

ORIGINAL

Decision No. 68016

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION OF DOMINGUEZ WATER CORPORATION FOR AUTHORITY TO AMEND ITS SPECIAL CONTRACT WITH SHELL OIL COMPANY AND INCREASE ITS RATES FOR WATER SERVICE TO OFFSET APPLICANT'S INCREASED DIRECT COSTS FOR WATER.)
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Application No. 46695
(Filed June 3, 1964)

OPINION AND ORDER

By Decision No. 66638, dated January 21, 1964, in Application No. 45936, Dominguez Water Corporation (Dominguez) was authorized to change the terms and conditions of an agreement dated June 1, 1960, and continuing through May 31, 1965, with Shell Oil Company (Shell), a corporation. The agreement, as amended, provides that Shell will, effective January 1, 1963, pay a minimum charge of \$2,166 per month for water up to and including 2,000,000 cubic feet, and 9.05 cents per 100 cubic feet for all additional monthly consumption.

By the application herein, Dominguez seeks authority to increase said contract rate by .113358 cents per 100 cubic feet for each \$1 of increase in cost per acre-foot of water purchased by Dominguez from the West Basin Municipal Water District which furnishes 47 percent of Dominguez water. The remaining 53 percent is pumped from Dominguez wells.

The staff objected to the escalation provision and requested a firm figure. It suggested the rates authorized by

the order herein. Dominguez, by letter dated August 27, 1964, agreed to the staff's suggested rates as set forth herein and stated that Shell Oil Company has no objection to the rates proposed by the staff.

The staff report, filed herein as Item A, states that the charge for purchased water increased from \$29.50 to \$32.50 per acre-foot effective January 1, 1964, and that this increase would result in approximately \$390 per month additional purchased water costs to applicant based on the 1963 water sales to Shell. On July 1, 1964, the charge for purchased water increased to \$34.50 per acre-foot. This additional \$2 per acre-foot to applicant would result in an additional cost of \$270 per month.

The Replenishment District increased its assessment from \$6.58 to \$7.36 per acre-foot on all ground water extracted from the West and Central Basins effective July 1, 1964. This increase would result in additional assessments during the fiscal year 1964-1965 of approximately \$110 per month for water delivered to Shell Oil Company. Applicant did not include this increase in its proposed escalation clause.

The applicant's proposed escalation clause would result in an increase in the minimum monthly rate from \$2,166 to \$2,234 for the first 2 million cubic feet of water, and for all water over 2 million cubic feet the monthly rate would increase from 9.05 cents to 9.39 cents per 100 cubic feet, effective January 1, 1964. The minimum monthly rates would increase, effective July 1, 1964, to \$2,280 for the first 2 million cubic feet of water, and for all water over 2 million cubic feet the monthly rate would increase to 9.62 cents per 100 cubic feet.

The increase in revenues resulting from the proposed rates would offset the increased direct cost for purchased water during the remainder of the present contract.

The Commission has considered the proposed rate increase for water furnished to Shell Oil Company and finds that the increases in rates and charges authorized herein are justified. We conclude the application should be granted. A public hearing is not necessary.

IT IS ORDERED that:

1. Dominguez Water Corporation is hereby authorized to amend its contract with Shell Oil Company, a corporation, dated June 1, 1960, by increasing the rates for water delivered during the stated periods as follows:

	January 1 through <u>June 30, 1964</u>	On and After <u>July 1, 1964</u>
First 2,000,000 cu.ft. of water or less, per month	\$2,234.00	\$2,280.00
For all water over 2,000,000 cu.ft. per month, per 100 cu.ft.	9.39 cents	9.62 cents

The rates commencing on July 1, 1964, shall continue during the period of said contract or until further order of the Commission.

2. Dominguez Water Corporation shall file with the Commission, within thirty days after the effective date of this order, two certified copies of the amended agreement as executed.

3. Dominguez Water Corporation shall notify the Commission of the date of termination of said agreement, as amended herein, within thirty days after such termination.

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

Dated at San Francisco, California, this 13th day of October, 1964.

Fredrick B. Holdoff
 President

John C. [unclear]

Robert [unclear]

William [unclear]

Commissioners

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.