

ORIGINAL

Decision No. 62249

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PACIFIC WATER CO., a California)
Corporation, under Section 454 of)
the Public Utilities Code to Increase)
its Rates in Los Angeles County)
Commensurate with the Cost of the)
Replenishment Tax.)

Application No. 43390
(Filed May 9, 1961)

O P I N I O N

Applicant is a California corporation furnishing water to domestic consumers at various places in the Counties of Los Angeles, Orange, Kern and San Bernardino, State of California. In Los Angeles County, it has five systems known as the Orangewood System, the Nowlin System, and the Hawaiian Gardens, Burbank Tract and Independence Square Water Systems, the three latter systems being combined for the purpose of reporting to the Commission. As of December 31, 1960, applicant had a total of approximately 2,298 metered and nonmetered consumers in said five areas.

The said systems in Los Angeles County are within the Central and West Coast Basins in which there has been formed a district known as the Central and West Basin Water Replenishment District, which is an agency authorized to tax water producers in the area and use the resulting funds to purchase water from the Metropolitan Water District to replenish the ground water.

The application alleges that on April 13, 1961, the Board of Directors of the district passed a resolution adopting the assessment of \$5.75 per acre foot on each acre foot of ground water produced in the district during the fiscal year July 1, 1961, through June 30, 1962; that during the year 1960 applicant's

production of water within the replenishment district totalled 1,750.84 acre feet; that on this basis the annual increase in expenses to applicant by the payment of this tax would be the sum of \$10,067.33; that unless the rates are increased, applicant's composite rate of return for the five systems referred to would be 2.91% on a total depreciated rate base of \$406,629.

Applicant proposes to increase its rates as follows:

GENERAL METERED SERVICE

PRESENT RATES

	<u>Orangewood</u>	<u>Nowlin</u>	<u>Hawaiian Gardens Burbank Tract Independ. Square</u>
Monthly Minimum Charges:			
For 5/8 x 3/4-inch meter . . .	\$ 2.00	\$ 3.00	\$ 3.50
For 1-inch meter . . .	3.00	4.00	5.00
For 1½-inch meter . . .	4.00	7.50	10.00
For 2-inch meter . . .	6.00	10.00	14.00
For 3-inch meter . . .	15.00	15.00	37.00
For 4-inch meter . . .	20.00	30.00	52.00
For 6-inch meter . . .	-	40.00	-

FLAT RATES

For residence, market or shop. . .	2.00	3.00	4.00
For service station.	3.00	4.00	5.00

GENERAL METERED SERVICE

PROPOSED RATES

Monthly Minimum Charges:

For 5/8 x 3/4-inch meter . . .	\$ 2.42	\$ 3.64	\$ 3.79
For 1-inch meter . . .	3.42	4.64	5.29
For 1½-inch meter . . .	4.42	8.14	10.29
For 2-inch meter . . .	6.42	10.64	14.29
For 3-inch meter . . .	15.42	15.64	37.29
For 4-inch meter . . .	20.42	30.64	52.29
For 6-inch meter . . .	-	40.64	-

FLAT RATES

For residence, market or shop. . .	2.42	3.64	4.29
For service station.	3.42	4.64	5.29

Adjusting the expenses to give effect to the \$5.75 per acre foot added cost for the year 1960, applicant's estimated results of operation at present rates are as follows:

	<u>Orangewood</u>	<u>Nowlin</u>	<u>Hawaiian Gardens Burbank Tract Independ. Square</u>	<u>Total</u>
Net Operating Revenue	\$ 9,100	\$ 576	\$ 12,238	\$ 21,914
Replenishment Assessmt.	<u>4,618</u>	<u>1,256</u>	<u>4,193</u>	<u>10,067</u>
Net Operating Revenue after Assessment	\$ 4,482	\$ (680)	\$ 8,045	\$ 11,847
Depreciated Rate Base	\$144,599	\$17,797	\$244,233	\$406,629
Rate of Return	3.10%	(3.82%)	3.29%	2.91%

(Red Figure)

An engineer of the Commission's staff investigated the application and made a report hereby incorporated in the record as Exhibit No. 1. Among other things this report points out that Pacific Water Co. has asked for an increase in gross revenues of about \$10,100 in the three operating districts to offset the replenishment assessment, which will not result in any additional net revenue to the utility. Operating revenues at present rates for the three districts for 1960 were \$124,773 and at proposed rates would be \$134,873 or an increase of 8.1% compared with present rates.

The Commission staff has analyzed the direct expenses, utility plant, taxes and depreciation for each of the three operating districts as well as the methods and amounts of allocated general expense and plant items. By such analysis it found that except for a minor adjustment, the methods and amounts used by Pacific Water Co.

are reasonable for this proceeding. After computation by the staff of taxes based on income for the year 1960, recorded, the rate of return at present rates for Orangewood is 6.0%, for Nowlin 2.9%, and for Hawaiian Gardens-Burbank-Independence Square 4.7%. The composite 1960 rate of return for these districts is 4.9% and for the total operations of Pacific Water Co. is 4.5%. For the year 1960, adjusted to reflect the \$5.75 per acre foot assessment but no rate increase offset, the rate of return for Orangewood is 2.8%, for Nowlin a net operating loss of \$680, and for Hawaiian Gardens-Burbank-Independence Square 3.2%.

The increase in gross operating revenue as proposed by Pacific Water Co. would be obtained only from an increase in the various minimum charges in the meter rate and a corresponding increase in flat rate charges. The rates here authorized, as set forth in Appendix "A" attached hereto will yield \$10,100 in gross revenue and will spread the increase more equitably over the various rate blocks so that the larger users of water will pay their proportionate share of the increased costs. The resultant rates of return at the authorized rates are Orangewood 5.9%, Nowlin 2.7%, and Hawaiian Gardens-Burbank-Independence Square 4.7%.

