

ORIGINAL

Decision No. 73076

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SUBURBAN WATER SYSTEMS, a California
corporation, for permission to in-
crease its rates for water service
to offset increased costs of pump-
ing due to replenishment and make-
up assessments, and also increased
costs of purchased water.

Application No. 48633
(Filed July 18, 1966)
(Amended May 2, 1967)

Walker Hannon, Vern McNeese and
Guy & Smith, by Arthur D. Guy,
Jr., for applicant.
Peter W. Meyn, for Sun Gold Hills
Community, Inc.; Robert K. Kidder,
for Macy Area Homeowners of La
Habra; Johnston R. McClung, for
Josephine C. McClung; Mrs. Clarence
Benskin, for All of South Friend
Avenue, 8300 and 8400 Blocks;
Robert Carleson, for City of Pico
Rivera; Luke Plunkett, Mrs. John
Eonomi, Laura R. Swanson, Mrs. A. T.
Slem, H. H. Collings, Harold J.
Hoffmann, John T. Hoffman, Charles J.
Locuito, James Lush, in propria
personae; and Mrs. James M. Peterson,
in propria persona and for family,
protestants.
M. E. Moseley and John E. Moseley, for
San Gabriel Valley Water Company;
and Kenneth I. Mullen, for City of
West Covina, Interested parties.
Chester O. Newman and Raymond E. Heytens,
for the Commission staff.

O P I N I O N

By this application, as amended, Suburban Water Systems
(Suburban or applicant) seeks an offset rate increase of approxi-
mately \$194,000 to compensate for the make-up and replenishment

assessments of Upper San Gabriel Valley Municipal Water District (District) to provide funds for the purchase of water to maintain a normal flow from the Main San Gabriel Basin to the Central Basin and for the purchase of water to recharge the Main San Gabriel Basin. Also sought is a rate increase to compensate for an approximate one cent per 100 cubic feet increase of the cost of water purchased by applicant from Covina Irrigating Company (Covina Irrigating), most of which is supplied to the Glendora and Covina Knolls tariff areas. Said rate increase was effected by Covina Irrigating in 1964 and Suburban's present rates were established in 1962 and did not at that time provide for this additional cost. The amount of the proposed increase attributable by applicant to this increased cost for the Glendora-Covina Knolls tariff areas is \$7,293 on an annual basis.

Public hearings on the original application were held before Examiner Warner on October 10 and 11, 1966, and an adjourned hearing on the application, as amended, on August 16, 1967, in La Puente. Notices of the original and adjourned hearings were mailed by applicant, at the direction of the Commission, to all of its some 49,000 customers. At the October 1966 hearings, about 15 or 20 customers appeared to complain of low pressures and the quality of water in the Hacienda Heights, Whittier, La Habra, Norwalk and Valinda areas, and about the same number appeared at the August 1967 hearing also complaining about low pressures and the quality of water, and of sand in the Glendora and Covina areas. The City of Pico Rivera protested the application because the number of street excavation permits which Suburban had sought and

A. 48633 - SW / BEM *

received to repair and maintain its water mains within the city limits appeared to be unusually large. Some 31 permits were issued by the city in the period January through September 1966 for the excavation for repairs. Item A and Exhibit No. 2 comprise petitions and letters from customers and acknowledgments thereto by the Commission. Exhibits Nos. 1 and 1-A are reports of investigations of all complaints, and plans to alleviate them, submitted by the applicant.

A group of consumers, with 1-inch meters in the Highland tariff area, requested smaller-sized meters since they did not consume the minimum water allowance except, possibly, during two months of the year.

Exhibits Nos. 3, 4 and 5 are, respectively, a report to the Upper San Gabriel Valley Water Association of a Management Plan for San Gabriel Valley Ground Water Basin; Settlement Documents in Los Angeles County Superior Court, Action No. 722647, Board of Water Commissioners of the City of Long Beach, plaintiffs, vs. San Gabriel Valley Water Company, et al, defendants, and Upper San Gabriel Valley Municipal Water District, et al, intervenors; and Statement on Ground Water Pumping Assessments, Upper San Gabriel Valley Water District by Thomas L. Stetson, Consulting Engineer, submitted September 30, 1966, all received at the October 1966 hearings. It quickly developed at said hearings that the original application and statements by District were inconsistent and the matter was continued to a date to be set.

