

ORIGINAL

Decision No. 66257

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PARK WATER COMPANY

for authority to increase rates charged for water service to offset "Exchange Pool" water costs under Interim Agreement, and increased cost of Metropolitan Water District purchased water.

Application No. 45649
(Filed August 6, 1963)

O P I N I O N

By Decision No. 65205, dated April 9, 1963, in Case No. 7305, and Applications Nos. 43659 and 43685, applicant was authorized to establish meter rates of \$1.50 for the first 1,000 cubic feet or less, and minimum meter charges of \$1.50, \$1.90, \$2.70, \$4.20 and \$6.50 for, respectively, 5/8-inch by 3/4-inch, 3/4-inch, 1-inch, 1-1/2-inch and 2-inch meters, and a flat rate charge of \$1.60. By the application herein it seeks authority to increase the minimum meter charge to \$1.60 for the first 1,000 cubic feet or less, and to increase the respective meter size charges to \$1.60, \$2.00, \$2.80, \$4.30 and \$6.60, and to increase the flat rate charge to \$1.70.

The proposed increase is to offset additional water costs incurred from (a) the reduction of ground water pumping and the purchase of exchange pool water in its place, (b) the increase in the cost of purchased water, and (c) the assessment levied by water master service. The proposed rate increase is to be applicable

only to offset the additional water costs resulting from an exchange pool authorized by this Commission by Decision No. 64303, dated September 25, 1962, in Application No. 44616, and is to affect only that portion of the applicant's consumers situated in the Central and West Basin Water Replenishment District (District).

The primary reason for the utility's additional expenses is the purchase of exchange pool water. By Decision No. 64303, supra, this Commission authorized Park Water Company and certain other utilities to enter into a stipulated agreement to curtail pumping operations in the Central Basin. The annual pumping right for Park Water Company has been set at 20,379 acre feet, with any additional pumping needs to be paid to the exchange pool at the now current rate of \$15.42 per acre foot.

Since June 14, 1962, the last day of hearing for Decision No. 65205, supra, the cost of purchased water has increased from \$28 to \$30 per acre foot, and the replenishment tax on water pumped in the District has decreased from \$6.63 to \$6.53 per acre foot. The tax also applies to the exchange pool water pumped by the utility. In addition, the Department of Water Resources of the State of California acts as the water master in certain current litigation, and the utility's share of the water master's expenses is \$2,835.

The Commission staff has reviewed the application and submitted a report, which is hereby received as Exhibit 1.

In calculating the additional expenses, the staff used the findings in Decision No. 65205, supra. The utility's 1962 estimated well production of 23,915 A.F. was used, of which 586 A.F. were produced outside of the West and Central Basins and 237 A.F. were produced in the West Basin. The utility's purchased water figure

was 2,629 A.F. The staff's estimate of increased expenses is calculated as follows:

Total Well Production	23,915 A.F.
Less Production Outside West and Central Basins	586
Total Production in West and Central Basins	<u>23,329</u>
Less West Basin Production	287
Central Basin Production	<u>23,042</u>
Agreed Pumping Allocation in Central Basin	<u>20,379</u>
Exchange Pool Water to be Pumped	<u>2,663</u>
<u>Expense Changes</u>	
Add 2,663 A.F. x \$15.42 for exchange pool water =	\$41,063
Add \$2/A.F. x 2,629 A.F. =	5,258
Add Water Master Cost =	2,835
Total	<u>\$49,156</u>
Less Pumping Tax Reduction of 5¢/A.F.	
23,329 A.F. x \$0.05 =	1,166
Net Increased Expenses =	<u>\$47,990</u>

The staff estimate of additional revenue is based on the average number of customers for 1962 as set forth in the Decision No. 65205, supra. There were 35,535 metered customers and 6,150 flat rate customers. The increase would be 10 cents per month or \$1.20 per year per customer, under the company's proposal. The staff calculates the increase in revenue will be 41,685 x \$1.20 = \$50,022.

The staff estimates the additional revenue to be derived from the applicant's proposed rate increase will be about \$2,000 more than the expenses as estimated by the staff, but concludes that this amount is not significant as the applicant has over \$1,500,000 in operating revenues. The staff concludes that the proposed rate schedules are reasonable and should be adopted, except for the proposal that the new schedules should not be applicable to certain portions of the service area outside the

West and Central Basins. The staff states these areas should not be excluded as the cost of service to these other areas has not been determined. The staff's opinion is that a separate schedule for these other areas is not justified at this time and that the proposed schedule should apply throughout the company's service area.

Notwithstanding the staff's recommendation, no reason is shown by the application or the staff's report for an increase in rates to customers outside the District. For that reason the order herein will be restricted to the area in said District.