Based upon the allegations of the verified application and the report of the Commission's engineer, we now find that the increases in rates and charges authorized herein are justified and that the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

A public hearing is not required.

O R D E R

An application as above-entitled having been filed and based upon the evidence of record herein,

IT IS HEREBY ORDERED that Pacific Water Co. be and it is authorized to file in quadruplicate with the Commission, after the effective date of this order and in conformance with General Order No. 96, the schedules of rates shown in Appendix A attached hereto, and, upon not less than five days' notice to the Commission and to the public, to make said rates effective for service rendered after July 31, 1961.

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.

[Signature]
 President

[Signature]
 Secretary

[Signature]
 George J. Trover

[Signature]
 Commissioners

APPENDIX A
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Schedule No. BH-1
Burbank Avenue-Hawaiian Gardens-Independence Square Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The areas known as Burbank Tract, Tract No. 6234 and Tract No. 7114, located within portions of the Cities of Artesia, Norwalk, and Santa Fe Springs; and vicinity, Los Angeles County.

RATES

Per Meter
Per Month

Quantity Rates:

First	800 cu. ft. or less	\$ 3.60
Next	2,200 cu. ft., per 100 cu. ft. ....	.36
Next	7,000 cu. ft., per 100 cu. ft. ....	.24
Next	20,000 cu. ft., per 100 cu. ft. ....	.16
Over	30,000 cu. ft., per 100 cu. ft. ....	.14

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 3.60
For	3/4-inch meter	4.15
For	1-inch meter	5.15
For	1 1/2-inch meter	10.25
For	2-inch meter	14.25
For	3-inch meter	37.50
For	4-inch meter	53.00

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

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Schedule No. BH-2
Burbank Avenue-Hawaiian Gardens-Independence Square Tariff Area

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The areas known as Burbank Tract, Tract No. 6234 and Tract No. 7114, located within portions of the Cities of Artesia, Norwalk, and Santa Fe Springs, and vicinity, Los Angeles County.

RATES

Per Service Connection
Per Month

1.	For a single-family residential unit, including premises not exceeding 10,000 sq. ft. in area -----	\$4.30
a.	For each additional residential unit on the same premises and served from the same service connection -----	2.15
b.	For each additional 100 sq. ft. of premises in excess of 10,000 sq. ft. ----	.02
2.	For each store, market or shop -----	4.30
3.	For each service station -----	5.30

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than 3/4-inch in diameter.
2. All service not covered by the above classifications will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer for above classifications, in which event service thereafter will be furnished only on the basis of Schedule No. BH-1, General Metered Service.

Schedule No. NO-1
Nowlin Tract Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Nowlin, located within a portion of the City of Norwalk, and vicinity, Los Angeles County.

RATESPer Meter
Per Month

Quantity Rates:

First 1,200 cu. ft. or less	\$ 3.15
Next 800 cu. ft., per 100 cu. ft. ....	.27
Next 2,000 cu. ft., per 100 cu. ft. ....	.21
Next 2,000 cu. ft., per 100 cu. ft. ....	.17
Over 6,000 cu. ft., per 100 cu. ft. ....	.14

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 3.15
For 1-inch meter	4.15
For 1 1/2-inch meter	7.75
For 2-inch meter	10.25
For 3-inch meter	15.30
For 4-inch meter	30.50
For 6-inch meter	40.60

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

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Schedule No. NO-2
Nowlin Tract Tariff Area

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The area known as Nowlin, located within a portion of the City of Norwalk, and vicinity, Los Angeles County.

RATES

Per Service Connection
Per Month

1. For a single-family residential unit, including premises not exceeding 31,000 sq. ft. in area -----	\$3.65
a. For each additional residential unit on the same premises and served from the same service connection -----	1.20
b. For each additional 100 sq. ft. of premises in excess of 31,000 sq. ft. ----	.02
2. For each store, market or shop -----	3.65
3. For each service station -----	4.65

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than 3/4-inch in diameter.
2. All service not covered by the above classifications will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer for above classifications, in which event service thereafter will be furnished only on the basis of Schedule No. NO-1, General Metered Service.

Schedule No. OW-1
Orangewood Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Tracts Nos. 9389, 9775, 9856 and 10038, located within portions of the Cities of Downey and Pico Rivera, and vicinity, Los Angeles County.

RATES

Per Meter
Per Month

Quantity Rates:

First 1,000 cu. ft. or less	\$ 2.15
Next 500 cu. ft., per 100 cu. ft. ....	.20
Next 1,000 cu. ft., per 100 cu. ft. ....	.17
Over 2,500 cu. ft., per 100 cu. ft. ....	.13

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.15
For 1-inch meter	3.15
For 1 1/2-inch meter	4.20
For 2-inch meter	6.25
For 3-inch meter	15.30
For 4-inch meter	20.30

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

Schedule No. OW-2
Orangewood Tariff Area

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The area known as Tracts Nos. 9389, 9775, 9856 and 10038, located within portions of the Cities of Downey and Pico Rivera, and vicinity, Los Angeles County.

RATES

Per Service Connection
Per Month

1.	For a single-family residential unit, including premises not exceeding 6,750 sq. ft. in area -----	\$2.40
a.	For each additional residential unit on the same premises and served from the same service connection -----	1.20
b.	For each additional 100 sq. ft. of premises in excess of 6,750 sq. ft. -----	.02
2.	For each store, market or shop -----	2.40
3.	For each service station -----	3.40

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than 3/4-inch in diameter.
2. All service not covered by the above classifications will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer for above classifications, in which event service thereafter will be furnished only on the basis of Schedule No. OW-1, General Metered Service.