Exhibit No. 6 is a report submitted by a Commission staff engineer on the application, as amended.

A. 48633 HJH *

The record shows that Decision No. 72136, dated March 14, 1967, in Application No. 48805 of East Pasadena Water Company, authorized the filing by East Pasadena of new rates to offset the replenishment assessment, but denied the application relating to the make-up assessment because the record thereon was inadequate. Also, Decision No. 72498, dated May 23, 1967, in Application No. 49061 of San Gabriel Valley Water Company to offset increased expenses due to the make-up and replenishment assessments of District, authorized the filing by San Gabriel of new tariffs to offset the assessments, and directed San Gabriel to account for the assessments through the year 1971 and to submit a summary of the accounting annually. Also, Decision No. 72486, dated May 23, 1967, in Application No. 48812, California Cities Water Company, granted California Cities a similar rate increase. Application No. 49452 of Vallecito Water Company, filed June 9, 1967, for a similar offset rate increase, is pending.

In the instant proceeding, the Commission staff recommended in Exhibit No. 6, supra, that applicant be authorized to file new tariffs providing for rate increases covering only the make-up and replenishment assessments. It was the staff's position that the approximate one cent per 100 cubic feet increased cost of water charged by Covina Irrigating since 1964 should not properly be considered in this proceeding.

The staff estimated the average annual rates for the make-up and replenishment assessments to be \$1.50 and \$3.75 per acre-foot, respectively, for a total of \$5.25 per acre-foot.

These estimates are the average of the past District adopted rates plus two years of estimated rates derived from Exhibit No. 9 in Application No. 49061 (supra). In its calculations of the increases in revenues proposed by the applicant, five years of estimated rates were included, plus the aforementioned increases in costs of water purchased from Covina Irrigating for the Glendora-Covina Knolls tariff areas.

The staff developed rates in Appendix A of Exhibit No. 6 designed to produce additional annual revenues in the Puente-South Covina tariff areas of approximately \$89,600, in the Highlands tariff areas of approximately \$2,200, in the West Covina tariff area of approximately \$12,220, in the Whittier tariff area of \$39,760, and in the Rivera tariff area of approximately \$10,950, to meet a total estimated revenue increase requirement of approximately \$154,620. However, Exhibit No. 6 shows that applicant's total annual increased expense would amount to \$155,440, to which should be added additional expense of \$4,618 attributable to District assessments against South Covina Water Service, Hollenbeck Street Water Company, Valencia Valley Water Company, and La Grande Source Water Company for water purchased by applicant therefrom and for which applicant is liable for payment. The latter amount was not included in Exhibit No. 6.

Exhibit No. 6 shows that applicant's rate of return for the calendar year 1966, after considering all prior Commission adjustments made in Decision No. 65210, dated April 9, 1963, in Application No. 43241, where a rate of return of 6.5 percent was found to be reasonable, was below 5.0 percent.

The staff concluded that in order to be consistent, the minimum charges for metered construction and tank truck service in the Puente-South Covina, Highlands, West Covina, and Rivera tariff areas should be increased to reflect the charge recommended in the respective general metered service rates. The increased revenues to be derived from these charges would be small and of negligible effect.

Exhibit No. 6 contains the following recommendations:

- "25. The staff recommends that applicant:
- a. Be authorized and directed to follow substantially the accounting procedures set forth in its application for accounting of make-up and replenishment assessments, increased cost of purchased water due to make-up and replenishment assessments, and offset revenues, provided that applicant submit a summary of accounting therein annually no later than ninety days after the close of each calendar year and provided that at some appropriate future time the Commission may require the closing of the sub-accounts.
 - b. Be ordered to submit for Commission approval, copies of a contract or agreement for the exchange or sale of water to LaHabra.
 - c. Be ordered to make changes in its accounting procedure so that revenues from Southwest and LaHabra will be recorded in Account No. 606, Sales to Other Water Utilities for Resale.
 - d. After complying with items b, and c above, be authorized to file the rates set forth in Appendix A attached to this report."

The Commission finds as follows:

1. Make-up and replenishment assessments have been levied against Suburban Water Systems by Upper San Gabriel Valley Municipal Water District. They are past due as of July 31, 1967, and will be levied and will continue to be payable through the year 1971.

