

**ORIGINAL**

Decision No. 67032

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application  
of Southern California Water  
Company for authority to increase  
water rates in its Central Basin  
District.

Application No. 45912  
(Filed October 29, 1963)

O P I N I O N

Southern California Water Company presently furnishes water service to approximately 31,000 customers in five separate tariff areas in its Central Basin District. By this application, authority is sought to increase rates in three of these tariff areas and to decrease rates in the other two tariff areas.

The water supply for the Central Basin District is obtained from wells owned by applicant and from five connections to the facilities of Central Basin Municipal Water District from which imported Colorado River water is obtained for distribution to customers in the Central Basin District.

By Decision No. 64308, dated September 25, 1962, in Application No. 44616, applicant, along with certain other water utilities, was authorized to enter into and carry out the terms of an Interim Agreement designed to bring into balance, pending final adjudication, the ground waters of the Central Basin Hydrologic Area by the temporary relinquishment of a portion of pumping rights of the parties according to a specified program of ground water conservation. Under the agreement, the parties thereto agreed to reduce their ground water pumping and to purchase

more imported water for distribution. Since all users cannot import water directly into their systems, the Exchange Pool was incorporated into the agreement so as to provide a means for all parties to share equitably in the added cost of imported water.

Under the Interim Agreement, applicant cannot produce more than 12,095 acre-feet from the Central Basin Hydrologic Area for use in its Central Basin District during the pumping year 1963. Applicant has analyzed its operations based on the calendar year 1963 and estimates that as a direct result of the limitation on pumping contained in the Interim Agreement, an estimated 5,978 acre-feet of water had to be purchased which otherwise would have been pumped from the Central Basin Hydrologic Area. The additional annual cost of such purchased water, based on the cost of such water which became effective January 1, 1964, and after reflecting reductions for decreases in replenishment assessment and pumping costs and for Exchange Pool reimbursement, is estimated by applicant to be \$96,388.

Applicant proposes to offset this increase in expenses by increasing rates in the Bell-Florence, Artesia-Norwalk and Orangewood tariff areas in the annual amount of \$96,388. In addition, applicant proposes to reduce rates in the Burbank Avenue-Hawaiian Gardens and Nowlin tariff areas by \$25,034. This would reduce the rates in the latter two tariff areas to the level of the proposed rates in the Artesia-Norwalk tariff area, thereby reducing the number of tariff areas to three. The Burbank Avenue-Hawaiian Gardens, Nowlin, and Orangewood Areas are recent additions

to applicant's system, having been purchased from Pacific Water Co. on July 31, 1962, as authorized by Decision No. 64011 in Application No. 44579. Present rates in the Burbank Avenue-Hawaiian Gardens and Nowlin tariff areas are substantially higher than rates in other zones in the Central Basin District.

Applicant shows in Exhibit J attached to the application that, based on eight months' recorded and four months' estimated operations, its rate of return in the Central Basin District for 1963 was 5.88 percent. The exhibit shows that if the effect of the pumping curtailment resulting from the Interim Agreement were eliminated, the rate of return would have been 6.38 percent. The exhibit further shows that if the operations are adjusted for the current pump tax rate and imported water costs, the 1963 rate of return would be 5.69 percent. Applicant alleges that this latter figure is the best estimate of the future rate of return from operations in its Central Basin District at present rates.

At the rates proposed by applicant, and reflecting the same adjustments for current pump tax rates and imported water costs, the rate of return for the Central Basin District for the year 1963 is estimated to be 6.16 percent. We take official notice of the reduction in Federal income taxes signed into law on February 26, 1964, and that such rate of return would become 6.36 percent when calculated at income tax rates which become effective January 1, 1965.

Applicant also shows that at the proposed rates, its total utility operation for the year 1963 would be 6.48 percent. Applicant states that these calculations reflect Federal income tax computations based on liberalized depreciation.

The rate schedules proposed by applicant are attached as Exhibit K to the application. It is indicated that under these proposed rates, the average annual increase per customer would be \$3.17 in the Artesia-Norwalk tariff area and \$3.10 in both the Bell-Florence and the Orangewood tariff areas. Customers in the Burbank Avenue-Hawaiian Gardens and Nowlin tariff areas would experience substantial reductions under the proposed rates, amounting to about 34 percent for customers with monthly consumptions of 2,500 cubic feet.

The staff has prepared a Memorandum Report covering its review of the application and work papers supporting certain of the exhibits. The staff concluded from its review that the proposed revised rate schedules are reasonable. The staff report is hereby received as Exhibit 1.

Based upon the record herein, we find that: as a result of the Interim Agreement, applicant's production costs are higher in its Central Basin District; an increase in rates is justified in the Central Basin District to compensate for the increased production costs; a decrease in rates is justified in the Burbank Avenue-Hawaiian Gardens and Nowlin tariff areas so as to equalize those rates with rates in the Artesia-Norwalk tariff area; the increases in rates and charges authorized herein are justified; the rates and charges authorized herein are reasonable; and the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable. A public hearing is not necessary.

We conclude that the application should be granted.

