

Decision No. 61437**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION OF DOMINGUEZ WATER CORPORATION, FOR AN ORDER GRANTING IT AUTHORITY TO CHARGE SHELL CHEMICAL COMPANY A SPECIAL RATE FOR WATER DELIVERED UNDER A SPECIAL CONTRACT AND FOR AN ORDER AUTHORIZING A SPECIAL MONTHLY MINIMUM CHARGE UNDER SAID SPECIAL CONTRACT.

Application No. 42867

OPINION AND ORDER

Dominguez Water Corporation^{1/}, a California corporation, by application filed November 16, 1960, seeks authorization to carry out the terms and conditions of an agreement, dated June 1, 1960, with Shell Chemical Company^{2/}, a corporation which is a division of Shell Oil Company, which agreement pertains to the furnishing of water service to Shell's synthetic rubber producing facility in Los Angeles County at rates and under conditions differing from those contained in Utility's filed tariff schedules.

The application states that the above-mentioned rubber plant of Shell is located at or near Los Angeles within Utility's service area, and also within the area served by the City of Los Angeles. However, because Shell requires a higher quality water than otherwise available, it prefers service from Utility so long as Utility's rates are competitive. Utility has furnished water service to Shell's plant pursuant to a series of agreements with Shell Chemical Corporation,

1/ Sometimes herein called Utility.

2/ Sometimes herein called Shell. (It appears that such corporation was formerly known as Shell Chemical Corporation.)

the most recent of which, an amendatory agreement dated December 30, 1959, was authorized by Decision No. 59673, dated February 16, 1960, in Application No. 41889. Under the terms and conditions of said agreement, which expired on May 31, 1960, water service was furnished to Shell at the rate of 8 cents per 100 cubic feet, an increase over the average rate which would result from Utility's filed tariff schedules for the quantities of water being used.

Utility alleges that Shell is one of a unique class of customers because it has another available source of water supply, requires a better quality of water than most of Utility's general customers, and because its water requirements generally exceed 2,000,000 cubic feet per month. During the term of the most recent agreement, average monthly consumption is stated to have exceeded 16,000,000 cubic feet. The agreement contains a statement that Shell requires quantities of water to an extent not contemplated under Utility's filed tariff schedules.

The agreement provides that Shell is to pay a minimum charge of \$2,166 per month for quantities up to and including 2,000,000 cubic feet of water delivered, and 3 cents per 100 cubic feet for all additional monthly consumption. Under the schedule of rates contained in Utility's filed tariffs, Shell would pay \$1,651.87 per month for 2,000,000 cubic feet of water delivered, and 6 cents per 100 cubic feet of additional consumption. Thus, the charges proposed under this agreement would be higher than those that would be obtained from application of Utility's filed tariff schedules. The application states, however, that the proposed charges are mutually acceptable to Utility and to Shell and that Utility believes said charges are fair and equitable to Shell, to

Utility, and to Utility's other customers, that no preferential treatment has been extended to Shell, and that Utility believes water service under the proposed terms and conditions would be compensatory to Utility and of benefit to Utility's other customers.

According to the application, Utility has sought authority for a general rate increase by Application No. 42262, filed May 18, 1960. Utility states that the rates contained in the agreement would be less than those sought in Application No. 42262, but would be essentially the same as the rates of the City of Los Angeles.

An additional exception to Utility's filed tariff schedule is provided for in the agreement in that the several metered quantities of water delivered to Shell will be combined in order to determine the total monthly quantity of water to which the schedule of charges is to be applied. However, provision is made in the agreement that, in the event Shell requires the installation of additional services or meters, Utility shall make the required installation, the entire cost of which is to be borne by Shell, and shall retain title to, and bear the cost of maintenance of, all service and meter facilities up to the outlet flanges of the meters.

The agreement is to be effective for a period of five years, commencing June 1, 1960, and terminating May 31, 1965. The application requests that the agreement be made effective retroactive to June 1, 1960, the date upon which it was executed.

The quality of the water to be supplied under the agreement is to be equal to or better than that delivered to Utility by the West Basin Municipal Water District. The agreement is subject to 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 Commission has considered the request of applicant and is of the opinion, and so finds, that 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 written agreement dated June 1, 1960, with Shell Chemical Company, a corporation, 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 is deemed to have become effective.

2. Notify this Commission of the date of termination of the 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 7th day of FEBRUARY, 1961.

[Signature]
President

[Signature]

[Signature]

Fredrick B. Haloboff
Commissioners