2.a. Applicant's proposal to increase rates for the purpose of offsetting increased expenses due to these assessments is reasonable.

b. Applicant's proposal to increase rates for the purpose of offsetting increased expenses due to the increases in the cost of water purchased from Covina Irrigating Company since 1964 are irrelevant to this proceeding, and they are unreasonable.

3. The Commission staff estimates of revenue requirements contained in Exhibit No. 6 are reasonable, except that the amount of \$4,618 to provide for the payment by applicant of assessments against South Covina Water Service, Hollenbeck Street Water Company, Valencia Valley Water Company, and La Grande Source Water Company for which applicant is and will be liable, should be added to the staff's estimates of the revenue requirements. The total requirement is \$160,058.

4. Applicant should be authorized to file new schedules of rates to meet the revenue requirements caused by the make-up and replenishment assessments. This will result in an overall increase of approximately 5½ percent.

5. In future general rate proceedings, applicant should include monthly minimum charges for 5/8 x 3/4-inch meters for its Highland tariff area and its Covina Knolls tariff area, since the present tariffs for all other areas served by applicant do include such charges and there appears to be a demand for same.

6. The staff recommendations contained in Exhibit No. 6 are reasonable, except that, since payment of assessments is past due, the staff recommendation that the order authorizing

the rate increases be conditioned upon compliance with the other staff recommendations is not realistic and would be unreasonable.

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

It is concluded that the application, as amended, should be granted in part and denied in part, and the order which follows should so provide.

It is further concluded that the public interest requires that the effective date of the order be its date.

O R D E R

IT IS ORDERED that:

1. Suburban Water Systems is authorized to file, after the effective date of this order, the revised schedules 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 schedules shall be October 1, 1967 or four days after the date of the filing, whichever is later. The revised schedules shall apply only to service rendered on and after the effective date thereof.

2. Applicant is authorized and directed to follow substantially the accounting procedures set forth in its application for the accounting of make-up and replenishment assessments and offset revenues, provided that applicant shall submit a summary

of accounting therein annually no later than ninety days after the close of each calendar year and provided that at some appropriate future time the Commission may require the closing of the sub-accounts.

3. Applicant shall, within ten days after the effective date hereof, submit for Commission approval copy of a contract or agreement for the exchange or sale of water to LaHabra Mutual Water Company.

4. Applicant shall immediately, if it has not done so, make changes in its accounting procedure so that revenues from Southwest Water Company and LaHabra Mutual Water Company will be recorded in Account No. 606, Sales to Other Water Utilities for Resale.

5. In all other respects the application, and the application as amended, are denied.

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

Dated at San Francisco, California, this 12th day of September, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners

Schedule No. PU-1

Puente-South Covina Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of West Covina, Puente, and vicinity, Los Angeles County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
First 1,000 cu.ft. or less	\$ 2.30	(I)
Next 2,000 cu.ft., per 100 cu.ft. ....	.16	|
Next 7,000 cu.ft., per 100 cu.ft. ....	.14	|
Over 10,000 cu.ft., per 100 cu.ft. ....	.11	(I)
Minimum Charge:		
For 5/8 x 3/4-inch meter	\$ 2.30	(I)
For 3/4-inch meter	2.95	|
For 1-inch meter	5.10	|
For 1 1/2-inch meter	9.00	|
For 2-inch meter	14.00	|
For 3-inch meter	27.00	|
For 4-inch meter	43.00	|
For 6-inch meter	87.00	(I)

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

Schedule No. PU-9CM

Puente-South Covina Tariff Area

METERED CONSTRUCTION AND TANK TRUCK SERVICE

APPLICABILITY

Applicable to all measured water service furnished for street paving, grading and trench flooding and for delivery to tank trucks.

TERRITORY

Portions of West Covina, Puente, and vicinity, Los Angeles County.

RATES

	<u>Per Meter</u>	
	<u>Per Month</u>	
Quantity Rates:		
First 1,000 cu.ft. or less	\$ 2.30	(I)
Next 2,000 cu.ft., per 100 cu.ft. ....	.16	|
Next 7,000 cu.ft., per 100 cu.ft. ....	.14	|
Over 10,000 cu.ft., per 100 cu.ft. ....	.11	(I)
Minimum Charge:		
For 5/8 x 3/4-inch meter	\$ 2.30	(I)
For 3/4-inch meter	2.95	|
For 1-inch meter	5.10	|
For 1 1/2-inch meter	9.00	|
For 2-inch meter	14.00	(I)

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

Schedule No. WC-1

West Covina Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of West Covina and vicinity, Los Angeles County.

