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ORIGINAL

Decision No. 72006

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of CONSERVATIVE WATER COMPANY for authority to increase rates for metered water service.	))))	Application No. 47708

For Appearances See Decision No. 70395

Additional Appearances

Charles E. Mattson, for Roger Arnebergh, Los Angeles City Attorney; Lloyd A. Nystrom, for Los Angeles Department of Water and Power; Robert Farrell, for Los Angeles City Councilman Billy G. Mills; Mrs. Mary C. Bowen, Mrs. Helen Edwards, Mrs. Mattie Mae Parker, and Mrs. Ora Lewis, in propria personae; interested parties.

OPINION ON FURTHER HEARING

By Decision No. 70395, dated March 1, 1966, this application was granted, and Conservative Water Company was authorized to file the schedules of rates proposed in the application. Ordering Paragraph No. 3 directed the company to file with the Commission, in writing, a report on the study of the method and costs of improving the quality of its water served and stated that, following receipt of such report, the Commission might reopen the proceeding for further hearing. Said report was filed on July 18, 1966, and is Exhibit No. 4. The matter was reopened for further hearing by Decision No. 71408, dated October 11, 1966.

Further public hearing was held before Examiner Warner on November 9, 1966, at South Gate. Additional customers appeared and testified, and submitted petitions containing 32 signatures, regarding the excessive hardness of the domestic water supply and difficulty in using detergents and soap and corrosion of plumbing. They reiterated their preference for "city water" as outlined in Decision No. 70395.

Applicant's consulting engineer presented four water softening methods and costs in Exhibit No. 4, including the Zeolite process, Lime Soda Ash method, drilling to deeper aquifers, and increased use of Metropolitan Water District (MWD) water.

The estimated capital cost of the Zeolite process was $235,000, with additional operating costs of $37,600; the Lime Soda Ash method capital costs were estimated to be $730,000, with additional operating costs of $58,400; drilling to deeper aquifers capital costs were estimated to be $66,000, with additional operating costs of $1,320; and increased use of MWD water capital costs were estimated to be $819,800, including four steel storage tanks, each of 3-million-gallon capacity, $500,000, and four land sites, $202,500, and additional operating costs of $60,800, including additional depreciation expense of $12,300, additional costs of purchased MWD water of $63,600, credit to present pumping costs attributable to substitution of MWD water for present well water supplies of $25,400, power and fuel booster expenses to place MWD water in the four storage tanks of $4,300, and a plant operator of $6,000.

The record shows that treated and softened MWD water could be delivered to applicant if MWD would reroute its softened

and filtered water supplies. As shown in Exhibit No. 7, announced costs of MWD water to applicant through MWD's purveyor, Central Basin Municipal Water District, effective July 1, 1966, were $41 per acre-foot, and on July 1, 1967, will be $44 per acre-foot, on July 1, 1968, $47 per acre-foot, and on July 1, 1969, $50 per acre-foot.

The Commission staff engineer developed through cross-examination of applicant's engineer that the four storage tanks would not be required; employment of a pump operator would not be necessary; and additional blending of applicant's well water with MWD, which would result in a ratio of 70 percent MWD water and 30 percent well water, could be effected with no additional capital costs, would cost $50,600 per year, additionally, for purchased water, and would require a 12.4 percent increase in domestic water rates. The record shows that such change in applicant's operations is feasible.

The Commission finds as follows:

1. The domestic water supply served to its some 9,000 customers by Conservative Water Company in the Watts area, of whom approximately 65 percent are within the city limits of Los Angeles and the balance in unincorporated territory of Los Angeles County, except for a very few in South Gate and Lynwood, is sufficiently hard to cause concern and distress to its customers. Many of them have been buying bottled water.

2. A resolution of the Los Angeles City Council, dated December 23, 1965, requesting the City's Department of Water and Power to enter into negotiations with applicant, for the purpose of acquiring applicant's existing facilities within the boundaries of the City of Los Angeles, has not resulted in any effective action or negotiations.

3.a. Each of the four methods submitted by applicant's consulting engineer for improving the quality of water would be too expensive to be practicable, and would result in burdensome water rates.

b. The installation of 4.3-million-gallon capacity storage tanks to utilize more MWD water and the purchase of land sites for them are unnecessary and would be prohibitively costly.

4. A reasonable and practical solution to the problem of the quality of water served by Conservative is to require the company to utilize Metropolitan Water District water on a 70-30 percent ratio without large storage facilities thereby cutting down the production of Wells Nos. 3 and 6, which now produce water of excessive hardness, and blending softened MWD water with the company's other well supplies. This combination will produce water of acceptable hardness, probably in the range of 200-250 parts per million of hardness.

5. Use and supply of much more MWD water will cost more, but the general opinion of the customers given to the Commission at the public hearings is that they would be willing to pay more for softer water.

6. A 12.4 percent increase in water rates over those authorized by Decision No. 70395, on March 1, 1966, is reasonable.

The Commission concludes that applicant should be directed to purchase and supply substantially greater amounts of MWD water, as heretofore outlined, and should be authorized to increase its rates for water service to compensate for the additional costs of such MWD water.

The increase in rates and charges authorized herein are justified and they are reasonable. The present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

O R D E R

IT IS ORDERED that:

1. Conservative Water Company shall, within thirty days, purchase softened and filtered water from Central Basin Municipal Water District, a member agency of the Metropolitan Water District of Southern California, in quantities that will result in Conservative's supplying its customers with domestic water with a composition of approximately 70 percent MWD water and 30 percent company-owned and produced well water.

2. Applicant shall report to the Commission in writing, within ten days after and for the quarterly period ending March 31, 1967, and after and for the quarterly periods ending June 30, September 30, and December 31, 1967, the amounts of water, in acre-feet, purchased from MWD, and the amounts of water produced by its wells together with the average hardness of the water supplied to its customers during each period.

3. When Conservative Water Company has complied with Ordering Paragraph No. 1 herein and has reported to the Commission in writing its compliance therewith, it is authorized to file the revised rate schedule attached to this order as Appendix B. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be March 16, 1967, 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.

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

Dated at San Francisco, California, this 15th day of FEBRUARY, 1967.

President

Commissioners

APPENDIX B

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Los Angeles, Lynwood, South Gate and vicinity, Los Angeles County.

RATES	Per Meter Per Month	
Quantity Rates:		
First 200 cu.ft. or less	$ 1.40	(I)
Next 2,800 cu.ft., per 100 cu.ft.	.215	|
Next 27,000 cu.ft., per 100 cu.ft.	.19	|
Next 40,000 cu.ft., per 100 cu.ft.	.15	(I)
Next 630,000 cu.ft., per 100 cu.ft.	.12	
Next 1,300,000 cu.ft., per 100 cu.ft.	.11	
Over 2,000,000 cu.ft., per 100 cu.ft.	.09	
Minimum Charge:		
For 5/8 x 3/4-inch meter	$ 1.40	(I)
For 3/4-inch meter	2.00	
For 1-inch meter	3.00	
For 1½-inch meter	4.00	
For 2-inch meter	6.00	
For 3-inch meter	11.00	
For 4-inch meter	17.00	
For 6-inch meter	25.00	
For 8-inch meter	39.00	

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