

ORIGINALDecision No. 53450

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CALIFORNIA WATER SERVICE COMPANY, a)
 corporation, for an order authoriz-) Application No. 37288
 ing it to increase rates charged)
 for water service in the Stockton)
 District.)

McCutchen, Thomas, Matthew, Griffiths & Greene
 by Robert Minge Brown, for applicant;
Bruce McKnight, for County of San Joaquin and
 City of Stockton; William Biddick, Jr., and
John Edward Velton, for City of Stockton,
 protestants;
Harold J. McCarthy, J. T. Phelps, John F. Donovan
 and Carol T. Coffey, for the Commission staff.

O P I N I O NNature of Proceeding

By the above-entitled application, filed September 14, 1955, California Water Service Company seeks an order of this Commission authorizing increased rates and charges for water service rendered in Stockton and vicinity, San Joaquin County. Basically, applicant seeks a rate of return of approximately 6 per cent on its investment in physical plant and increased revenues of approximately \$350,000 annually, based upon the estimated level of business during 1956.

Public Hearing

Public hearing in the matter was held before Commissioner Ray E. Untereiner and Examiner F. Everett Emerson on April 5, 6 and 23, 1956, in San Francisco, and on April 19 and May 23, 1956, in Stockton. The matter was submitted on the latter date. Although due notice was given, no members of the public other than the appearances and representatives of the public press attended the hearings.

Applicant's Operations

Applicant's operations consist of providing public utility water service in 21 operating districts in California. Each district is operated separately and with the exception of two, neither of which is now before us, there is no physical connection between the districts. Each system is locally operated under the general supervision of the company's head office in San Jose. The preparation of customers' bills for all districts is handled in a Central Billing Office at Stockton, with the costs thereof distributed over all districts.

As of the end of September 1955, applicant in conducting its over-all operations had an investment in utility plant of approximately \$62,250,000, served a total of 215,804 customers and employed 488 persons. Gross operating revenues approach \$11,800,000 annually and applicant's total payroll is about \$2,270,000 annually.

As of the end of December 1955, applicant served approximately 32,560 active service connections in its Stockton District and during the year had produced about 6-1/3 billions of gallons of water in the district.

Rate Request

Applicant's present request for authority to increase rates is the third for the Stockton District since the end of World War II. The rates presently in effect were authorized during the year 1952. Applicant seeks an increase of approximately 27 per cent in gross revenues. Revenues from service to residential metered services constitute about 72 per cent of all revenues received in the district and the average increase sought from such customers is 29.4 per cent.

Applicant points to continued inflation, increased taxes, system growth and higher costs of pumping and producing potable water as being the causes which have forced it to seek further rate relief.

It further points to the fact that it has not realized the rate of return intended by the Commission in the last rate proceeding and attributes the continuing decline in earnings to wage and construction costs which have risen yearly and to the heavy federal income tax burden which has not been reduced as hoped for at the time of the last rate proceeding.

Nature of Evidence, Conclusions

In this present proceeding applicant presented the testimony of a number of witnesses and entered a number of exhibits in evidence in support of its sought increased revenues. Experts of the Commission staff also offered testimony and presented exhibits respecting their independent investigation and evaluation of applicant's operations and earnings position. Protestants called no witnesses and offered no evidence, confining their participation in the proceeding to cross-examination of company and staff witnesses.

The results of operation as determined by applicant and by the Commission staff are summarized as follows:

SUMMARY OF EARNINGS

Year 1956 Estimated

Item	Present Rates		Requested Rates	
	Applicant	CPUC Staff	Applicant	CPUC Staff
Operating Revenues	\$1,328,940	\$1,317,430	\$1,679,090	\$1,666,540
Operating Expenses	1,099,090	1,089,200	1,289,370	1,278,420
Net Revenue	229,850	228,230	389,720	388,120
Rate Base (Depreciated)	6,338,000	6,342,000	6,338,000	6,342,000
Rate of Return	3.6%	3.6%	6.1%	6.1%

The above tabulation indicates, as the evidence demonstrates, that applicant is in need of increased revenues. In view of all of the evidence we find that applicant is entitled to increased revenues in the total amount sought and that the rate of return that will be produced thereby is reasonable. We further find that the specific service-charge type rates which applicant has proposed are in themselves reasonable and should be authorized.

It is found as a fact that the increases in rates and charges authorized herein are justified and that existing rates and charges, in so far as they differ therefrom, are for the future unjust and unreasonable.

Applicant has a continued need of new capital to finance its construction program and for the year 1956 it estimates that it will be necessary to raise \$4,500,000 from sales of new securities. To raise such amount of new capital, applicant's earnings should be on the same level as those of other utilities of like characteristics or it may not be able to obtain on reasonable terms the amount of capital it requires to meet the demands of its construction program.

O R D E R

California Water Service Company having applied to this Commission for an order authorizing increased rates and changes in its Stockton District, public hearing thereon having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, the schedules of rates and charges set forth in Appendix A attached to this order and, on not less than five days' notice to the public and to this Commission, to make said

rates and charges effective for all service rendered on and after August 16, 1956.

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

Dated at San Francisco, California, this 16th day of July, 1956.

John E. Marshall
President

Justus J. Casner

David L. Lutz

Walter D. ...

