

ORIGINALDecision No. 62545

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA WATER SERVICE COMPANY, a
corporation, for an order authorizing
it to increase rates charged for water
service in the Bakersfield district.

) Application No. 43395
) (Filed May 15, 1961)

In the Matter of the Application of
CALIFORNIA WATER SERVICE COMPANY, a
corporation, for an order authorizing
it to increase rates charged for water
service in the East Los Angeles
district.

) Application No. 43396
) (Filed May 15, 1961)

McCutchen, Doyle, Brown & Enersen, by A. Crawford
Greene, for applicant.
Community Council for Greater East Los Angeles,
Inc., by Joseph Galea, protestant in Application
No. 43396.
Cyril M. Saroyan and Robert W. Beardslee, for the
Commission staff.

O P I N I O N

By these applications, California Water Service Company
seeks authority to increase water rates for service rendered by it in
its Bakersfield and East Los Angeles districts.^{1/}

After due notice, public hearings in these matters were
held before Examiner F. Everett Emerson, on October 11 at Bakersfield
and on October 12, 1961 at Los Angeles, at which evidence was
adduced and the matters submitted.

Applicant's public utility operations consist of providing
water service in 17 operating districts in California. Each district

1/ Applicant concurrently filed Application No. 43397, pertaining to
its Oroville district and such application has been disposed of
by a separate decision. The record in such proceeding is part
of this record by reference.

is a separate physical system, locally operated under the general supervision of the company's head office in San Jose.

Applicant's Bakersfield service area comprises substantially all of the incorporated City of Bakersfield as well as unincorporated areas of Kern County adjacent thereto. Because of elevation differences ten separate pressure zones are used in the district. The population of the service area is estimated to be 115,200.

Applicant's East Los Angeles service area is largely in the unincorporated area of Los Angeles County but it includes the City of Commerce and portions of the Cities of Montebello and Vernon. It also has ten separate pressure zones because of elevation differences. The population of the service area is estimated to be 93,500.

The Bakersfield service area utilizes 105 wells for water production. In East Los Angeles, applicant utilizes the output of 43 wells, supplemented by purchases of water through three connections to feeder mains of the Metropolitan Water District of Southern California.

In these two proceedings both applicant and the Commission staff presented the testimony of a number of witnesses and entered exhibits representing applicant's earnings position. Applicant's showing covered the estimated years 1961, 1962 and 1963, while the staff estimates were for the years 1961 and 1962. For the purposes of this proceeding we shall rely on the showings respecting the year 1962 as a test year.

The following tabulations will serve to summarize the "results of operations" presentations in these proceedings. They have been adjusted to reflect the findings and conclusions of the Commission respecting applicant's over-all operations as adopted in the decision concerning applicant's Oroville district.

Summary of Earnings
Test Year 1962

Item	Present Rates		Requested Rates	
	Applicant	CPUC Staff	Applicant	CPUC Staff
<u>Bakersfield System</u>				
Operating Revenues	\$2,187,300	\$2,187,800	\$2,324,800	\$2,387,200
Operating Expenses	1,621,018	1,670,098	1,782,713	1,779,098
Net Revenue	506,782	517,702	596,082	608,102
Rate Base (Depr.)	9,043,500	8,987,300	9,043,500	8,987,300
Rate of Return	5.60%	5.76%	6.59%	6.77%
<u>East L. A. System</u>				
Operating Revenues	\$1,363,900	\$1,869,500	\$2,063,500	\$2,064,200
Operating Expenses	1,524,605	1,499,149	1,632,205	1,608,849
Net Revenue	344,295	370,351	431,295	457,351
Rate Base (Depr.)	6,389,900	6,404,500	6,389,900	6,404,500
Rate of Return	5.39%	5.78%	6.75%	7.14%

The evidence is convincing that, as illustrated by the above tabulation, applicant will earn a less than satisfactory rate of return from these two systems. The rates of return under existing water rates are substantially below those heretofore found to be reasonable by this Commission. Applicant is entitled to increased revenues in each of the two districts and the Commission so finds.

It may be noted from the above tabulation that the rate base calculations of applicant and staff differ by only 6/10 and 2/10 of one percent for Bakersfield and East Los Angeles, respectively. Such magnitude, indicating substantial agreement of independently-determined amounts, indicates that they have been derived within reasonable limits of estimating accuracy. For the purposes of this proceeding, the Commission finds that a depreciated rate base of \$9,015,000 for the Bakersfield system and a depreciated rate base of \$6,397,000 for the East Los Angeles system are fair and

reasonable rate bases for the estimated test year 1962. Further, in view of the evidence, the Commission finds a rate of return of approximately 6.35 percent, when related to such rate bases, is fair and reasonable for the operations of these systems. Water rates will be authorized which should produce such result and provide applicant with increased annual revenues amounting to \$133,000 for its Bakersfield system and \$103,000 for its East Los Angeles system. Of this latter amount, approximately \$75,000 has heretofore been provided as an offset to increased replenishment district taxes.^{2/} Thus the increase in this proceeding will amount to \$33,000.

Applicant's Bakersfield system serves customers at both meter and flat rates. The metered-usage rate is presently of the "minimum charge" type. Applicant proposes to change such rate form to a "service charge" type of rate. It is noted that 15 of applicant's operating districts have "service-charge" rates for metered service. It is appropriate at this time to place this type of rate in effect in Bakersfield and the order herein will so provide. With respect to the flat rates in Bakersfield, the evidence shows that the present rate schedule is cumbersome, is somewhat difficult to administer and requires inspection of customers' premises. It is fair and reasonable to bill flat rate charges on a lot-size basis and the schedule to be authorized herein will be so classified.

