

S2298

ORIGINAL

Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
Coast Water Company, a Corporation,  
for authority to increase its rates  
for water service.

Application No. 43431  
(Filed May 22, 1961)

O P I N I O N

Applicant is a California corporation furnishing water to domestic consumers in and around the incorporated area of Bell Gardens, Los Angeles County, California. As of May 22, 1961, it was furnishing service to approximately 905 customers, both metered and nonmetered.

Applicant is within the Central and West Coast Basins which have formed a district known as the Central and West Basin Water Replenishment District, which district it is alleged was formed by the electors thereof in November of 1959 as an agency authorized to tax water producers in the area and use such funds to purchase water from the Metropolitan Water District to replenish the ground water.

It is further alleged that on April 21, 1960, the directors of said district levied an assessment of \$3.19 on each acre foot of ground water produced within the district for the fiscal year of July 1, 1960, to June 30, 1961; that applicant has paid

\$3.19 for each of 362.2 acre feet covering the period of July 1, 1960, to December 31, 1960, at a total cost of \$1,155.42; that an estimated 315 acre feet will be required from January 1, 1961, to June 30, 1961, at \$3.19 per acre foot or an additional cost of \$1,004.85; and that the total cost is \$2,160.27 for one full year of operation. Applicant was granted an increase in rates by Decision No. 60818, dated October 4, 1960, in Application No. 42386, which increase became effective November 1, 1960 and was for the purpose of offsetting the \$3.19 assessment then in effect. It is further alleged that on April 13, 1961, the Board of Directors of said district levied an assessment of \$5.75 per acre foot for water produced within the district for the fiscal year commencing July 1, 1961, and ending June 30, 1962; that based on the amount of water produced by the applicant for the year 1960, applicant would have used 656.63 acre feet; that on this basis, had the \$5.75 rate been in effect during the year 1960, the cost would have been \$3,775.62 as compared with \$2,094.65 at the rate of \$3.19 per acre foot; that the difference between the present rate and the proposed rate will amount to approximately \$1,700 per year; that in addition thereto applicant will incur an estimated expense of \$550 for the cost of preparing and filing this application. The applicant further alleges that in order to obtain sufficient revenue to cover the cost of the replenishment program it will be necessary to increase gross revenues by approximately 6% based upon the actual adjusted revenues for the year 1960. Applicant proposes to increase its rates as follows:

FLAT RATES

<u>RATES</u>	<u>For each service connection Per Month</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
For each residence, including lot . . . . .	\$2.05	\$2.25
For each additional residence on the same lot. . . . .	1.00	1.10

GENERAL METERED SERVICE

Quantity Rates:	<u>Per Meter Per Month</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
First 500 cubic feet, or less . . . . .	\$1.70	\$1.80
Next 1,500 cubic feet, per 100 cubic feet. . . . .	.12	.12
Next 3,000 cubic feet, per 100 cubic feet. . . . .	.10	.10
Over 5,000 cubic feet, per 100 cubic feet. . . . .	.09	.09

## Minimum Charges:

For 5/8 x 3/4-inch meter . . . . .	\$1.70	\$1.80
For 3/4-inch meter . . . . .	1.70	2.40
For 1-inch meter . . . . .	3.20	3.20
For 1 1/2-inch meter . . . . .	4.70	4.70
For 2-inch meter . . . . .	6.70	6.70
For 3-inch meter . . . . .	10.00	10.00
For 4-inch meter . . . . .	22.00	22.00
For 6-inch meter . . . . .	35.00	35.00

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

	<u>Present Rates</u>	<u>Proposed Rates</u>
Total Operating Revenues	\$38,548.50	\$40,814.50
Total Operating Expenses before Federal Income Tax	35,512.24	35,512.24
Net Operating Profit before Federal Income Tax	3,036.26	5,302.26
Federal Income Tax	418.07	1,097.87
Net Operating Profit	2,618.19	4,204.39
Rate Base	63,048.00	63,048.00
Rate of Return	4.15%	6.67%

A Commission staff engineer investigated this matter and prepared a memorandum report hereby made a part of the record as Exhibit No. 1. Therein he states the opinion that the applicant's request for rate relief is justified, but that the rates as proposed by the applicant would not only recover the increase in replenishment district assessment charges and the full cost to the utility of this rate proceeding, but would also result in an increase of rate of return to the utility. In view of that fact the report states that the staff has designed rates for both metered and flat rate service which will recover the replenishment district charges and not increase the utility's rate of return; that the rates proposed by the staff would produce an additional revenue of \$1,640 in relation to the existing rates; and that the additional expenses resulting from the assessments levied by the Replenishment District are estimated to be \$1,681. The report states that the proposed rates will distribute the increase in an equitable manner among the respective metered and flat rate customers.

The rates proposed by applicant and by the staff engineer differ in only a few respects: (1) the single-family residential flat rate would be increased from \$2.05 to \$2.25 by applicant but would be increased only to \$2.20 by the staff; (2) the flat rate for each residential unit on the same premises would be increased from \$1.00 to \$1.10 by applicant but would not be increased by the staff; and (3) the minimum charge for a 3/4-inch meter would be increased from \$1.70 to \$2.40 by applicant but would be increased only to \$2.25 by the staff. In view of the fact that these differences between the applicant's proposal and the staff recommendation are relatively slight, that the staff recommendation would make no provision for the cost of these proceedings, that the increase in rate of return

which the staff engineer estimates under applicant's rates is not unreasonable, and that the proposed increase will not become effective before August 1, 1961 (a full month after the new replenishment tax rate went into effect), we believe, and hereby find, that the rates proposed by applicant will more nearly achieve the reasonable revenue requirements of applicant. Applicant's proposed increases will be authorized. We also find that the \$550.00 reported by applicant as the cost of these proceedings is reasonable and that applicant should be allowed to amortize the same over a three-year period.

Based upon the allegations of the verified application and the report of the Commission staff engineer, we are of the opinion and now find and conclude that the increases in rates and charges authorized in the order herein are justified and that the present rates, in so far as they differ from those prescribed herein, 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 ORDERED that Coast Water Company 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 eight days after the date hereof.

Dated at San Francisco, California, this 18<sup>th</sup>  
day of July, 1961.

Ernest A. Borge  
President  
W. H. H. H.  
E. L. Fox  
George L. Grover  
Fredrick B. H. H.  
Commissioners

APPENDIX A  
Page 1 of 2

## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated community of Bell Gardens, Los Angeles County.

RATES

Per Meter  
Per Month

## Quantity Rates:

First	500 cu. ft. or less .....	\$ 1.80
Next	1,500 cu. ft., per 100 cu. ft. ....	.12
Next	3,000 cu. ft., per 100 cu. ft. ....	.10
Over	5,000 cu. ft., per 100 cu. ft. ....	.09

## Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 1.80
For	3/4-inch meter .....	2.40
For	1-inch meter .....	3.20
For	1 1/2-inch meter .....	4.70
For	2-inch meter .....	6.70
For	3-inch meter .....	10.00
For	4-inch meter .....	22.00
For	6-inch meter .....	35.00

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

APPENDIX A  
Page 2 of 2

## Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The unincorporated community of Bell Gardens, Los Angeles County.

RATES

Per Service Connection  
Per Month

For a single-family residential unit, including premises .....	\$2.25 ✓
For each additional residential unit on the same premises and served from the same service connection .....	1.10 ✓

SPECIAL CONDITIONS

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