ORDER

IT IS ORDERED that:

Southern California Water Company is authorized to file with this Commission, after the effective date of this order and in conformity with General Order No. 96-A, the schedule of rates attached to this order as Appendix A, and, upon not less than five days' notice to the Commission and to the public, to make such rates effective for service rendered on and after May 1, 1964. Such filing shall cancel presently effective Tariff Schedules Nos. CBA-1, CBA-1.L, CEB-1, OW-1, BH-1, and NO-1.

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

Dated at San Francisco, California, this 31st day of March, 1964.

Carl E. Mitchell President

George H. Hoover

Frederick B. Halaloff

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

APPENDIX A  
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Schedule No. CBA-1  
Central Basin Tariff Area  
Artesia-Norwalk, Burbank Avenue-Hawaiian  
Gardens and Nowlin Zone  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the Cities of Artesia, Dairy Valley, Santa Fe Springs, Norwalk and certain unincorporated territory located two miles north-westerly of the City of Norwalk, and vicinity of each; the areas known as Burbank Tract, and Tract No. 7114, located within portions of the City of Artesia, and vicinity; the area known as Nowlin, located within Norwalk; all in Los Angeles County. (C)

RATES

	Per Meter Per Month	
Quantity Rates:		
First 700 cubic feet, or less .....	\$ 2.10	(C)
Next 1,800 cubic feet, per 100 cubic feet ...	.24	
Next 7,500 cubic feet, per 100 cubic feet ...	.20	
Next 90,000 cubic feet, per 100 cubic feet ...	.17	
Next 50,000 cubic feet, per 100 cubic feet ...	.15	
Over 150,000 cubic feet, per 100 cubic feet ...	.13	(C)
Minimum Charge:		
For 5/8 x 3/4-inch meter .....	\$ 2.10	(C)
For 3/4-inch meter .....	2.75	
For 1-inch meter .....	3.50	
For 1 1/2-inch meter .....	7.50	
For 2-inch meter .....	12.00	
For 3-inch meter .....	22.50	
For 4-inch meter .....	35.00	
For 6-inch meter .....	60.00	
For 8-inch meter .....	90.00	
For 10-inch meter .....	130.00	(C)

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. CBA-1.L  
Central Basin Tariff Area  
Artesia-Norwalk Zone  
LIMITED METERED SERVICE

APPLICABILITY

Applicable to all water service furnished to the Metropolitan State Hospital, in the City of Norwalk.

TERRITORY

Portion of the City of Norwalk. (T)

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
First 18,000 cubic feet, or less .....	\$ 35.00	(I)
Next 82,000 cubic feet, per 100 cubic feet ....	.17	
Next 50,000 cubic feet, per 100 cubic feet ....	.15	
Over 150,000 cubic feet, per 100 cubic feet ....	.08	(I)

Minimum Charge:

For 4-inch meter .....	\$ 35.00
For 6-inch meter .....	60.00
For 8-inch meter .....	90.00
For 10-inch meter .....	130.00

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

SPECIAL CONDITIONS

1. Service under this schedule will be furnished only between the hours of 3:00 p.m. and 7:00 a.m. The utility will provide adequate controls to prevent use of water at any other time.

2. This schedule applies only to service furnished through a 4-inch or larger meter.

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Schedule No. CBB-1  
Central Basin Tariff Area  
Bell-Florence Zone  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the Cities of Bell, Downey, Southgate, Huntington Park, Paramount, Vernon and the communities of Bell Gardens, Hollydale and Florence, and vicinity of each, Los Angeles County.

RATES

		Per Meter	
		<u>Per Month</u>	
Quantity Rates:			
First	700 cubic feet, or less .....	\$ 1.80	
Next	1,800 cubic feet, per 100 cubic feet ...	.21	(I)
Next	7,500 cubic feet, per 100 cubic feet ...	.20	
Next	90,000 cubic feet, per 100 cubic feet ...	.17	
Next	50,000 cubic feet, per 100 cubic feet ...	.16	
Over	150,000 cubic feet, per 100 cubic feet ...	.14	(I)

Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 1.80
For	3/4-inch meter .....	2.35
For	1-inch meter .....	3.00
For	1 1/2-inch meter .....	7.00
For	2-inch meter .....	12.00
For	3-inch meter .....	22.50
For	4-inch meter .....	35.00
For	6-inch meter .....	60.00
For	8-inch meter .....	90.00
For	10-inch meter .....	130.00

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. CBO-1 (N)  
Central Basin Tariff Area (N)  
Orangewood Tariff Area  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Tracts Nos. 9389, 9775, 9856 and 10038, located within portions of the Cities of Downey and Pico Rivera, and vicinity, Los Angeles County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
First 700 cubic feet, or less .....	\$ 1.80	(C)
Next 800 cubic feet, per 100 cubic feet ...	.20	(C)
Next 1,000 cubic feet, per 100 cubic feet ...	.18	(I)
Over 2,500 cubic feet, per 100 cubic feet ...	.15	(I)
Minimum Charge:		
For 5/8 x 3/4-inch meter .....	\$ 1.80	(I)
For 3/4-inch meter .....	2.35	(N)
For 1-inch meter .....	3.15	
For 1 1/2-inch meter .....	4.20	
For 2-inch meter .....	6.25	
For 3-inch meter .....	15.30	
For 4-inch meter .....	20.30	
For 6-inch meter .....	60.00	(N)
For 8-inch meter .....	90.00	
For 10-inch meter .....	130.00	(N)

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