

ORIGINALDecision No. 60537

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 SUBURBAN WATER SYSTEMS, a corporation,
 for authority to increase its rates for
 water service in its Rivera and Whittier
 tariff areas.

Application No. 42349
 (Amended)

OPINION AND ORDER

Suburban Water Systems filed the above-entitled application on June 13, 1960, and filed its first amendment thereto on July 5, 1960 seeking an ex parte order authorizing increases in its rates to yield \$15,386 of additional annual revenues for its Rivera and its Whittier tariff areas effective July 1, 1960.

Applicant is furnishing water service to approximately 43,000 customers in three general areas referred to as San Jose Hills District, the Rivera District, and the Whittier District. The Rivera District serves approximately 4,600 customers while the Whittier District serves a total of about 13,750 customers.

The application shows that in November 1959 the electorate in Central and West Coast Basins voted to organize a District known as Central and West Basin Replenishment District for the purpose of having an enabling agency authorized to tax water producers in the area and to use such funds to purchase water from the Metropolitan Water District to replenish the ground water basins. Applicant's Whittier and Rivera Districts are entirely within the said Replenishment District. The application further reveals that the Board of Directors of said Replenishment District, at its meeting on April 21, 1960, levied an assessment of \$3.19 on each

acre foot of ground water produced within the district for the fiscal year commencing July 1, 1960 and ending June 30, 1961. Exhibit C attached to the application is a copy of a letter dated May 18, 1960 from the Replenishment District advising operators of water producing facilities within the district of the action taken by the Board of Directors.

Applicant estimates the annual incremental increase in expenses resulting from said assessment at \$5,907 in its Whittier District and \$9,479 in its Rivera District based on applicant's production of water within the Replenishment District in 1959 totaling 1,851.7 acre feet in Whittier District and 2,971.6 acre feet in Rivera District.

In support of its request applicant presented on page 3 of the amendment to its application a combined summary of earnings for all districts for the year 1959 which is summarized in the tabulation following.

<u>Items</u>	<u>Year 1959</u>		
	<u>Present Rates</u>	<u>Requested Rates:</u>	
	<u>Recorded</u>	<u>Adjusted For Water Assessment</u>	<u>Adjusted For Water Assessment</u>
Operating Revenues	\$ 2,405,461	\$ 2,405,461	\$ 2,420,347
Operating Expenses	1,117,101	1,132,487	1,132,487
Depreciation Expenses	325,395	325,395	325,395
Taxes	404,673	396,266*	404,673
Total Expenses	1,847,169	1,854,148*	1,862,555
Net Revenue	558,292	551,313*	558,292
Avg. Rate Base (Depre.)	10,691,261	10,691,261	10,691,261
Rate of Return	5.22%	5.16%*	5.22%

* Not shown on page 3 of 1st. Amendment to Application but derived therefrom.

It is stated in the application that the data contained therein provides applicant's complete showing for this proceeding and that applicant does not propose to offer additional exhibits as part of its showing in this proceeding. Applicant presented no showing with respect to its earnings in the affected Whittier and Rivera tariff areas nor did applicant present a showing on earnings for a future period.

While we have used applicant's figures herein adjusted to properly reflect changes in income taxes, we do not necessarily subscribe to applicant's components of rate base or to its revenue and expense items, except for the purposes of this decision. Even on the basis of applicant's own figures, the increase in expenses resulting from the assessment will lower the rate of return by only a small amount from 5.22% to 5.16%. In our opinion variations in rate of return of that magnitude might reasonably be expected to occur in the normal course of applicant's operations.

We find that applicant's showing does not justify an increase in rates at this time. We are of the opinion that a public hearing is not necessary and find that the application should be denied, therefor,

IT IS ORDERED that Application No. 42349 be and it hereby is denied.

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

Dated at San Francisco, California, this 9th day of August, 1960.

Everett W. Sage
President
John H. ...
William ...
Theodore ...

Commissioners