

ORIGINAL

Decision No. 63588

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 in-)
crease its rates for its Nowlin)
Water System in Los Angeles County,)
California.)

Application No. 43562
(Filed June 28, 1961)

Investigation on the Commission's
own motion into the service, opera-
tions, rules and practices of
PACIFIC WATER CO., a corporation.

Case No. 6387
(Further Hearing)
(Re Nowlin System Phase)
(Filed November 24, 1959)

Moss, Lyon & Dunn, by George C. Lyon, for
applicant.
Mrs. George Foster, Dale Lackey, Mrs. James S.
Conners, Sally A. Ferguson and Mrs. Leslie R.
Cooke, protestants.
William C. Bricca and Sesto S. Lucchi for the Com-
mission staff.

O P I N I O N

Pacific Water Co. is a California corporation fur-
nishing domestic water to consumers in 14 systems located in Los
Angeles, Orange, Kern and San Bernardino Counties. By Applica-
tion No. 43562, filed with this Commission on June 28, 1961, it seeks
authority to increase its rates in its Nowlin System in Los Angeles
County, California. The Commission, in Case No. 6387, is investi-
gating the service, operations, rules and practices of the company
in its various systems, and consolidated with the hearing on the
application herein was an investigation into the Nowlin System of the
company.

A public hearing on the application and investigation was held before Examiner Kent C. Rogers in Los Angeles on January 11, 1962. Prior to said hearing notice thereof was published and mailed to consumers as required by this Commission. Five consumers appeared in opposition to the application.

Application No. 43562

The service area is in Los Angeles County, within the city of Norwalk and is bounded by Studebaker Road on the west, Excelsior Drive on the north, Graystone Street on the east, and Barnwall Street on the south. As of December 31, 1960, there were 164 active services in the area. Of these only 16 were metered. Water is secured from one well which, as equipped, produces approximately 303 gallons of water per minute. There is also available a 4-inch stand-by connection with Park Water Company.

The present and proposed rates are as follows:

METERED RATES

	Monthly Rate	
	Present	Proposed
Quantity Rates:		
First 1,200 cu.ft. or less	\$ 3.15	\$ -
First 800 cu.ft. or less	-	4.50
Next 1,200 cu.ft., per 100 cu.ft.	-	.35
Next 800 cu.ft., per 100 cu.ft.	.27	-
Next 2,000 cu.ft., per 100 cu.ft.	.21	.22
Next 2,000 cu.ft., per 100 cu.ft.	.17	.22
Over 6,000 cu.ft., per 100 cu.ft.	.14	.15
Minimum Charge:		
For 5/8 x 3/4-inch meter	3.15	4.50
For 3/4-inch meter	None	Proposed
For 1-inch meter	4.15	6.50
For 1½-inch meter	7.75	10.00
For 2-inch meter	10.25	14.00
For 3-inch meter	15.30	37.00
For 4-inch meter	30.50	52.00
For 6-inch meter	40.60	65.00
Flat Rate Service		
Residential Single Family on a lot of 31,000 sq.ft. or less	3.65	4.50
Two Dwellings	4.85	6.50
Each Additional Residential Unit	1.20	2.00
Each Additional 100 sq.ft. of area in excess of 31,000 sq.ft.	.02	.02
Store, Market or Shop	3.65	4.50
Service Station	4.65	5.50

The applicant estimates that, with adjustments, in 1960 it had a rate of return of 1.91 percent. The staff estimates that, with adjustments, the applicant had a rate of return of 2.39 percent in said year.

At proposed rates the estimated results of operations are as follows for 1961 (page 11-4 of Exhibit No. 3):

	<u>Staff</u>	<u>Company</u>
Operating Revenues	\$ 9,500	\$ 9,554
<u>Operating Expenses</u>		
Operating & Maintenance Expenses	4,540	4,542
Admin. & Gen. & Misc. Expenses	1,730	1,937
Taxes Other Than on Income	500	456
Depreciation	590	573
Income Taxes (S.L. Depreciation)	840	899
Total Oper. Expenses (S.L. Depr.)	<u>8,200</u>	<u>8,407</u>
Net Revenue	1,300	1,147
Depreciated Rate Base	19,020	18,806
Rate of Return	6.83%	6.10%

As can be seen from the foregoing, there is not too much difference between the staff's estimate and the applicant's estimate of results of operations at the proposed rates. Under either method of calculating, the proposed rates are reasonable. The average monthly bill for a flat rate customer will increase from \$3.65 to \$4.50, or 23%, and for a metered service customer will increase from \$4.66 to \$6.88, or 48%. Only about ten percent of the customers are on metered service.

The staff stated the matter succinctly in its report (Exhibit No. 3, p. 11-2): "... the operating revenues, operating expenses and rate bases are increasing while the rates of return are decreasing at both present and proposed rates. The decrease in rate of return is due primarily to the fact that the rate base is increasing faster than the number of customers. It is anticipated that this condition, due to replacement of old mains with new mains at higher unit costs, will continue into the future and will result in a continuing downward trend in the rate of return."

The staff stated that applicant's proposed minimum charges for the various-sized meters are inconsistent with the rated capacities, and suggested alternate higher charges. The staff's proposed minimums are reasonable and will be adopted. In addition, the staff

pointed out that there are two fire hydrants in the area and that there is a fire protection district which has agreed to pay \$1 per hydrant per month. The staff's proposed fire hydrant rate will be included in the authorized rates.