Findings

Upon the record herein we find that the portion of applicant's service area within the Central and West Basin Water Replenishment District is subject to higher production costs than the remaining portion of the applicant's service area; that an increase in rates is justified in said portion of applicant's service area to compensate for increased costs of water; that the increases in rates and charges authorized herein are justified; and that the present rates and charges insofar as they differ from those prescribed herein are for the future unjust and unreasonable. A public hearing is not necessary.

We conclude that the application should be granted.

O R D E R

IT IS ORDERED that Park Water Company is authorized to file with this Commission, after the effective date of this order

and in conformance with General Order No. 96-A, the schedules of rates for general metered service and flat rates, attached to this order as Appendix A, and upon not less than five days notice to this Commission and to the public to make such rates effective for service rendered on and after December 1, 1963, in that portion of applicant's service area within the Central and West Basin Water Replenishment District.

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

Dated at San Francisco, California, this 5th day of November, 1963.

William M. Bennett
 President

[Signature]

[Signature]

George H. Hoover

Frederic B. Holcliff
 Commissioners

APPENDIX A
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Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Artesia, Bellflower, Commerce, Compton, Downey, Lynwood, Montebello, Norwalk, Paramount, Pico-Rivera, Santa Fe Springs, South Gate, and vicinities, Los Angeles County. (T)

RATES

Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>	
First	1,000 cu. ft. or less	\$ 1.60	(I)
Next	1,000 cu. ft., per 100 cu.ft. ....	.15	
Next	8,000 cu. ft., per 100 cu.ft. ....	.125	
Next	90,000 cu. ft., per 100 cu.ft. ....	.10	
Next	200,000 cu. ft., per 100 cu.ft. ....	.08	
Over	300,000 cu. ft., per 100 cu.ft. ....	.075	
 Minimum Charge:			
For	5/8 x 3/4-inch meter	\$ 1.60	(I)
For	3/4-inch meter	2.00	
For	1-inch meter	2.80	
For	1 1/2-inch meter	4.30	
For	2-inch meter	6.60	(I)
For	3-inch meter	11.00	
For	4-inch meter	20.00	
For	6-inch meter	40.00	
For	8-inch meter	65.00	
For	10-inch meter	100.00	

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

SPECIAL CONDITION

All billing under this schedule to customers in the City of Norwalk is subject to a surcharge of 2.04%.

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Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Portions of Artesia, Bellflower, Commerce, Compton, Downey,
Lynwood, Montebello, Norwalk, Paramount, Pico-Rivera, Santa Fe
Springs, South Gate, and vicinities, Los Angeles County.

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RATES

	<u>Per Service Connection</u> <u>Per Month</u>	
For a single family residential unit, or commercial unit, including premises not exceeding 7,500 sq.ft. in area	\$1.70	(I)
a. For each additional single family residential unit on the same premises and serviced from the same service connection	1.00	
b. For each 100 sq. ft. of premises in excess of 7,500 sq.ft. ....	.02	

SPECIAL CONDITIONS

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

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

3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service.

4. All billing under this schedule to customers in the City of Norwalk is subject to a surcharge of 2.04%.

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Schedule No. IS-1
GENERAL METERED SERVICE

(N)

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Baldwin Park and vicinity, Los Angeles County, and the vicinities of Chino and Bloomington, San Bernardino County.

(T)

(T)

RATES

		<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:		
First	1,000 cu.ft. or less	\$ 1.50
Next	1,000 cu.ft., per 100 cu.ft. ....	.15
Next	8,000 cu.ft., per 100 cu.ft. ....	.125
Next	90,000 cu.ft., per 100 cu.ft. ....	.10
Next	200,000 cu.ft., per 100 cu.ft. ....	.08
Over	300,000 cu.ft., per 100 cu.ft. ....	.075

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 1.50
For	3/4-inch meter	1.90
For	1-inch meter	2.70
For	1 1/2-inch meter	4.20
For	2-inch meter	6.50
For	3-inch meter	11.00
For	4-inch meter	20.00
For	6-inch meter	40.00
For	8-inch meter	65.00
For	10-inch meter	100.00

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. LS-2

(N)

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Baldwin Park and vicinity, Los Angeles County, and the vicinities of Chino and Bloomington, San Bernardino County.

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RATES

	<u>Per Service Connection Per Month</u>
For a single family residential unit, or commercial unit, including premises not exceeding 7,500 sq.ft. in area	\$1.60
a. For each additional single family residential unit on the same premises and served from the same service connection	1.00
b. For each 100 sq.ft. of premises in excess of 7,500 sq.ft. ....	.02

SPECIAL CONDITIONS

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

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

3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. LS-1, General Metered Service.