

ORIGINAL

63543

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

James A. Bradley, Lewis J. Humbert,
 Cecil Bloomer, Goldie Thomas,
 William R. Taylor, Frank Megyesi,
 William S. Duke, Albert F.
 Tourtillott, Robert G. Slezak,
 Albert J. Silvey, Clayton D.
 Millspaugh, Paul Schlueter, Dale
 Allison, John Weldy, Jr., Ernie
 Anderson, Richard W. Powell,
 Louis Jensen, Giuseppe Porta,
 Frank H. Kell, O. W. Palmer,
 Earold Dutro, Eugene P. Gause,
 Joe F. Sgroi, Fred M. Stephens
 and Mrs. Zora R. Simonson,

Complainants,

vs.

PACIFIC WATER CO., a corporation,
 Defendant.

Case No. 7097
 (Filed April 13, 1961)

James C. King, for complainants.
Moss, Lyon and Dunn by George C. Lyon, for
Pacific Water Co., defendant.
John D. Reader, for the Commission staff.

O P I N I O N

Upon direction by the Commission a proposed report of the presiding examiner, William W. Dunlop, was filed on November 27, 1961. Thereafter, on December 18, 1961, defendant filed its exceptions to the proposed report. No other exceptions were received and no replies to defendant's exceptions were filed.

For a statement of the nature of the proceeding, the complaint and answer, defendant's operations, and a summary of the evidence, reference is made to the proposed report. We do not consider it necessary to repeat such matters herein except to

comment upon defendant's exception to the summary of evidence at the last line on page 9 of the proposed report. The proposed report states that Pacific Water Co. has ignored in its allocation factor of direct expense the item of payroll. Defendant acknowledges that this was true prior to 1960, but alleges that thereafter it used the item of payroll in its allocation factor and that the item of payroll was used in its Exhibit 11. We find that the evidence supports defendant's exception in this regard.

Defendant also requests that the findings and conclusions contained in the proposed report be augmented in several respects and further requests that the order provide that the present rates remain in effect. We have duly considered these requests in arriving at our findings and conclusions herein.

Subject to the correction hereinabove made, the examiner's proposed report (except the portion thereof beginning with the heading "Findings and Conclusions" on page 11 and ending at the last line of page 14) is hereby adopted as a portion of this opinion of the Commission.

Findings and Conclusions

Based on the evidence, we find and conclude as follows:

1. Pacific Water Co. has not completed the plant addition to its Victorville Systems directed to be made by July 1, 1961, in Decision No. 61648, dated March 14, 1961, in Case No. 6387, and has no definite plans for completing most of the other plant additions directed in said decision to be completed by December 31, 1961.

2. Allowances in expenses and rate base for such plant improvements were made by the Commission in authorizing increases in rates which became effective on July 1, 1960, pursuant to Decision No. 60205, dated May 31, 1960, in Application No. 40805.

3. Earning results presented by Pacific Water Co., in Exhibit 11 herein, are not indicative of defendant's earning position for rate making purposes since they do not reflect necessary and reasonable adjustments for rate making purposes as hereinabove discussed and as found reasonable by Decision No. 60205.

4. Substantial curtailment in water usage has resulted in defendant's Victorville Systems subsequent to the rate increase effective on July 1, 1960.

5. Defendant has ample water supply to provide for water consumption considerably in excess of the current deliveries.

6. Defendant's costs of operation of its Victorville Systems are not significantly affected by an annual variation in water consumption of 1,235,000 cubic feet.

7. Defendant's revenues are significantly affected not only by the level of rates but also by the quantity of water delivered to and paid for by customers.

8. Rates to be charged by this utility must be reasonable from the standpoint of the customer as well as just to the utility.

9. Defendant's present rates in its Victorville Systems Nos. 1, 3, 4, 5 and former Lower Zone 6 are, for the future, unjust, excessive and unreasonable and should be reduced at this time to eliminate allowances in expenses and rate base for plant improvements directed to be made by Decision No. 61648 and which defendant has not completed or undertaken under a definite program and should be further reduced to stimulate usage and maximize revenues and earnings. (At such time as defendant does complete the improvement projects directed to be made by said Decision No. 61648, the Commission, upon defendant's formal request, will give further

consideration to the effect of such improvements on defendant's earning position.)

10. Defendant's rates in its Victorville System, former Upper Zone 6, should remain unchanged.

11. The rates hereinafter directed to be made effective will provide defendant with a reasonable opportunity, under prudent management, to obtain revenues sufficient to meet its reasonable expenses of operation in its Victorville Systems and to obtain net revenues under stimulated water usage at least as great as under present rate levels.

12. Because of the uncertainties as to the effect of rate level on water consumption, the rates hereinafter directed to be filed should be subject to review and possible adjustment at the conclusion of the first full year in which such rates are effective.

13. The rates and charges directed to be filed herein are reasonable, and the present rates and charges, insofar as they differ from those herein prescribed, are, for the future, unjust and unreasonable.

14. The evidence respecting service complaints relating, among other things, to correct meter readings, water supply, water potability, adequacy of pressure and maintenance of fire hydrants is not such as to require this Commission to direct Pacific Water Co. to undertake additional specific projects or improvements in its Victorville Systems at this time.