R. Hardy
Commissioners

APPENDIX A
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Schedule No. ST-1

Stockton Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The City of Stockton and vicinity, San Joaquin County.

RATES

Per Meter
Per Month

Service Charge:

For 5/8 x 3/4-inch meter	\$ 1.80
For 3/4-inch meter	2.00
For 1-inch meter	2.20
For 1 1/2-inch meter	3.60
For 2-inch meter	5.25
For 3-inch meter	9.50
For 4-inch meter	12.50
For 6-inch meter	19.00
For 8-inch meter	26.00
For 10-inch meter	36.00

Quantity Rates:

For the first 6,000 cu.ft., per 100 cu.ft. ..	0.12
For all over 6,000 cu.ft., per 100 cu.ft. ..	0.09

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the monthly charge computed at the Quantity Rates.

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Schedule No. ST-4

Stockton Tariff Area

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for privately owned fire protection systems.

TERRITORY

The City of Stockton and vicinity, San Joaquin County.

RATES

	<u>Per Month</u>
For each 1½-inch connection	\$ 2.25
For each 2-inch connection	3.00
For each 3-inch connection	4.50
For each 4-inch connection	6.00
For each 6-inch connection	9.00
For each 8-inch connection	12.00
For each 10-inch connection	15.00

SPECIAL CONDITIONS

1. The fire protection service connection will be installed by the Utility at the cost of the applicant. Such cost shall not be subject to refund.
2. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity will be installed by the Utility at the cost of the applicant. Such cost shall not be subject to refund.
3. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the Utility, and are maintained to the satisfaction of the Utility. The Utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water.

Schedule No. ST-4

Stockton Tariff Area

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS—Contd.

4. For water delivered for other than fire protection purposes, charges will be made therefor under Schedule No. ST-1, General Motered Service.
5. The Utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

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Schedule No. ST-5

Stockton Tariff AreaPUBLIC FIRE HYDRANT SERVICEAPPLICABILITY

Applicable to all water service furnished for public fire protection to a public authority; such as, a municipality, county, or other political subdivision of the State, excluding the City of Stockton.

TERRITORY

The City of Stockton and vicinity, San Joaquin County.

RATESPer Hydrant Per Month

Owned By	Hydrant Size of	Hydrant Type	If Attached to 2" or 2½" Main	If Attached to 3" Main	If Attached to 4" Main	If Attached to 6" Main or Larger
Authority	2"	Wharf	\$0.75	\$1.00	\$1.25	\$1.50
Utility	2"	Wharf	1.00	1.25	1.50	1.75
Authority	2½"	Wharf	1.00	1.25	1.50	1.75
Utility	2½"	Wharf	1.25	1.50	1.75	2.00
Authority	3"	Wharf	-	1.50	1.75	2.00
Utility	3"	Wharf	-	1.75	2.00	2.25
Authority	4"	Standard	-	-	2.00	2.50
Utility	4"	Standard	-	-	2.50	3.00
Authority	6"	Standard	-	-	-	3.00
Utility	6"	Standard	-	-	-	3.50

SPECIAL CONDITIONS

1. Hydrants owned by the public authority will be installed, maintained, painted, inspected and relocated at the expense of the public authority. The Utility will install and own the tee in the main, the hydrant branch and the control valve.

Schedule No. ST-5

Stockton Tariff Area

PUBLIC FIRE HYDRANT SERVICE

SPECIAL CONDITIONS—Contd.

2. Hydrants owned by the Utility will be maintained by it. The Utility will install and own the tee in the main, the hydrant branch, the valve, and the bury and hydrant. The public authority will pay for the relocation of any hydrants owned by the Utility when such relocation has been requested by the public authority.
3. Number of outlets in standard outlets will be limited to two 2½" outlets.
4. The above rates include use of water for fire protection and for no other purpose. Quantities of water delivered through fire hydrants for any other purpose will be estimated or measured and charges will be made at the monthly quantity rates under Schedule No. ST-1, General Metered Service.
5. The Utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.
6. Fire hydrants will be attached to the Utility's distribution mains only as authorized by the proper public authority. Such authorization must designate the ownership, size, and type of hydrants and specifically state the location at which each is to be installed.

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Schedule No. ST-5L
Stockton Tariff Area
PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all water service furnished for public fire protection to the City of Stockton.

TERRITORY

The City of Stockton, San Joaquin County.

RATES

	<u>Per Hydrant</u> <u>Per Month</u>
For fire hydrants owned by the City	\$1.00

SPECIAL CONDITIONS

1. Hydrants owned by the City will be installed, maintained, painted, inspected and relocated at the expense of the City. The Utility will install and own the tee in the main.
2. The above rates include use of water for fire protection and for no other purpose. Quantities of water delivered through fire hydrants for any other purpose will be estimated or measured and charges will be made at the quantity rate under Schedule No. ST-1, General Metered Service.
3. The Utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

Schedule No. ST-10

Stockton Tariff Area

SERVICE TO COMPANY EMPLOYEES

APPLICABILITY

Applicable to water service furnished for domestic use at the place of residence of employee.

TERRITORY

The City of Stockton and vicinity, San Joaquin County.

RATE

The filed rate or rates applicable to the type of service in the territory where service is supplied, less 25% discount.