

ORIGINAL

Decision No. 59673

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DOMINGUEZ WATER CORPORATION, for an order granting it authority to serve water to SHELL CHEMICAL CORPORATION, at a special rate for water delivered under an amendment to a special contract hereinbefore authorized.

Application No. 41889

OPINION AND ORDER

Dominguez Water Corporation^{1/}, a corporation, by the above-entitled application filed January 26, 1960, seeks authorization from this Commission to carry out the terms and conditions of an amendment, dated December 30, 1959, revising an earlier agreement between itself and Shell Chemical Corporation^{2/}, a corporation, dated May 24, 1955. The earlier agreement relates to the furnishing of water service to Shell's synthetic rubber plant in the City of Los Angeles.

The agreement of May 24, 1955, being amended herein, was approved by the Commission by Decision No. 51918, dated September 6, 1955 in Application No. 37013. This presently effective agreement provides that Shell is to pay a minimum sum of \$3,000 per month for up to and including 4,246,833 cubic feet of water delivered and 6 cents per 100 cubic feet for all consumption in excess of 4,246,833 cubic feet per month. The terms of the agreement provide that it is to expire on May 31, 1960. Shell's plant is located within the service area of Dominguez. Shell prefers to take service from Dominguez because of the latter's ability to furnish the quality of

1/ Sometimes herein called "Dominguez".
2/ Sometimes herein called "Shell".

water required by Shell, rather than the City of Los Angeles which also serves in this same area. To provide the required quality of water, Dominguez must blend a high percentage of local ground water with Colorado River water purchased from the Metropolitan Water District of Southern California through West Basin Municipal Water District. Dominguez's ground water supply is limited by the West Coast Basin Adjudication Action. It is therefore necessary for Dominguez to purchase increased amounts of Colorado River water so as to satisfy Dominguez's increasing customer demands.

The current cost of Colorado River water to Dominguez is \$25.50 per acre-foot, equivalent to a cost of 5.85 cents per 100 cubic feet. Because of Dominguez's increasing demand, all ground water supplied to Shell must be replaced by Colorado River water.

The amendment, a copy of which is attached to the application as Exhibit A, provides that the rate for all water to be delivered by Dominguez to Shell is to be 8 cents per 100 cubic feet, but eliminates the minimum charge previously in effect. Specifications of water quality contained in the 1955 agreement are rescinded and a statement substituted to the effect that all water delivered shall be of a quality at least equal to that delivered by Metropolitan Water District of Southern California to West Basin Municipal Water District.

The terms of the amendment herein provide that it shall be made effective on January 1, 1960, and remain in effect until May 31, 1960, the same expiration date as the 1955 agreement it is to amend. The amendment contains a provision that it shall, at all times, be subject to change or modification by this Commission in the exercise of its jurisdiction.

The Commission having considered the request of Dominguez and being of the opinion that the application should be granted and that a public hearing is not necessary; therefore,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges set forth in the amendment to agreement authorized herein are justified and that the present agreement rates and charges are unjust and unreasonable for the future; therefore,

IT IS HEREBY ORDERED that Dominguez Water Corporation be and it is authorized, retroactively to January 1, 1960, to carry out the terms and conditions of the written agreement, dated May 24, 1955, as amended by amendment dated December 30, 1959, with Shell Chemical Corporation, and to render the service described therein under the terms, charges and conditions stated therein.

IT IS HEREBY FURTHER ORDERED that Dominguez Water Corporation shall:

1. File with the Commission within thirty days after the effective date of this order, two certified copies of the amendment to the agreement as executed, together with a statement of the date on which the amendment to the agreement was deemed to have become effective.
2. Notify this Commission of the date of termination of said agreement, as amended herein, within thirty days from and after said date of termination.

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

Dated at San Francisco, California, this 16th day of February, 1960.

[Signature]
President

[Signature]

[Signature]

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Commissioners