

ORIGINAL

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Decision No. _____

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 Hermosa Beach, Redondo
 Beach, Torrance and vicinity in order
 to offset certain increases in the
 cost of purchased water and in assess-
 ments of the Central and West Basin
 Water Replenishment District.

Application No. 44430
 (Filed May 10, 1962)

OPINION AND ORDER

By the above-entitled application, California Water Service Company seeks approval for increased rates for water service in its Hermosa-Redondo District as set forth in the schedule of proposed rates for general metered service, Exhibit D, attached to the application.

The City of Torrance, by its letter dated May 24, 1962, has requested that the application be denied.

Applicant's presently filed rate for general metered service is a monthly service charge plus 16.9 cents per 100 cubic feet for all water delivered; the proposed rate is 17.5 cents per 100 cubic feet for all water delivered, in addition to the service charge.

Applicant furnishes water service in 21 districts in California, and its Hermosa-Redondo District includes Hermosa Beach, Redondo Beach, Torrance and vicinity in Los Angeles County.

Effective January 1, 1962, the cost of water purchased by applicant from West Basin Municipal Water District, an agency within the Metropolitan Water District of Southern California, was

increased from \$25.50 per acre foot to \$27.50 per acre foot. Water purchased by applicant in 1962 has been estimated to be 7,800 acre feet. The increase of \$2 per acre foot would result in an increased cost to applicant of \$15,600 per year.

Beginning July 1, 1960, Central and West Basin Water Replenishment District assessed water producers within its boundaries at the rate of \$3.19 per acre foot of water pumped for the fiscal year 1960-1961; \$5.75 for the fiscal year 1961-1962; and \$6.63 for the fiscal year 1962-1963. To control salt water encroachment and maintain the water table, said District buys Colorado River water for injection and spreading. Applicant's pumpage of ground water is restricted (due to saline intrusion) to 3,070 acre feet per year. The increase of \$3.44 per acre foot between 1960 and 1963 will result in an increased cost of water pumped to applicant of \$10,600. Applicant did not request an offset increase when the assessment level was increased to \$5.75 per acre foot effective July 1, 1961.

A Commission staff investigation of the application has been made and the results of such investigation are set forth in a memorandum dated July 2, 1962. Said memorandum shows that, based on the adjustments set forth in paragraph 8 thereof, applicant's rate of return in the Hermosa-Redondo District for the year 1962 estimated at present rates would be 5.8 percent, and at the proposed rates, 6.1 percent. Said adjustments included (a) the normalization of sales and production of water; (b) the use for a full year of the latest known cost of water and replenishment assessment; (c) the reflection of a lower four-factor basis for the allocation of general office and central billing office expenses due to the sale of one district and the acquisition of four districts; (d) the

recognition of recorded 1961 data; and (e) the adjustment of income taxes to reflect the effect of the aforesaid adjustments and the effect of involuntary conversion, as discussed in Decision No. 63530, dated April 5, 1962, in Application No. 43397. Applicant has indicated a downward trend of 0.15 percent per year in the rate of return.

The staff memorandum developed an estimate that in 1962 an average residential bill would be \$4.20 under present rates and \$4.29 at proposed rates. The memorandum further indicated that the offset rate increase sought herein would be absorbed by the increased cost of water and higher replenishment assessment, and that the rate of return of 6.25 percent allowed in Decision No. 61581, dated February 28, 1961, in Application No. 42329 (applicant's most recent rate proceeding for its Hermosa-Redondo District) would not be exceeded under normal conditions.

In view of the slight effect upon the monthly charges to the average customer which the proposed rates would have, and since the proposed rates will not produce an excessive rate of return, we find that the rates sought by applicant are reasonable; that a public hearing is not necessary; that the increases in rates and charges authorized herein are justified; and that present rates insofar as they differ from those herein prescribed will for the future be unjust and unreasonable.

Based on the findings hereinbefore set forth,

IT IS ORDERED that California Water Service Company is authorized to file in quadruplicate with the Commission after the effective date of this order, in conformity with the Commission's General Order No. 96-A, the schedule of rates applicable for water

service in its Hermosa-Redondo District shown in Appendix A attached hereto, and upon not less than five days' notice to the Commission and to the public to make such rates effective for water service on and after September 1, 1962.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 21st day of AUGUST, 1962.

George J. Grover
President

[Signature]

[Signature]

[Signature]

Frederic B. Hubbell
Commissioners

APPENDIX A

Schedule No. HR-1

Hermosa-Redondo District

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Within the cities of Hermosa Beach and Redondo Beach, a portion of the City of Torrance, and certain adjacent unincorporated territory in Los Angeles County.

RATES

| Service Charge: | <u>Per Meter</u> <u>Per Month</u> |
|------------------------------------|--------------------------------------|
| For 5/8 x 3/4-inch meter | \$ 1.65 |
| For 3/4-inch meter | 1.90 |
| For 1-inch meter | 2.20 |
| For 1 1/2-inch meter | 3.50 |
| For 2-inch meter | 4.80 |
| For 3-inch meter | 9.00 |
| For 4-inch meter | 13.00 |
| For 6-inch meter | 19.00 |
| For 8-inch meter | 26.00 |
| For 10-inch meter | 37.00 |

Quantity Rate:

For all water delivered, per 100 cu.-ft. . . 0.175 (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 Rate.