and proposed Bloomington District general metered service rates.

<u>Quantity Rates</u>		<u>Per Meter per Month</u>	
		<u>Present</u>	<u>Proposed</u>
First	800 cu.ft. or less	\$1.50	-
Next	1,200 cu.ft., per 100 cu.ft.	.15	-
Over	2,000 cu.ft., per 100 cu.ft.	.10	-
First	800 cu.ft. or less	-	\$2.00
Next	3,200 cu.ft., per 100 cu.ft.	-	.16
Over	4,000 cu.ft., per 100 cu.ft.	-	.12

At the present rates the charge for water usage of 1,500 cubic feet per month is \$2.55; at the proposed rates it would be \$3.12. No change has been proposed in the charges for public fire hydrant service. All hydrants are billed at rates which vary with the diameter of the connecting main. Applicant has not filed a tariff schedule for public fire hydrant service.

Earnings

The following tabulation is a summary of the earnings information for the Bloomington District contained in applicant's Exhibit No. 53 and the Commission staff Exhibit No. 58:

Summary of Earnings

Item	Year 1953		Year 1954			
	<u>Recorded</u>	<u>Adjusted</u>	<u>Present Rates</u>		<u>Proposed Rates</u>	
	Per Co. Exh. 53	Per PUC Exh. 58	Per Co. Exh. 53	Per PUC Exh. 58	Per Co. Exh. 53	Per PUC Exh. 58
Oper. Revenues	\$ 23,133	\$ 21,400	\$ 22,900	\$ 24,010	\$ 29,700	\$ 30,660
Oper. Expenses	19,033	17,280	18,600	19,180	22,320	22,850
Net Oper. Rev.	4,100	4,120	4,300	4,830	7,380	7,810
Rate Base	85,600	110,500	117,100	130,200*	117,100	129,500*
Rate of Return	4.79%	3.73%	3.67%	3.71%	6.30%	6.03%

\* Does not include the weighted effect of further additions for service improvement of \$19,000 mentioned above.

No significant differences appear between the estimates of operating revenues, operating expenses, net operating revenues, rate base, or rate of return for the year 1954 at either the present or proposed rates. The staff estimates will be adopted for the purposes of this proceeding.

Service Complaints

Two consumers, large-scale chicken and rabbit growers, appeared at the hearing and complained of very low water pressure during a hot spell in July, 1954. They testified that they were unable to sprinkle their chicken coops and rabbit hutches and that, as a result, many chickens and rabbits perished. Their properties are located in the southernmost portion of the service area, and it is in this area that applicant proposes to install larger pipelines prior to the end of August, 1954, as noted hereinbefore.

Conclusion

From a review of the record it is evident that applicant is experiencing and will continue to experience a less than reasonable rate of return at the present rates in the Bloomington Division and

that it is entitled to rate relief. Since the evidence shows that the rate of return which would result from the gross annual increase in revenues of \$6,650, as applied for, would be 6.0 per cent on an estimated weighted average depreciated rate base of \$129,500, and since such rate of return and its components are hereby adopted as reasonable, the order which follows will authorize the filing of the rates proposed in the application. The filing of new schedules of rates for employees' service and public fire hydrant service will also be ordered. Applicant should request cancellation of its general flat rates unless it intends to render this type of service.

The order which follows will also provide that applicant shall report to the Commission in writing within 15 days after the effective date of this order its progress in remedying the deficient service conditions complained of, and shall report to the Commission every 30 days thereafter until such conditions have been remedied.

SEVENTH INTERIM ORDER

Amended application as above-entitled having been filed, public hearings having been held, the matter of the application for increase in rates in the Bloomington 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 in so far 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 Bloomington 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 October 15, 1954.

b. 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 200 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.

(3) Applicant shall report to the Commission in writing within fifteen days after the effective date of this order its progress in remedying the deficient service conditions complained of and shall report to the Commission every thirty days thereafter until such conditions have been remedied.

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

Dated at San Francisco, California, this 14th day of September, 1954.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]

Commissioners

APPENDIX A  
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Schedule No. 1

Bloomington Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated community of Bloomington, San Bernardino County.

RATES

Quantity Rates:	<u>Per Meter per Month</u>
First 800 cu.ft. or less .....	\$2.00
Next 3,200 cu.ft., per 100 cu.ft.....	.16
Over 4,000 cu.ft., per 100 cu.ft.....	.12
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$2.00
For 3/4-inch meter .....	2.50
For 1-inch meter .....	3.50
For 1-1/2-inch meter .....	6.00
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.

Schedule No. 2

Bloomington Tariff Area

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all public fire hydrant service.

TERRITORY

The unincorporated community of Bloomington, San Bernardino 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.)



APPENDIX A  
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Schedule No. 3

Bloomington Tariff Area

SERVICE TO COMPANY EMPLOYEES

APPLICABILITY

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

TERRITORY

The unincorporated community of Bloomington, San Bernardino County.

RATES

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