

63903

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 the Southern California Water Company)
 for authority to increase rates for)
 water service in its Ojai District.)

Application No. 43649

O'Melveny & Myers, by Dom B. Miller; C. T. Mess; for applicant.
 City of Ojai, by Robert R. Willard, protestant.
 North Foothill Road Property Owners, by
Dr. Charles T. Butler, interested party.
Cyril M. Saroyan, Robert W. Beardslee and
Richard R. Entwistle, for the Commission
 staff.

O P I N I O N

Public Hearings

This application is one of four, filed during the year 1961 by Southern California Water Company, seeking rate increases in various of its operating districts. Public hearing in this matter was held before Examiner F. Everett Emerson on February 6 and 7, 1962, at Ojai. Applicant's showing respecting its over-all operations is contained in the record made in Application No. 43574, which record is by reference a part of the record herein.¹ The matter is submitted and ready for decision.

Applicant's Ojai District

Applicant's Ojai District serves an area of about two square miles and includes service to the City of Ojai and adjacent unincorporated territory. Its water supply is obtained from four utility-owned wells and from water purchases from the Ventura River Municipal Water District. Applicant supplies metered water service to approximately 1,700 customers.

¹ Decision No. _____ was issued in said application on _____, 1962, and pertains to applicant's Southwest District.

Applicant's Request and Rate Proposal

Applicant seeks increased revenues, amounting to approximately \$54,700 on an annual basis, in order to yield what it considers to be a just, sufficient and reasonable return on its properties used and useful in rendering public utility water service in its Ojai District. According to applicant's showing, such an increase would provide a normal-year rate of return of 7.07 percent on its claimed depreciated rate base of \$572,700.

Applicant proposes to increase charges for general metered service and public park service. The present rate schedules for these two services became effective January 1, 1953. A comparison of typical monthly charges under present and proposed general metered rates is as follows:

<u>Consumption (cubic feet)</u>	<u>Present Charge</u>	<u>Proposed Charge</u>
500	\$ 1.80	\$ 3.00
1,000	3.25	5.05
1,500	4.70	7.10
2,000	6.15	9.15
2,500	7.40	11.20
5,000	13.65	19.70

Position of Protestant

The City of Ojai protests the granting of applicant's request on general grounds and presented evidence respecting fire flows within the city and comparisons of rates on other systems with those in effect in Ojai. Applicant seeks no increase in fire hydrant rental charges in this proceeding and none will be authorized herein.

Results of Operations

In this proceeding applicant presented exhibits and testimony respecting all phases of its Ojai operations and the Commission staff presented an exhibit and testimony respecting its investigation and analysis of applicant's operations. The showings

respecting earnings are summarized and compared in the following tabulations:

SUMMARY OF EARNINGS
YEAR 1961, ESTIMATED

Under Existing Water Rates

<u>Item</u>	<u>Applicant</u>	<u>CPUC Staff</u>
Operating Revenues	\$117,250	\$119,640
Operating Expenses	101,155	101,605
Net Revenue	16,095	18,035
Rate Base (depreciated)	572,700	573,400
Rate of Return	2.81%	3.15%

Under Water Rates Proposed by Applicant

<u>Item</u>	<u>Applicant</u>	<u>CPUC Staff</u>
Operating Revenues	\$171,950	\$175,500
Operating Expenses	131,480	132,675
Net Revenue	40,470	42,825
Rate Base (depreciated)	572,700	573,400
Rate of Return	7.07%	7.47%

Applicant has clearly demonstrated, as the above tabulation illustrates, that its earning position under existing rates for water service is below that which is fair and reasonable. Applicant is in need of and is entitled to increased revenues in its Ojai District and the Commission finds the facts so to be.

In view of the evidence, the Commission finds that a depreciated rate base of \$574,200 for the test year 1961 is fair and reasonable. Mathematically such rate base results from adoption of the staff-calculated base, corrected for the erroneous elimination of \$1,287 of pumping-plant piping and a corresponding adjustment for depreciation as well as an adjustment for contributions in aid of construction as determined in applicant's Southwest District proceeding.

Applicant's estimate of revenues under existing water rates is approximately \$2,400 less than that of the staff. Each estimate is influenced by the respective analyses of climatological data and the periods of years used. In view of the evidence, and particularly

in view of the testimony respecting probable customer growth, the staff-calculated amount appears to be fair and reasonable for the assumed conditions of normal-year operations and it is adopted for the purposes of this proceeding.

With respect to operating expenses, it may be noted from the foregoing tabulation that applicant and staff estimates differ by only \$450 under existing rates. In view of the fact that the staff-calculated amounts were based on data of later dates than applicant's estimate, such amounts appear to be the more accurate. The staff estimate will be adopted, adjusted, however, to reflect the expense effect of plant items hereinabove discussed. Thus, the Commission finds that the fair and reasonable total operating expenses under present rates is \$101,650 for the test year 1961.

Rate of Return and Authorized Rate Increase

In view of the evidence respecting applicant's Ojai District operations, the Commission finds as a fact that a rate of return of 6.5 percent related to a depreciated rate base of \$574,200 is warranted and is fair and reasonable.

Applying such rate of return to the adopted rate base indicates the need for \$37,320 in net revenues, or approximately \$19,330 more than the net revenues produced at test-period rate levels. An increase of \$43,500 in gross revenues is required to produce such net revenue increase and the rates hereinafter authorized should produce such amount. The Commission finds as a fact that the increases in rates authorized herein are justified and that present rates, insofar as they differ from those authorized herein, for the future are unjust and unreasonable.

O R D E R

Based upon the evidence and the findings and conclusions set forth in the foregoing opinion,

IT IS HEREBY ORDERED that Southern California Water 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 attached to this order and, on not less than five days' notice to the public and to this Commission, to make said schedules effective for water service rendered on and after August 1, 1962.

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

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

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

APPENDIX A
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Schedule No. OJ-1

Ojai Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service except public parks.

(T)

TERRITORY

Ojai and vicinity, Ventura County.

(T)

RATES

Quantity Rates:

	Per Meter Per Month
First 500 cu.ft., or less	\$ 2.80
Next 2,000 cu.ft., per 100 cu.ft.38
Next 7,500 cu.ft., per 100 cu.ft.30
Over 10,000 cu.ft., per 100 cu.ft.25

(I)

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.80
For 3/4-inch meter	4.00
For 1-inch meter	5.50
For 1 1/2-inch meter	8.00
For 2-inch meter	12.50
For 3-inch meter	25.00
For 4-inch meter	40.00
For 6-inch meter	60.00
For 8-inch meter	100.00

(I)

(N)

(N)

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

Schedule No. OJ-7ML
Ojai Tariff Area
METERED PUBLIC PARK SERVICE

(T)

APPLICABILITY

Applicable to all metered water service furnished to public parks.

TERRITORY

Ojai and vicinity, Ventura County.

(T)

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rate:		
For all water delivered, per 100 cu.ft.	\$.19	(I)
Minimum Charge:		
For 5/8 x 3/4-inch meter	2.80	
For 3/4-inch meter	4.00	
For 1-inch meter	5.50	
For 1 1/2-inch meter	8.00	
For 2-inch meter	12.50	(I)
		(D)

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. Service under this schedule shall be limited to the City of Ojai, the County of Ventura, and the Ojai Community Improvement Association. (N)
2. The above rates apply to service connections not larger than two inches in diameter. (N)
3. The cost of installation of service pipes and meters shall be borne by the utility. Relocation of such facilities shall be at the expense of the party requesting relocation. (T)

(T)