

ORIGINAL

Decision No. 61239

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DOMINGUEZ WATER CORPORATION, for an order granting it authority to purchase certain facilities and to charge Richfield Oil Corporation, Johns-Manville Products Corporation and Hancock Chemical Company a special rate for water delivered under a special contract.)

Application No. 42638
Amended

OPINION AND ORDER

Dominguez Water Corporation,¹ a California corporation, by application filed September 2, 1960 and amended October 24, 1960, seeks authorization to carry out the terms and conditions of a proposed joint agreement, dated May 15, 1960, with three corporations:² Richfield Oil Corporation, Johns-Manville Products Corporation, and Hancock Chemical Company. This agreement relates to the purchase of jointly owned facilities of customers, and the provision of water service within Los Angeles County to Customers through such facilities at rates differing from those contained in Utility's filed tariff schedules.

The application states that Customers are located within Utility's certificated area in Los Angeles County. Customers presently obtain Colorado River water from the West Basin Municipal Water District at a jointly owned service connection, commonly known as "West Basin Connection No. 9," from which this water is transported to their properties by means of a jointly owned pipeline.

1 Sometimes herein called Utility.
2 Sometimes herein collectively called Customers.

Utility proposes to purchase West Basin Connection No. 9, owned by Customers, together with the pipeline and all other appurtenant facilities necessary to supply Customers with water, in accordance with the terms and conditions set forth in an instrument entitled "AGREEMENT", a copy of which is attached to the application as Exhibit A. Under the terms of this instrument, Utility is to pay to Customers, within 180 days from the date of the agreement, the sum of \$5,843.73, alleged to be the actual cost to Customers of West Basin Connection No. 9.

It is further proposed to carry out the terms of a contract for water main extensions with Customers, which is stated to be in accordance with Utility's filed Rule No. 20, Main Extensions, under which contract Utility will refund to Customers a sum not to exceed \$123,867.73, represented as the actual cost to Customers of the pipeline and the other appurtenant facilities. Notwithstanding such statement by Utility, it is noted that this contract would contain a deviation from Utility's filed main extension rule in that the amount subject to refund includes the cost of meters. Under the special circumstances of the proposed transaction, such a deviation appears to be minor in nature and does not appear to be unreasonable. Refunds are to be made from the gross revenues received from service through the purchased facilities. The contract was executed on Utility's general form of main extension agreement set forth in Utility's filed tariff schedules. The agreement for which authorization is sought specifies the maximum amount of refund that each of the individual Customers will receive. The application states that the amounts to be paid or refunded to Customers by Utility are the actual costs paid by Customers for the facilities, with no allowance for depreciation, but that such costs are less than current replacement costs of such facilities.

The agreement further provides that Customers are to pay for water delivered thereunder at a schedule of rates which is identical to that contained in Utility's filed tariff schedules for up to and including 2,000,000 cubic feet of water delivered. However, Customers are to pay 7 cents per 100 cubic feet for monthly consumption in excess of 2,000,000 cubic feet, as compared with the filed tariff rate of 6 cents per 100 cubic feet. Thus, the charges proposed under this agreement would be higher than those that would be obtained from application of Utility's filed tariff schedules when consumption exceeds 2,000,000 cubic feet per month. However, the agreement contains a statement that Customers require quantities of water to an extent not contemplated under a regular schedule of water use and rates, and the amendment to the application states that Utility believes that the rates set forth in the agreement are fair and equitable under the special conditions of service to Customers.

According to the application, Utility has sought authority for a general rate increase by Application No. 42262, filed May 18, 1960 and now pending. Utility states that the rates sought in Application No. 42262 would be higher than those contained in the agreement.

The agreement further specifies that the first water delivered to Richfield Oil Corporation thereunder shall be that water produced from Utility's 12-inch well in the West Basin Silverado Zone, and that the additional water delivered to Richfield and to the other parties shall be Colorado River water. The application states that the well is not connected to the rest of Utility's system.

The agreement provides for renegotiation of charges in the event of change in the rate paid by Utility to the West Basin

Municipal Water District for Colorado River water. The amendment to the application states that the rate paid by Utility for such water was reduced from 5.854 cents per 100 cubic feet to 5.393 cents per 100 cubic feet on July 1, 1960, until January 1, 1961, when it will be raised to 5.854 cents per 100 cubic feet. However, Utility alleges in its amendment that the parties have agreed that the schedule of rates contained in the agreement herein will remain the same as set forth therein during 1960, 1961, and until at least May 31, 1962.

It is also stated in the amendment to the application that the agreement is to be effective for a period of five years commencing August 1, 1960, and Utility requests that authorization of the agreement be made effective retroactive to August 1, 1960. The agreement is contingent upon Commission authorization and it contains a provision that it shall, at all times, be subject to such change or modification by the Commission as the Commission may direct in the exercise of its jurisdiction.

The action taken herein shall not be construed to be a finding of the value of the property herein authorized to be transferred.

The Commission has considered the request of applicant and is of the opinion, and so finds, that the deviation and the increases in rates and charges authorized herein are justified, 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 hereby is authorized to carry out the terms and conditions of the instrument entitled "AGREEMENT", dated May 15, 1960, with Richfield Oil Corporation, Johns-Manville Products Corporation, and Hancock Chemical Company, a copy of which instrument 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 said agreement was 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 20th day of December, 1960.

Clement B. Page
President

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W. H. ...

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Theodore Deener
Commissioners