

ORIGINAL

Decision No. 63904

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 Bloomington  
District. )

) Application No. 43727  
) Filed September 1, 1961

O'Melveny & Myers, by Donn B. Miller, for  
applicant.  
Cyril M. Saroyan and Robert W. Beardslee,  
for the Commission staff.

O P I N I O NPublic Hearing

This application is one of four, filed during 1961 by Southern California Water Company, seeking rate increases in various of its operating districts. Public hearing in the matter was held before Examiner F. Everett Emerson, on March 12 and 13, 1962, at San Bernardino. 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.<sup>1</sup>

Applicant's Bloomington District

Applicant's Bloomington District encompasses an area of approximately one square mile in unincorporated territory centered at Valley Boulevard and Cedar Avenue, about 6 miles southwest of San Bernardino. Its water supply is obtained from two company-owned wells and through purchase, on a standby basis from Citizens Land

<sup>1</sup> Decision No. \_\_\_\_\_ was issued in said application on \_\_\_\_\_  
1962 and pertains to applicant's Southwest District.

and Water Company. Applicant supplies metered water service to about 915 customers in Bloomington. The district is operated and maintained by personnel who also operate and maintain applicant's Highland District, located about 5 miles northeast of San Bernardino.

Applicant's Request and Rate Proposal

Applicant seeks increased revenues of approximately \$25,000 annually, based upon the test year 1961 operations, in order to yield what it considers to be a just and reasonable return on its properties devoted to rendering public utility service to its Bloomington District customers. According to applicant's showing, such an increase would provide a normal year rate of return of 7.2 per cent on its claimed rate base of \$269,900.

Applicant proposes to increase only its general metered service rates. The existing rates for such service were made effective on October 15, 1954. A comparison of typical monthly charges under present and proposed rates is as follows:

| <u>Consumption<br/>(Cubic Feet)</u> | <u>Present<br/>Charge</u> | <u>Proposed<br/>Charge</u> |
|-------------------------------------|---------------------------|----------------------------|
| 700                                 | \$2.00                    | \$ 2.85                    |
| 800                                 | 2.00                      | 3.12                       |
| 900                                 | 2.16                      | 3.39                       |
| 1,000                               | 2.32                      | 3.66                       |
| 2,000                               | 3.92                      | 6.36                       |
| 4,000                               | 7.12                      | 10.71                      |

Results of Operations

The showings respecting applicant's estimated earnings in the Bloomington District, as presented by applicant and by the Commission staff, are summarized and compared in the following tabulations:

Summary of Earnings  
(Test Year 1961)

Under Existing Water Rates

|                        | <u>Applicant</u> | <u>CPUC Staff</u> |
|------------------------|------------------|-------------------|
| Operating Revenues     | \$ 48,813        | \$ 49,820         |
| Operating Expenses     | 40,660           | 40,019            |
| Net Revenue            | 8,153            | 9,801             |
| Rate Base, depreciated | 269,900          | 267,000           |
| Rate of Return         | 3.02%            | 3.67%             |

Under Water Rates  
Proposed by Applicant

|                        |           |           |
|------------------------|-----------|-----------|
| Operating Revenues     | \$ 74,330 | \$ 75,450 |
| Operating Expenses     | 54,905    | 54,349    |
| Net Revenue            | 19,425    | 21,101    |
| Rate Base, depreciated | 269,900   | 267,000   |
| Rate of Return         | 7.20%     | 7.90%     |

Applicant has conclusively 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 and the Commission finds the facts so to be.

With respect to rate base, the Commission finds that the fair and reasonable depreciated rate base for the test year 1961 is \$266,787. Such sum is derived mathematically by adopting the staff-calculated base and adjusting the same so as to recognize the replacement of a reservoir roof as a maintenance item and to adjust contributions in aid of construction in a manner consistent with the adjustment made in applicant's Southwest District. Applicant's rate base is not adopted, primarily, because it is in essence a year-end rate base rather than a weighted-average rate base.

The staff's estimate of revenues, under existing water rates is approximately \$1,000 more than that of applicant. The basic difference lies in the average number of customers assumed as being served in the test year, the staff having assumed a total of 915 active metered services whereas applicant accounted for 912.

The evidence indicates to the Commission that applicant's estimate is within reasonable limits of accuracy and it will be adopted for the purposes of this proceeding.

It may be noted in the above tabulation that applicant and staff estimates of total operating expenses differ by only \$641 under existing rates. In view of the evidence, the staff-calculated amount will be adopted, adjusted, however, to reflect the expense effect of the plant items hereinabove discussed and to recognize the present necessity for overtime charges for work performed outside of regular working hours. Thus, the Commission finds that the fair and reasonable total operating expenses under present and proposed water rates are \$40,484 and \$54,814, respectively, for the test year 1961.

Rate of Return and Authorized Rate Increase

In view of the evidence respecting applicant's Bloomington District operations, the Commission finds as a fact that a rate of return of 6.5 per cent related to a depreciated rate base of \$266,787 is warranted and is fair and reasonable.

Applying such rate of return to the adopted rate base indicates a need for \$17,341 in net revenues, or approximately \$9,012 more than the net revenues produced at existing rate levels. An increase of \$20,457 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 and charges authorized herein are justified and that present rates, insofar as they differ from those authorized herein, for the future are unjust and unreasonable.

Customer Participation

In this proceeding only one customer came forward to comment on applicant's request. This customer had no objection to increased rates as such, but only to the fact that necessary increases had not been made more gradually during the intervening years since the last rate proceeding in 1954.

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 schedule 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 schedule 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 10<sup>th</sup> day of JULY, 1962.

\_\_\_\_\_  
 President

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\_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 Commissioners

APPENDIX A

Schedule No. BL-1

Bloomington Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Bloomington and vicinity, San Bernardino County.

(T)

RATES

Quantity Rates:

Per Meter  
Per Month

|       |                                    |         |     |
|-------|------------------------------------|---------|-----|
| First | 700 cu.ft. or less .....           | \$ 2.75 | (I) |
| Next  | 1,800 cu.ft., per 100 cu.ft. ....  | .24     |     |
| Next  | 7,500 cu.ft., per 100 cu.ft. ....  | .19     |     |
| Over  | 10,000 cu.ft., per 100 cu.ft. .... | .14     |     |

Minimum Charge:

|     |                            |         |     |
|-----|----------------------------|---------|-----|
| For | 5/8 x 3/4-inch meter ..... | \$ 2.75 |     |
| For | 3/4-inch meter .....       | 3.30    |     |
| For | 1-inch meter .....         | 4.30    |     |
| For | 1 1/2-inch meter .....     | 8.00    |     |
| For | 2-inch meter .....         | 12.50   |     |
| For | 3-inch meter .....         | 24.00   |     |
| For | 4-inch meter .....         | 35.00   |     |
| For | 6-inch meter .....         | 65.00   | (I) |
| For | 8-inch meter .....         | 100.00  | (N) |

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