

**ORIGINAL**

Decision No. 62656

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
DOMINGUEZ WATER CORPORATION,  
a corporation for increased rates to  
offset an increase in Replenishment  
District pumpage charge

Application No. 43615

O P I N I O N

Applicant is a California corporation furnishing water for domestic, commercial, industrial, irrigation and fire protection purposes in an area comprising approximately 35 square miles lying south of the City of Los Angeles, north of Wilmington, east of the City of Redondo Beach, and west of the Los Angeles River, in Los Angeles County. As of January 1960 it had approximately 15,804 customers of all types.

Applicant is within the Central and West Basin Water Replenishment District which is an agency authorized to tax water producers including applicant, and use the proceeds thereof for the purchase of water from the Metropolitan Water District to replenish the ground water.

By Decision No. 61396, dated January 24, 1961, in Application No. 42262, applicant was authorized to increase its rates effective February 20, 1961. These rates were designed to produce a 24 percent increase in annual revenues and considered a then in effect assessment by said Water Replenishment District of \$3.19 per-acre foot for the period ending June 30, 1961.

On April 13, 1961, the Board of Directors of the district levied an assessment of \$5.75 per acre-foot for ground water produced within the district for the assessment year commencing July 1, 1961, and ending June 30, 1962. Applicant estimates that it will pump 18,478 acre-feet per year from wells in the Replenishment District, and that, as a result of the additional increase in the assessment of \$2.56 per acre-foot, its operating expenses will increase \$47,300 per year.

The Commission staff's investigation indicates that these figures are substantially correct.

In order to compensate for the added cost of \$2.56 per acre-foot in the 1961-1962 assessment year, applicant proposes to increase the rates under Schedules No. 1, No. 3M, and No. 3L only as follows:

Schedule No. 1  
General Metered Service

<u>Quantity Rates</u>		<u>Per Meter Per Month</u>	
		<u>Present Rates</u>	<u>Proposed Rates</u>
First	600 cu.ft. or less .....	\$2.15	\$2.20
Next	1,900 cu.ft., per 100 cu.ft. ....	.29	.30
Next	17,500 cu.ft., per 100 cu.ft. ....	.21	.22
Next	80,000 cu.ft., per 100 cu.ft. ....	.15	.15
Next	1,900,000 cu.ft., per 100 cu.ft. ....	.11	.12
Over	2,000,000 cu.ft., per 100 cu.ft. ....	.08	.08

Schedule No. 3M  
Metered Irrigation Service

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
For each 100 cu.ft. or fraction thereof	\$0.08	\$0.09

Schedule No. 3L  
Combined Residential and Irrigation Service

<u>Rates</u>	<u>Per Meter</u>	<u>Per Month</u>
	<u>Present</u>	<u>Proposed</u>
	<u>Rates</u>	<u>Rates</u>
Irrigation Service		
Quantity Rate		
For each 100 cu.ft. or fraction thereof	\$0.08	\$0.09

In the staff's report, prepared by a utilities engineer, it is stated that the proposed rates would recover the replenishment district charges by increases to only a portion of its customers, that is, the general metered and irrigation customers; that no increases in rates are proposed for industrial customers served by special contracts, which industrial customers are Shell Oil Company, Shell Chemical Corporation, Harvey Aluminum Company, Richfield Oil Corporation, Johns-Manville Products Corporation and Hancock Chemical Company; that it is estimated these special contract customers will use 60.8 percent of the delivered water during the above referred to assessment year; and that the proposed rates will result in an increase of about 3 percent to general metered service customers and about 12 percent to the irrigation customers. The staff suggested that a more equitable plan for distribution of the rate increase would be one under which the additional revenue produced would be in proportion to the volume of water distributed to the various classes of customers. The staff's proposed distribution of the increase for the fiscal year ending June 30, 1962 would be \$19,400 for general metered service, \$3,100 for irrigation service, and \$25,000 for the above-listed special contract customers.

The staff also points out that by ordering paragraph 8 of Decision No. 61396, applicant was ordered to "inform the Commission, in writing, of any use of liberalized depreciation for tax purposes after 1959 to enable the Commission to consider the effect of this tax treatment on applicant's rates".

The staff made four recommendations as follows:

a. That applicant be ordered to notify the Commission forthwith in writing whether or not the Federal income tax return had been filed for 1960, the basis of the depreciation claimed, or to be claimed, in the return, the amount of the reduction in depreciation expense for income tax purposes for that year due to the use of liberalized depreciation and whether or not the applicant has complied with the above referred to ordering paragraph of Decision No. 61396.

b. That applicant be authorized to file in quadruplicate with the Commission, in conformity with the Commission's General Order No. 96, increased rates for general and irrigation service, to provide additional annual revenues totaling \$22,500.

c. That applicant be authorized to renegotiate its existing contracts or agreements for water service with the above-named industrial customers to provide for the additional annual revenues amounting to approximately \$25,000.

d. That if any contracts are renegotiated applicant should submit each such renegotiated contract or agreement to the Commission for approval in accordance with the provisions of the Commission's General Order No. 96.

The staff's recommendation would effect an increase of 1.46% in the general metered rate and an increase of 3.70% in the

metered irrigation rate. The rates herein authorized, however, will increase both classes by approximately 1.58%. The relationship between these two classes was considered by the Commission in Decision No. 61396, issued earlier this year, and we believe that that relationship should be continued here. In all other respects the staff's recommendations are reasonable and will be followed herein.

We 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 necessary.

