

ORIGINAL

Decision No. 71262

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of DOMINGUEZ WATER CORPORATION, a California corporation, for authority to increase its rates for water service to offset applicant's increased direct costs for water.)

) Application No. 48539
) Filed June 3, 1966

OPINION AND ORDER

Dominguez Water Corporation, furnishing general metered water service in a large area of Los Angeles County in and about the City of Torrance, seeks authority to increase the last block of its Schedule No. 1, General Metered Service, for consumption of over 2,000,000 cubic feet from \$0.096 per 100 cubic feet per meter per month to \$0.107 per 100 cubic feet, and thus produce an increase in gross annual operating revenues of \$55,980 to offset increased costs of water purchased from the Metropolitan Water District (MWD) of \$56,590, each based on water production and sales in the year 1965. Said MWD costs have been and are to be occasioned by increased charges as set forth in Exhibit No. 6 attached to the application.

A commission staff engineer has investigated the application, and a report on the results thereof is received as Exhibit No. 8. Said Exhibit shows that applicant failed to consider reduced costs of its annual replenishment assessment, which is levied against all ground water extractions in the Central and West Coast basins, totaling \$16,460. Said assessment was reduced from \$7.31 to \$6.20 per acre-foot, a reduction of \$1.11, effective July 1, 1966.

Exhibit No. 8 shows that, after considering the effect of annual reduction in assessment costs, the net increase in direct

water costs would be \$37,840. Page 2 of the application shows that seven very large water-using customers would be the only customers affected by the application. The staff report shows that 90 percent of the increase in water costs has been and would be incurred in connection with the quantities of water required to serve said seven customers.

Exhibit No. 7, attached to the application, shows that applicant estimated its rate of return for the year ending December 31, 1965, based on the increases in rates proposed herein, to be 6.46 percent. By Decision No. 68075, dated October 20, 1964, in Application No. 45861, the Commission found a rate of return of 6.6 percent to be reasonable. Exhibit No. 8 shows that a rate increase in the bottom block of Schedule No. 1 to general additional revenues amounting to \$38,170 would not cause a rate of return of 6.6 percent to be exceeded.

Appendix A of Exhibit No. 8 is a schedule of general metered service rates recommended by the staff, which would increase the monthly charge for usage in excess of 2,000,000 cubic feet from \$0.096 to \$0.1035 per 100 cubic feet, and produce additional gross revenues of \$38,170.

Although copies of the application were sent to each of the seven large customers affected, no protest to its being granted has been received.

We find that public hearing is not necessary; certain increased costs of purchased water have taken place and have been scheduled by MWD in its sales to applicant; certain decreased replenishment assessments became effective July 1, 1966; the rates proposed in the application are unreasonable; the schedule of rates attached to the staff report, Exhibit No. 8, as Appendix A is

reasonable; and the present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

It is concluded that the application should be granted in part and denied in part.

IT IS ORDERED that:

1. After the effective date of this order, Dominguez Water Corporation is authorized to file the revised schedule of rates attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be October 1, 1966, or four days after the date of filing, whichever is later. The revised schedule shall apply only to service rendered on and after the effective date thereof.

2. In all other respects the application is denied.

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

Dated at San Francisco, California, this 13th day of SEPTEMBER, 1966.

President
George T. Brewer

Frederick E. Poloboff

William B. Bernard

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Appendix A

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service, excepting Metered Irrigation Service and excepting Combination Residential and Irrigation Service.

TERRITORY

Approximately 35 square miles located south of the City of Los Angeles, north of the community of Wilmington, east of the City of Redondo Beach, and west of the Los Angeles River, all in the County of Los Angeles. Included are portions of the Cities of Torrance, Los Angeles, and Long Beach.

RATES

Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
First	600 cu.ft. or less	\$ 2.29
Next	1,900 cu.ft., per 100 cu.ft.29
Next	17,500 cu.ft., per 100 cu.ft.24
Next	80,000 cu.ft., per 100 cu.ft.16
Next	1,900,000 cu.ft., per 100 cu.ft.14
Over	2,000,000 cu.ft., per 100 cu.ft.1035 (I)

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 2.29
For	3/4-inch meter	3.55
For	1-inch meter	5.80
For	1 1/2-inch meter	11.00
For	2-inch meter	16.00
For	3-inch meter	29.00
For	4-inch meter	46.00
For	6-inch meter	82.00
For	8-inch meter	122.00
For	10-inch meter	162.00
For	12-inch meter	225.00

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