From all of the evidence adduced we find that the proposed increases in rates and charges, as 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.

Case No. 6387

This matter is a continuing investigation into the practices and services of applicant. The staff report stated, among other things, that the one well, pump and motor appeared to be adequate and in a well-maintained condition, but that the pressure tank, outside of exterior painting, does not appear adequately maintained and operated, particularly with regard to safety. The staff recommended that the utility be required to clean, inspect, and paint the inside of this tank, and also that it should raise the intake of the discharge pipe to a level at which sand would not enter the distribution mains, and remove the accumulated sand from the tank at regular intervals. The staff further recommended that applicant should install safety valves or rupture discs set to open at not more than the allowable working pressure of the tank and test the tank at four times this pressure. It recommended further that the operation and maintenance of this tank should meet at least the minimum Unfired Pressure Vessel Safety Orders of the Division of Industrial Safety. It estimated that the installed cost of safety devices and of the alterations to effect sand trapping would be \$200, and recommended

that this installation be done and completed within a short period. We find that these staff recommendations are reasonable, except that the safety valves or rupture discs for the pressure tank should be set to open at not more than ten psi above the allowable working pressure of the tank.

It further appears from the record, and we find, that the mains serving Barnwall Street and Graystone Street have excessive leaks, as brought out in the complaints of the appearing parties, and should be repaired or replaced. Applicant will be required to replace or repair said lines.

O R D E R

The application of Pacific Water Co. for authority to increase its rates in its Nowlin Water System and the Commission's investigation of the Nowlin Water System having been consolidated for hearing, a hearing having been held, evidence having been adduced, the Commission having made the foregoing findings and based on said findings,

IT IS ORDERED that:

1. Pacific Water Co., a corporation, is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with General Order No. 96-A, the schedules of rates shown in Appendix A attached hereto, including fire protection rates, 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 June 1, 1962.

2. Applicant shall:

- (a) Within sixty days after the effective date hereof, raise the intake of the discharge pipe from the pressure tank to an optimum level to minimize the entrance of sand

into the distribution mains, and report to this Commission, in writing, of the completion thereof, within ten days thereafter.

- (b) Remove all sand in the pressure tank at regular intervals not exceeding sixty days, commencing on the effective date hereof.
- (c) Within sixty days after the effective date hereof, install one or more safety valves or rupture discs in the pressure tank set to open at not more than ten psi above the allowable working pressure thereof, and test said tank at four times the working pressure, and report in writing to this Commission the date of completion of this installation and the results of such tests.
- (d) Operate and maintain the pressure tank pursuant to the minimum requirements of the Unfired Pressure Vessel Safety Orders of the Division of Industrial Safety.
- (e) Schedule and commence the repair or replacement of the mains serving Barnwall Street and Graystone Street and report the results of progress each thirty days, commencing sixty days after the effective date of this order; such repair or replacement to be completed by not later than December 31, 1962.

3. Applicant shall file with this Commission, within sixty days after the effective date of this order, four copies of a comprehensive map drawn to an indicated scale not smaller than 100 feet to the inch, delineating by appropriate markings the various tracts of land and territory served, the principal water

production, storage and distribution facilities and the location of the various water system properties of applicant.

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

Dated at San Francisco, California, this 24th day of APRIL, 1962.

[Signature] President
[Signature]
[Signature]
[Signature] Commissioners

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

APPENDIX A
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Schedule No. NO-1

Nowlin Tract Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Nowlin, located within Norwalk, Los Angeles County. (T)

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
First 800 cu.ft. or less	\$ 4.50	(I)
Next 1,200 cu.ft., per 100 cu.ft.35	
Next 4,000 cu.ft., per 100 cu.ft.22	
Over 6,000 cu.ft., per 100 cu.ft.15	
Minimum Charge:		
For 5/8 x 3/4-inch meter	\$ 4.50	(I)
For 3/4-inch meter	6.00	
For 1-inch meter	9.00	
For 1 1/2-inch meter	14.00	
For 2-inch meter	20.00	
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.

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Schedule No. NO-2R

Nowlin Tract Tariff Area

RESIDENTIAL FLAT RATE SERVICE

(T)

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The area known as Nowlin, located within Norwalk, Los Angeles County. (T)

RATES

Per Service Connection
Per Month

For a single-family residential unit, including premises not exceeding 31,000 sq.ft. in area	\$ 4.50	(I)
a. For each additional single-family residential unit on the same premises and served from the same service connection	2.00	(I)
b. For each 100 sq.ft. of premises in excess of 31,000 sq.ft.02	

SPECIAL CONDITIONS

1. The above residential flat rates apply to service connections not larger than 3/4-inch in diameter.

2. All service not covered by the above classification shall be furnished only on a metered basis. (T)

3. For service covered by the above classification, if either the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. NO-1, General Metered Service. (T)

APPENDIX A
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Schedule No. NO-5

Nowlin Tract Tariff Area

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, duly organized fire districts and other political subdivisions of the State.

TERRITORY

The area known as Nowlin, located within Norwalk, Los Angeles County.

RATE

	<u>Per Month</u>
For each hydrant	\$1.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rates under Schedule No. NO-1, General Metered Service.
2. The cost of installation and maintenance of hydrants shall be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.
5. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the specific location at which each is to be installed.