

ORIGINALDecision No. 60032

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DOMINIGUEZ WATER CORPORATION, for an order granting it authority to serve water to HARVEY ALUMINUM (Incorporated), at a special rate for water delivered under a special contract.)
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Application No. 41993
Amended

OPINION AND ORDER

Dominguez Water Corporation,¹ a corporation, by the above-entitled application filed February 29, 1960, as amended March 21, 1960, seeks authorization from this Commission to carry out the terms of an agreement dated February 15, 1960 with Harvey Aluminum (Incorporated)² for the sale of water to Harvey for the latter's use in its industrial operations.

The application states that Harvey's plant is located within the boundaries of the City of Los Angeles³ and is also located within Dominguez's certificated area of service. Harvey has heretofore received water service from City but now prefers to take service from Dominguez, so long as the latter's charges are competitive.

The agreement, a copy of which is attached to the application as Exhibit A, provides that Harvey is to pay a minimum charge of \$2,166 per month for the first 2,000,000 cubic feet or less of

1 Sometimes herein called "Dominguez".
2 Sometimes herein called "Harvey".
3 Sometimes herein called "City".

water per month and 8 cents per 100 cubic feet for all consumption in excess of the first 2,000,000 cubic feet. Dominguez is presently preparing to seek a general rate increase and the agreement provides that if the regular quantity rate for usage in excess of 2,000,000 cubic feet per month established as a result of such proceedings is lower than 8 cents per 100 cubic feet, the charge to Harvey for such usage in excess of 2,000,000 cubic feet per month will be determined at the lower quantity rate, except that the presently filed regular terminal rate of 6 cents per 100 cubic feet shall not now be applicable.

In the event of any change in the average yearly rate paid by Dominguez to West Basin Municipal Water District for Colorado River water, Dominguez and Harvey agree to renegotiate the agreed charges, taking into consideration Dominguez's prevailing cost for water. In no event, however, will the adjusted minimum charge or the charge for water in excess of the first 2,000,000 cubic feet per month exceed the rates and charges applicable under the utility's regular filed tariffs. Dominguez is presently paying West Basin Municipal Water District 5.854 cents per 100 cubic feet for Colorado River water. The agreement also provides that, in case Harvey's operations are curtailed, Harvey may, upon 30 days' notice to Dominguez, be relieved of payment of the minimum charge and take service under the utility's regular filed rates until the cause of curtailment of Harvey's operations is removed.

The term of the agreement is to be five years from March 1, 1960, but is subject to cancellation by Harvey on 60 days' written notice. If Harvey elects to cancel, it is to have the option of either taking service under the utility's filed tariffs or discontinuing service entirely. The agreement contains a provision

that it shall, at all time, be subject to change or modification by this Commission in the exercise of its jurisdiction.

Dominguez's presently filed rates provide for a quantity rate of 6 cents per 100 cubic feet for all usage in excess of 2,000,000 cubic feet per month. The utility, however, recently filed its Application No. 41900 which requested a quantity rate of 10 cents for all usage in excess of 2,000,000 cubic feet. The latter application has been dismissed without prejudice and Dominguez has expressed its intention of refileing a similar application requesting the same rates as previously proposed. At Dominguez's presently filed rates, 2,000,000 cubic feet per month would cost \$1,651.87, whereas at the rates proposed in Application No. 41900 the cost would be \$3,061.95. In justifying the agreed to charge of \$2,166 for the first 2,000,000 cubic feet of water and 8 cents per 100 cubic feet for all water used in excess thereof, Dominguez estimates that Harvey will use at least 3,500,000 cubic feet per month at the outset of the agreement and, under a program of plant expansion, the usage may reach 10,000,000 cubic feet per month. At such usages, annual revenue to be derived from the service would be \$40,392 initially and ultimately might reach \$102,792.

Dominguez states that the rate schedule as proposed in Application No. 41900 is not intended for as large consumption as is anticipated by Harvey. In addition, Dominguez alleges that Harvey can obtain service from City at the same charges as set forth in the agreement.

In recognizing the competitive situation involved, and in granting the authorization herein requested, the Commission places Dominguez on notice that, if it should appear in a rate proceeding that the revenues under the agreement do not meet the costs of

operation, including a reasonable return, any loss which may thus be incurred shall not be a charge upon or place any burden upon Dominguez's other customers.

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 ORDERED that Dominguez Water Corporation, a corporation, be and it is authorized to carry out the terms and conditions of the written agreement, dated February 15, 1960, with Harvey Aluminum (Incorporated), a copy of which is attached to the application as Exhibit A, 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 this Commission within thirty days after the effective date of this order, two certified copies of the agreement as executed, together with a statement of the date on which the agreement is deemed to have become effective.

2. Notify this Commission of the date of termination of said agreement 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 3rd day of May, 1960.

Everett W. Page
President
W. H. ...
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Commissioners