O R D E R

An application as above entitled having been filed, and based on the allegations of the application and a report of the Commission staff, and the findings above set forth,

IT IS ORDERED that:

1. Dominguez Water Corporation 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 schedule of rates as 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 on and after October 23, 1961.

2. Within ten days after the effective date hereof applicant shall notify the Commission in writing whether or not the Federal income tax return has been filed for 1960, the basis of the depreciation claimed, or to be claimed, in the return, the amount

of the reduction in depreciation expense for income tax purposes for that year due to the use of liberalized depreciation, and whether or not the applicant has complied with ordering paragraph No. 8 of Decision No. 61396.

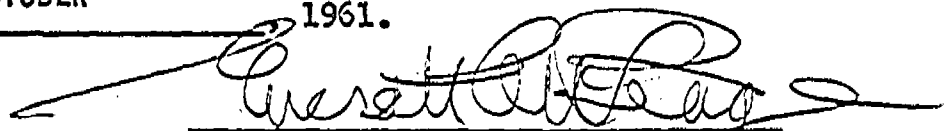
3. Applicant may renegotiate its existing contracts for water service with Shell Oil Company, Shell Chemical Corporation, Harvey Aluminum Company, Richfield Oil Corporation, Johns-Manville Products Corporation, and Hancock Chemical Company to provide for a total gross additional annual revenue from said companies of approximately \$25,000 in proportion to the volume of water estimated to be distributed to each.

4. Applicant shall submit any such renegotiated contracts to this Commission for approval, in accordance with the provisions of the Commission's General Order No. 96, within thirty days after their renegotiation.

Except as specifically granted herein, Application No. 43615 is denied.

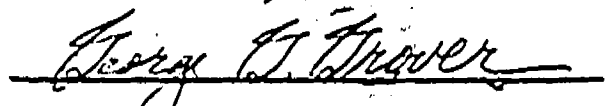
The effective date of this order shall be five days after the date hereof.

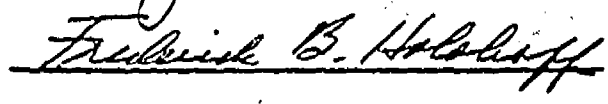
Dated at San Francisco, California, this 10th day of OCTOBER 1961.



President







Commissioners

Peter E. Mitchell

Commissioner \_\_\_\_\_, being necessarily absent, did not participate in the disposition of this proceeding.

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service, excepting Metered Irrigation Service and excepting Combination Residential and Irrigation Service.

TERRITORY

Approximately 35 square miles located south of the City of Los Angeles, north of the community of Wilmington, east of the City of Redondo Beach, and west of the Los Angeles River, all in the County of Los Angeles. Included are portions of the Cities of Torrance, Los Angeles, and Long Beach.

RATES

Per Meter  
Per Month

Quantity Rates:

First	600 cu.ft. or less .....	\$ 2.20
Next	1,900 cu.ft., per 100 cu.ft. ....	.29
Next	17,500 cu.ft., per 100 cu.ft. ....	.22
Next	80,000 cu.ft., per 100 cu.ft. ....	.15
Next	1,900,000 cu.ft., per 100 cu.ft. ....	.13
Over	2,000,000 cu.ft., per 100 cu.ft. ....	.085

Minimum Charge:

For	5/8- x 3/4-inch meter .....	\$ 2.20
For	3/4-inch meter .....	3.50
For	1-inch meter .....	5.75
For	1 1/2-inch meter .....	11.00
For	2-inch meter .....	16.00
For	3-inch meter .....	28.00
For	4-inch meter .....	45.00
For	6-inch meter .....	80.00
For	8-inch meter .....	120.00
For	10-inch meter .....	160.00
For	12-inch meter .....	220.00

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

Schedule No. 3M

METERED IRRIGATION SERVICE

APPLICABILITY

Applicable to all metered irrigation water service, excepting Combination Residential and Irrigation Service.

TERRITORY

Approximately 35 square miles located south of the City of Los Angeles, north of the community of Wilmington, east of the City of Redondo Beach, and west of the Los Angeles River, all in the County of Los Angeles. Included are portions of the Cities of Torrance, Los Angeles, and Long Beach.

RATE

Per Meter  
Per Month

Quantity Rate:

For each 100 cu. ft. or fraction thereof ..... \$0.0812

Minimum Charge:

For all meter sizes ..... \$2.20

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

SPECIAL CONDITIONS

1. An application for service under this schedule shall be filed by the customer with the utility. Such application shall set forth the conditions of service requested and the proposed use of water.

2. The size of meter for the above service shall not be greater than reasonably necessary to furnish service to the area to be irrigated.



Schedule No. 3RL

COMBINATION RESIDENTIAL AND IRRIGATION SERVICE

APPLICABILITY

Applicable to all combination residential and irrigation water service furnished on a limited basis.

TERRITORY

Approximately 35 square miles located south of the City of Los Angeles north of the community of Wilmington, east of the City of Redondo Beach, and west of the Los Angeles River, all in the County of Los Angeles. Included are portions of the Cities of Torrance, Los Angeles, and Long Beach.

RATE

Per Meter  
Per Month

Irrigation Service

Quantity Rate:

For each 100 cu. ft. or fraction thereof ..... \$0.0812 ✓

Minimum Charge:

For all meter sizes ..... 2.20 ✓

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

Residential Service

Per Month

A flat rate in addition to the above charges for irrigation service ..... \$2.20 ✓

SPECIAL CONDITION

Combination Residential and Irrigation Service is available only to those customers being served as of the effective date of this schedule. Service to new occupants of premises which have been served under this schedule will be available only under other appropriate tariff schedules.