

ORIGINAL

Decision No. 60549

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHWEST WATER COMPANY, a corpora-)
tion, for authority to increase its)
rates for water service in its La)
Mirada tariff area.)

Application No. 42353
(Amended)

OPINION AND ORDER

Southwest Water Company filed the above-entitled applica-
tion on June 14, 1960 and filed its first amendment thereto on
July 5, 1960, seeking an ex parte order authorizing increases in
rates to yield \$7,934 of additional annual revenues for its La Mirada
tariff area, Los Angeles County, effective July 1, 1960.

Applicant is furnishing water service in three widely
separated areas designated as the La Mirada District, the La Sierra
District and the Etiwanda District. The La Mirada District is
located east and south of the city of Santa Fe Springs and serves
approximately 5,300 customers.

The application shows that in November 1959 the electorate
in Central and West Coast Basins voted to organize a district known
as the Central and West Basin Water Replenishment District for the
purpose of having an enabling agency authorized to tax water produc-
ers in the area and to use such funds to purchase water from the
Metropolitan Water District to replenish the ground water basins.
Applicant's entire La Mirada service area is 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 \$7,934 based on applicant's production of water within the Replenishment District in 1959 totaling 2,487.1 acre feet.

In support of its request applicant presented on page 2 of its first amendment to the application a combined summary of earnings for all districts for the year 1959 which is summarized in the tabulation following.

<u>Item</u>	<u>Recorded</u>	<u>Year 1959 - All Districts</u>	
		<u>Present Rates Adjusted For Water Assessment</u>	<u>Requested Rates Adjusted For Water Assessment</u>
Operating Revenues	\$ 536,652	\$ 536,652	\$ 544,586
Operating Expenses	182,308	190,242	190,242
Depreciation Expense	70,285	70,285	70,285
Taxes	<u>130,401</u>	<u>126,066*</u>	<u>130,401</u>
Total Expenses	382,994	386,593*	390,928
Net Revenue	153,658	150,059*	153,658
Avg. Rate Base (Depr.)	2,107,778	2,107,778	2,107,778
Rate of Return	7.29%	7.12%*	7.29%

* Figures derived from page 2 of first amendment to application.

Applicant also showed a summary of earnings for the year 1959 for its La Mirada District, which may be summarized as follows:

<u>Item</u>	<u>Recorded</u>	<u>Year 1959 - La Mirada District</u>	
		<u>Present Rates</u> Adjusted For Water Assessment	<u>Requested Rates</u> Adjusted For Water Assessment
Operating Revenues	\$ 308,706	\$ 308,706	\$ 316,640
Operating Expenses	95,197	103,131	103,131
Depreciation Expense	46,042	46,042	46,042
Taxes	<u>81,508</u>	<u>77,173*</u>	<u>81,508</u>
Total Expenses	222,747	226,346*	230,681
Net Revenue	85,959	82,360*	85,959
Avg. Rate Base (Depr.)	1,020,934	1,020,934	1,020,934
Rate of Return	8.42%	8.07%*	8.42%

* Figures derived from page 3 of first amendment to application.

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 for a future period.

While we have used applicant's figures herein, we do not necessarily subscribe to applicant's components of rate base, revenues or 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 have only a relatively small effect on applicant's rate of return. Rates of return of over 8 percent for the La Mirada District and over 7 percent for all districts at

present rates and increased expenses are indicated by applicant's own figures. 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. 42353 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.

President

Commissioners