A comparison of present rates and charges with those directed herein to be filed for defendant's Victorville Systems Nos. 1, 3, 4, 5 and former Lower Zone 6 for various levels of consumption follows:

Victorville Systems Nos. 1, 3, 4, 5
and Former Lower Zone 6

<u>Consumption Per Month Cubic Feet</u>	<u>Monthly Charge</u>	
	<u>Present Rates</u>	<u>Rates Herein Directed to be Filed</u>
500	\$ 4.00	\$ 3.75
1,000	7.00	6.25
1,500	10.00	8.75
3,000	17.50	14.75
5,000	26.50	21.75
10,000	44.00	34.25
15,000	56.50	44.25

O R D E R

IT IS ORDERED that:

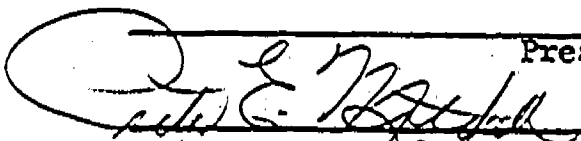

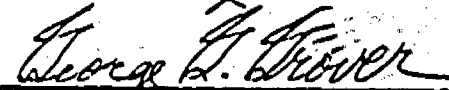

1. Pacific Water Co. is directed to file in quadruplicate with this Commission, within twenty days after the effective date of this order, in conformity with General Order No. 96-A, the schedules of rates set forth in Appendix A attached hereto; and upon not less than five days' notice to the Commission and to the public, to make said rates effective for service rendered on and after May 1, 1962.

2. On or before March 1, 1963, Pacific Water Co. shall file with this Commission a report setting forth the following information relative to its Victorville District: (a) water-use table showing number of customer billings and consumption, by usage blocks for the year 1962; (b) statement showing utility plant, advances for construction, contributions in aid of construction and depreciation reserve as of December 31, 1961, and as of December 31, 1962, similar in form to Exhibit 10 filed herein; (c) statement showing revenues, expenses, depreciation expense, taxes and net revenues for the year 1962, similar in form to Exhibit 11 filed herein; and (d) statement showing customers billed and customer-use by month for the years 1961 and 1962, similar in form to Exhibit 13 filed herein.

3. In all other respects, Case No. 7097 is hereby dismissed.

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

Dated at San Francisco, California, this 10th day of April, 1962.

 President


 Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
Page 1 of 3

Schedule No. VCA-1

Victorville Nos. 1, 4, 5 and 6 (Lower Zone) Tariff AreasGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated areas known as Mariana Ranchos, Circle M Ranchos, Apple Valley Acres, Youleen Tract, Waas Tract, Burns Tract, Rayle Tract, and vicinities, and Tracts Nos. 5717 and 5818, all within a radius of 23 miles easterly of Victorville, San Bernardino County.

RATES

Quantity Rates:			Per Meter Per Month
First	500 cu. ft. or less	.....	\$ 3.75
Next	1,500 cu. ft., per 100 cu. ft.	...	.50
Next	3,000 cu. ft., per 100 cu. ft.	...	.35
Next	5,000 cu. ft., per 100 cu. ft.	...	.25
Over	10,000 cu. ft., per 100 cu. ft.	...	.20

Minimum Charge:

For	5/8 X 3/4-inch meter	.....	\$ 3.75
For	1-inch meter	.....	6.00
For	1 1/2-inch meter	.....	12.00
For	2-inch meter	.....	18.00
For	3-inch meter	.....	30.00
For	4-inch meter	.....	45.00
For	6-inch meter	.....	85.00

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 3Schedule No. VCB-1
Victorville No.3 Tariff Area
GENERAL METERED SERVICE
(Nonpotable Water)APPLICABILITY

Applicable to all metered nonpotable water service.

TERRITORY

Unincorporated territory comprising Section 16, T. 4 N., R.2 W., S.B.B.&M., and vicinity, located approximately 15 miles southeasterly of Victorville, San Bernardino County.

RATES

		Per Meter Per Month
Quantity Rates:		
First	500 cu. ft. or less	\$ 3.75
Next	1,500 cu. ft., per 100 cu. ft .....	.50
Next	3,000 cu. ft., per 100 cu. ft.....	.35
Next	5,000 cu. ft., per 100 cu. ft.....	.25
Over	10,000 cu. ft., per 100 cu. ft.....	.20

Minimum Charge:

For	5/8 X 3/4-inch meter	\$ 3.75
For	1-inch meter	6.00
For	1 1/2-inch meter	12.00
For	2-inch meter	18.00
For	3-inch meter	30.00
For	4-inch meter	45.00
For	6-inch meter	85.00

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

APPENDIX A
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Schedule No. VCU-1
Victorville No. 6 (Upper Zone) Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Lucerne Highlands, Tract 5259, San Bernardino County.

RATES

		Per Meter Per Month
Quantity Rates:		
First	500 cu. ft. or less	\$ 4.00
Next	1,500 cu. ft., per 100 cu. ft. ....	.60
Next	3,000 cu. ft., per 100 cu. ft. ....	.45
Next	5,000 cu. ft., per 100 cu. ft. ....	.35
Over	10,000 cu. ft., per 100 cu. ft. ....	.25

Minimum Charge:

For	5/8 X 3/4-inch meter	\$ 4.00
For	1-inch meter	6.00
For	1½-inch meter	12.00
For	2-inch meter	18.00
For	3-inch meter	30.00
For	4-inch meter	45.00
For	6-inch meter	85.00

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