In view of the evidence, the Commission finds and concludes that the increases in rates and charges authorized herein are justified and that existing rates and charges, insofar as they differ from those herein authorized, are for the future unjust and unreasonable.

^{2/} See Decision No. 62246 issued July 11, 1961.

The protestant in the East Los Angeles matter complained about service interruptions and the quality of service rendered, claiming that applicant was not devoting sufficient attention to the main-replacement needs of that portion of the district (City Terrace) represented by the protestant. The facts are that this particular hilly section of the system was installed almost wholly in one year (1923) by applicant's predecessor and the plant is approaching the end of its normal life. Replacements are necessary and are becoming frequent, but replacements before normal attainment of useful and economic life spans of facilities are not justified. Main replacements in the specific area scheduled for the year 1962 will cost approximately \$69,000 and during the past six years have totaled more than \$185,000. A careful study of this situation reveals no element of the discrimination inferred by protestant.

O R D E R

Based upon the evidence and upon the findings and conclusions contained in the foregoing opinion,

IT IS ORDERED that California Water Service Company is authorized to file in quadruplicate with this Commission, on or after the effective date of this order and in conformity with the provisions of General Order No. 96-A, the schedules of rates and charges set forth in Appendix A for its Bakersfield District and in Appendix B for its East Los Angeles District, which said appendices are attached to this order, and, after not less than five

days' notice to the public and to this Commission, to make said schedules effective for service rendered on and after May 1, 1962.

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

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

President

E. J. Fox

George J. Grover

Frederick B. Holloff
Commissioners

*I concur but take exception
to treatment awarded
"retirement contract" for rate
making purposes. See Dec. #63530.
C. L. Whitcomb*

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

APPENDIX A
Page 1 of 3

Schedule No. BK-1

Bakersfield Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Bakersfield and vicinity, Kern County.

(T)

RATESPer Meter
Per Month

Quantity Rate:

For all water delivered per 100 cu.ft. \$ 0.085 (C)

Service Charge:

For 5/8 x 3/4-inch meter	\$ 2.10	(C)
For 3/4-inch meter	2.30	
For 1-inch meter	3.15	
For 1 1/2-inch meter	4.40	
For 2-inch meter	5.65	
For 3-inch meter	10.50	
For 4-inch meter	14.00	
For 6-inch meter	24.00	
For 8-inch meter	35.00	
For 10-inch meter	44.00	

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the monthly charge computed at the Quantity Rate.

APPENDIX A
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Schedule No. BK-2L

(T)

Bakersfield Tariff Area

LIMITED FLAT RATE SERVICE

(T)

APPLICABILITY

Applicable to all flat rate water service furnished to customers listed on this schedule.

(T)

(T)

TERRITORY

Bakersfield and vicinity, Kern County.

(T)

RATES

Per Month

Jewelry Store	\$3.25	(I)
Shoe Store	3.25	
Lamp Store	3.25	
Plant Store	3.25	(I)

SPECIAL CONDITIONS

1. No new service connections may receive service under this schedule.

2. Meters shall be installed if the utility chooses for above customers, in which event service thereafter shall be furnished on the basis of Schedule No. BK-1, General Metered Service.

(T)

|

(T)

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Schedule No. BK-2R

Bakersfield Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

(T)

TERRITORY

Bakersfield and vicinity, Kern County.

(T)

RATES

Per Service Connection
Per Month

1. For a single family residential unit,
including premises having the follow-
ing area:

6,000 sq.ft. or less	\$4.70
6,001 to 10,000 sq.ft.	5.20
10,001 to 16,000 sq.ft.	6.70
16,001 to 25,000 sq.ft.	8.70

(I)

For each additional single family resi-
dential unit on the same premises and
served from the same service connection

3.00

(I)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger
than one inch in diameter.

(N)

2. All service not covered by the above classification will be
furnished only on a metered basis.

(N)

3. Meters shall be installed if either the utility or customer so
chooses for above classification, in which event service thereafter
shall be furnished on the basis of Schedule No. BK-1, General Metered
Service.

(T)

(T)

APPENDIX B
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Schedule No. EL-1

East Los Angeles Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Commerce and vicinity, Los Angeles County

(T)

RATES

Per Meter
Per Month

Quantity Rates:

For the first 30,000 cu.ft., per 100 cu.ft.	\$ 0.16	(E)
For all over 30,000 cu.ft., per 100 cu.ft.	0.15	(R)

Service Charge:

For 5/8 x 3/4-inch meter	\$ 2.10	(I)
For 3/4-inch meter	2.30	
For 1-inch meter	3.15	
For 1 1/2-inch meter	4.40	
For 2-inch meter	5.70	
For 3-inch meter	10.50	
For 4-inch meter	14.00	
For 6-inch meter	24.00	
For 8-inch meter	35.00	
For 10-inch meter	44.00	(I)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the monthly charge computed at the Quantity Rates.

APPENDIX B
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Schedule No. EL-9FC

(T)

East Los Angeles Tariff Area

CONSTRUCTION FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service for construction purposes.

TERRITORY

Commerce and vicinity, Los Angeles County.

(T)

RATES

1. For concrete walks, per 100 sq.ft.	\$0.35	(I)
2. For concrete curbs, per 100 lineal feet	0.70	
3. For concrete streets or gutters, per 100 sq.ft.	0.70	
4. For street grading, oiling and asphalt paving, per 100 sq.ft.	0.10	
5. For settling dirt backfull in trenches four feet in depth or less, per 100 lineal feet	2.65	
a. For each additional depth of four feet or fraction thereof, per 100 lineal feet	2.65	(I)

SPECIAL CONDITIONS

All service not covered by the above classifications will be furnished only on a metered basis.