

ORIGINALDecision No. 53911

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) Application No. 37379
rates charged by it for water)
service in its Norwalk District.)

O'Melveny and Myers, by Lauren M. Wright, attorneys,
and C. T. Mess, consulting engineer, for applicant;
L. C. Pemberton, for Florence-Firestone Chamber of
Commerce; Robert J. McWhinney, for self; protestants;
W. R. Roche, for the Commission staff.

O P I N I O N

Southern California Water Company seeks authority to increase rates for water service in its Norwalk District.

A public hearing was held at Los Angeles before Examiner Mark V. Chiesa. Oral and documentary evidence having been adduced, the matter was submitted for decision.

The Norwalk District is located, generally, in Los Angeles County easterly of the San Gabriel River, southerly of Little Lake and Lakeland Roads, westerly of Bloomfield Avenue and northerly of Firestone Boulevard. The area served is approximately 1.7 square miles and is primarily residential, 99.7 per cent of the customers being so classified.

Eleven wells supply the district with water. Total production in 1955, in units of 100 cubic feet, was 1,069,168 units of which 993,759 were sold. The Metropolitan Water District has plans to install a feeder main parallel with and south of Firestone Boulevard and along Imperial Highway. Applicant proposes to make two connections with said main in the latter part of 1956. A 1,500,000-

gallon steel storage tank is now being constructed at the Imperial plant in this district, which tank will be supplied from two of the wells. Metropolitan water, when available, will also be stored in said tank and will help meet peak demand.

As of December 31, 1955, applicant had approximately 247,400 feet of distribution mains in the Norwalk District ranging in size from 3/4 to 12 inches in diameter. There are no storage facilities in the Norwalk District except the aforesaid 1,500,000-gallon tank. Three booster pumps will be used to run the water from said tank to the distribution system. The district has a total of 5,071 customers all served on a metered rate except six flat rate and three fire sprinkler services. There are also 191 fire hydrants.

Applicant's last authorized rate increase for this district was in August of 1954 (Decision No. 50444). Its present and proposed rates are as follows:

<u>Present</u>		<u>Per Meter</u>	<u>Proposed</u>		<u>Per Meter</u>
<u>Quantity</u>	<u>Rates</u>	<u>Per Month</u>	<u>Quantity</u>	<u>Rates</u>	<u>Per Month</u>
First	1,000 cu.ft. or less	\$ 2.00	First	800 cu.ft. or less	\$ 2.25
Next	4,000 cu.ft.	.15*	Next	1,700 cu.ft.	.20*
Next	5,000 cu.ft.	.12*	Next	2,500 cu.ft.	.17*
Next	40,000 cu.ft.	.10*	Next	5,000 cu.ft.	.15*
Over	50,000 cu.ft.	.08*	Next	40,000 cu.ft.	.12*
			Over	50,000 cu.ft.	.06*

* Per 100 cu.ft.

<u>Minimum Charge</u>		<u>Minimum Charge</u>	
5/8 x 3/4-inch meter	\$ 2.00	5/8 x 3/4-inch meter	\$ 2.25
3/4-inch meter	2.75	3/4-inch meter	2.75
1-inch meter	4.00	1-inch meter	4.00
1 1/2-inch meter	6.50	1 1/2-inch meter	6.50
2-inch meter	10.00	2-inch meter	10.00
3-inch meter	20.00	3-inch meter	20.00
4-inch meter	30.00	4-inch meter	30.00
6-inch meter	50.00	6-inch meter	50.00
8-inch meter	75.00	8-inch meter	75.00

No increase is proposed for residential flat rate service, fire sprinkler service, construction and other temporary flat rate service, or public fire hydrant service. Applicant has a special rate for employees which is the minimum rate for the size of meter used.

The record shows that this application is occasioned by the declining rate of return due to fixed capital expenditures and increased operating costs. Applicant estimated that its rate of return, on total utility operations, based on present rates would be 5.77 per cent in 1956, as compared with 6.10 per cent in 1955. Basing its estimate on six months at present rates, and six months at proposed rates for the Norwalk and Florence-Graham Districts,¹ the company rate of return for 1956 will be 5.93 per cent.

Tabulations showing recorded, adjusted and estimated results of operations for the years 1955 and 1956 were presented by the applicant and the Commission staff (Exhibits Nos. 8 and 15). The following summarizes the estimated earnings for the year 1956:

	<u>Present Rates</u>		<u>Proposed Rates</u>	
	<u>Applicant</u>	<u>P.U.C.</u>	<u>Applicant</u>	<u>P.U.C.</u>
Operating Revenue \$	204,770	\$ 212,215	\$ 256,570	\$ 267,895
Operating Expense	146,430	146,870	174,440	176,975
Net Revenue	58,340	65,345	82,130	90,920
Rate Base (Deprec.)	1,270,100	1,255,000	1,270,100	1,255,000
Rate of Return	4.59%	5.21%	6.47%	7.24%

We do not deem it necessary to analyze the several factors that bring about the variances indicated. A reconciliation of many of the items is not likely. The district is one which has experienced considerable growth since 1953 when approximately 3,750 customers were served, as compared with an estimated number in excess of 5,250 by the end of 1956. The company's and the Commission staff's calculations, as shown in the tabulations, show that the proposed rates and charges will result in an estimated rate of return for the district which in our opinion is somewhat out of line with the estimated rates of return for the entire company. Under the

¹ See companion Application No. 37374, pertaining to the Florence-Graham District.

circumstances the Commission, after due consideration of the evidence of record, must exercise its judgment so as to bring about an equitable result both for the company and its customers. We find that the increased rates authorized herein will produce a rate of return of 6.0 per cent based on the weighted average depreciated rate base of \$1,255,000 of the staff's Exhibit No. 16, which rate base we hereby adopt as reasonable. We find such rate of return to be fair and reasonable. The increase of rates and charges herein authorized is found justified.

O R D E R

A public hearing having been held in the above-entitled matter, the Commission being fully advised in the premises and having found the rates and charges hereinafter set forth are justified,

IT IS ORDERED that Southern California Water Company, a corporation, is authorized to file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96 the schedule 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 November 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 October, 1956.

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

APPENDIX A

Schedule No. NW-1

Norwalk Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

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

RATESPer Meter
Per Month

Quantity Rates:

First	800 cu.ft. or less	\$ 2.05
Next	1,700 cu.ft., per 100 cu.ft.16
Next	2,500 cu.ft., per 100 cu.ft.14
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.06

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 2.05
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
For	8-inch meter	75.00

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