

62247

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of UEHLING WATER CO., INC., for)
authority to increase its rates)
for water service.)

Application No. 43272
Filed March 29, 1961,
Amended May 2, 1961.

O P I N I O N

This application as originally filed requested rate increases based upon an estimated assessment of \$6.60 to be imposed by Central and West Basin Water Replenishment District. At the request of the Commission staff an amendment was filed on May 2, 1961, which reveals that the Board of Directors of the District, on April 13, 1961, levied the assessment in the amount of \$5.75 per acre foot of water used by applicant, to become effective for the year commencing July 1, 1961.

Under the present rates, which do not consider such assessment as a factor, the company operated at a loss during 1960 and the first part of 1961. During the next fiscal year applicant estimates again that it will suffer a substantial loss even under the increased rates sought. Most of applicant's customers are served at flat rates. This, in view of the extremely dry winter and spring, has resulted in a greater use of water and increased operating costs but without a commensurate increase in revenue.

An investigation has been made by a utilities engineer of the Commission staff. The report which resulted from this study shows the following:

1. Applicant's request in the original application, filed March 29, 1961, is for an increase in rates to offset an estimated \$6.60 per acre-foot assessment for all water pumped from the ground water basins in the Central and West Basin Water Replenishment District for the fiscal year July 1, 1961 through June 30, 1962. The application was amended May 2, 1961, to reduce the amount of the increase sought, as a result of the Replenishment District establishing the assessment for the 1961-1962 fiscal year at \$5.75 per acre-foot, which is lower than applicant's original estimate for the assessment. The application states that the Replenishment District had earlier levied an assessment of \$3.19 per acre-foot during the fiscal year July 1, 1960 through June 30, 1961, and that applicant has absorbed this cost to the present time.
2. Applicant's showing in the application as amended indicates that its production of water within the Replenishment District during 1960 was approximately 885 acre-feet, of which 499 acre-feet were produced during the half of the year beginning July 1 and were subject to the assessment of \$3.19 per acre-foot, at a cost of \$1,593. Had the \$5.75 per acre-foot assessment rate been in effect during the entire year 1960, applicant asserts that it would have paid \$5,087. The staff's investigation indicates that these amounts are approximately correct.
3. Applicant asserts that it suffered an operating loss of \$2,046 in 1960; that it would have had a loss of \$3,275 had the \$3.19 assessment rate been in effect throughout the entire year; that it would have had a loss of \$5,740 had the new \$5.75 assessment rate been in effect during the full year 1960; and that it would have had a loss of \$203 at its proposed rates for water service had the \$5.75 assessment rate been in effect for the year. The staff has advised that these amounts reasonably represent the utility's results of operation under the conditions stated.
4. The staff's investigation reveals that all the water delivered by this utility to its customers is produced from the underground basin of the Replenishment District, by means of six wells equipped with deep-well turbine pumps. There are two water systems, located on level terrain, interconnected at one point by an 8-inch main

approximately 1,250 feet in length. There are also four interconnections with adjacent water systems, Park Water Company, La Hacienda Mutual Water Company and H. J. S. Mutual Water Company. The present service area is approximately 95 per cent saturated as to number of customers and is completely surrounded by other water systems.

5. The present flat rate schedule, as well as the proposed schedule, contains a statement that "an allowance equal to one month's charge will be granted to consumers if they elect to pay the flat rate charge on an annual basis in advance." This type of allowance or discount is no longer being authorized in Commission decisions relating to water utilities. It is recommended that applicant make provision for elimination of this allowance in any future application for authority to change its rates for water service.
6. In the staff's opinion, the form of increased rates requested by applicant will spread any increases authorized by the Commission in an equitable manner among the customers. The overall increase proposed by applicant would amount to approximately 13 per cent, but even so it does not appear sufficient to result in any net revenue to the utility.

The amendment to the application sets forth in detail the proposed tariffs, the detail of flat rate revenues computed at amended rates, and a summary of the rate base and rate of return under the present and proposed rates for the average year 1960. The rate base is stated as \$76,513, with operating revenues of \$48,417 at proposed rates and operating expenses estimated at \$48,619.95, which leaves a net operating loss of \$202.95 for the test year 1960. It thus appears that applicant is in urgent need of immediate relief. A public hearing is not necessary.

From the evidence of record the Commission is of the opinion, and hereby finds, that the increases and charges authorized herein are justified, that the rates and charges set forth in the amendment to the application and herein authorized are reasonable, and that the present rates and charges, in so far as they differ from those herein prescribed, are for the future unjust and unreasonable.

ORDER

Application therefor having been filed and based upon the evidence of record herein,

IT IS ORDERED that applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with the provisions of General Order No. 96, the schedules of rates and charges set forth in Appendix A attached hereto, and upon not less than five days' notice to the public and to this Commission, to make said rates and charges effective for all service rendered on and after August 1, 1961. Concurrently with the filing authorized herein, applicant is authorized and directed to withdraw and cancel by appropriate advice letter its presently effective Schedule No. 9F, Flat Rate Swimming Pool Service.

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

Dated at San Francisco, California, this 11th day of July, 1961.

Ernest R. [Signature]
 President

[Signature]

[Signature]

George L. Grover

Fredrick B. Hoffmann
 Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The City of Compton, and vicinity, Los Angeles County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 1,000 cu.ft. or less	\$2.25
Next 4,000 cu.ft., per 100 cu.ft.17
Over 5,000 cu.ft., per 100 cu.ft.11
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$2.25
For 3/4-inch meter	2.75
For 1-inch meter	3.00
For 1 1/2-inch meter	4.50
For 2-inch meter	6.50
For 3-inch meter	9.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The City of Compton, and vicinity, Los Angeles County.

RATES

Per Service Connection
Per Month

- | | |
|-----------------------------------------------------------------------------------------------------------------------|--------|
| 1. For a single family residential unit,
including premises not exceeding
$\frac{1}{4}$ acre and served from a: | |
| 3/4-inch service connection | \$2.25 |
| 1-inch service connection | 3.15 |
| 1 $\frac{1}{2}$ -inch service connection | 4.55 |
| 2-inch service connection | 6.85 |
| a. For each additional residential unit
on the same premises and served from
the same service connection | 1.55 |
| b. For each 1/4 acre, or fraction thereof,
of premises in excess of 1/4 acre | 1.55 |
| 2. For each duplex, court or apartment, per unit | 1.15 |
| 3. For each trailer court, per trailer unit .. | .60 |
| 4. Parkway watering, per lot facing thereon .. | .30 |
| 5. For each swimming pool | 1.00 |

SPECIAL CONDITIONS

1. An allowance equal to one month's charge will be granted to customers if they elect to pay the flat rate charge on an annual basis in advance.
2. Meters may be installed at option of utility or customers for above classifications, in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.