RATES

Per Meter
Per Month

Quantity Rates:

First 1,000 cu.ft. or less	\$ 2.85	(I)
Next 2,000 cu.ft., per 100 cu.ft. ....	.17	|
Next 2,000 cu.ft., per 100 cu.ft. ....	.15	|
Over 5,000 cu.ft., per 100 cu.ft. ....	.14	(I)

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.85	(I)
For 3/4-inch meter	3.30	|
For 1-inch meter	5.90	|
For 1 1/2-inch meter	10.60	|
For 2-inch meter	15.00	|
For 3-inch meter	26.00	|
For 4-inch meter	42.00	|
For 6-inch meter	85.00	(I)

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

Schedule No. WC-9CM

West Covina Tariff Area

METERED CONSTRUCTION AND TANK TRUCK SERVICE

APPLICABILITY

Applicable to all measured water service furnished for street paving, grading and trench flooding and for delivery to tank trucks.

TERRITORY

Portions of West Covina and vicinity, Los Angeles County.

RATES

Per Meter
Per Month

Quantity Rates:

First 1,000 cu.ft. or less	\$ 2.85	(I)
Next 2,000 cu.ft., per 100 cu.ft. ....	.17	|
Next 2,000 cu.ft., per 100 cu.ft. ....	.15	|
Over 5,000 cu.ft., per 100 cu.ft. ....	.11	(I)

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.85	(I)
For 3/4-inch meter	3.30	|
For 1-inch meter	5.90	|
For 1 1/2-inch meter	10.60	|
For 2-inch meter	15.00	(I)

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

Schedule No. HI-1

Highlands Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of West Covina and vicinity, Los Angeles County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
First 3,000 cu.ft. or less	\$ 5.85	(I)
Next 1,000 cu.ft., per 100 cu.ft. ....	.22	|
Next 1,000 cu.ft., per 100 cu.ft. ....	.17	|
Over 5,000 cu.ft., per 100 cu.ft. ....	.14	(I)
Minimum Charge:		
For 3/4-inch meter	\$ 5.85	(I)
For 1-inch meter	8.50	|
For 1 1/2-inch meter	13.80	|
For 2-inch meter	21.00	|
For 3-inch meter	37.00	|
For 4-inch meter	64.00	|
For 6-inch meter	133.00	(I)

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

Schedule No. HI-9CM

Highlands Tariff Area

METERED CONSTRUCTION AND TANK TRUCK SERVICE

APPLICABILITY

Applicable to all measured water service furnished for street paving, grading and trench flooding and for delivery to tank trucks.

TERRITORY

Portions of West Covina and vicinity, Los Angeles County.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>	
First 3,000 cu.ft. or less	\$ 5.85	(I)
Next 1,000 cu.ft., per 100 cu.ft. ....	.22	|
Next 1,000 cu.ft., per 100 cu.ft. ....	.17	|
Over 5,000 cu.ft., per 100 cu.ft. ....	.14	(I)
 Minimum Charge:		
For 3/4-inch meter	\$ 5.85	(I)
For 1-inch meter	8.50	|
For 1 1/2-inch meter	13.80	|
For 2-inch meter	21.00	(I)

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

Schedule No. WH-1

Whittier Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Near Whittier, Los Angeles County.

RATES

Quantity Rates:

	<u>Per Meter</u> <u>Per Month</u>	
First 800 cu.ft. or less	\$ 2.60	(I)
Next 1,200 cu.ft., per 100 cu.ft. ....	.24	(I)
Next 3,000 cu.ft., per 100 cu.ft. ....	.19	
Next 15,000 cu.ft., per 100 cu.ft. ....	.16	(I)
Over 20,000 cu.ft., per 100 cu.ft. ....	.13	(I)

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.60	(I)
For 3/4-inch meter	3.75	
For 1-inch meter	5.70	
For 1 1/2-inch meter	10.40	
For 2-inch meter	15.50	
For 3-inch meter	36.00	
For 4-inch meter	62.00	
For 6-inch meter	130.00	(I)

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

Schedule No. RL-1

Rivera Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Rivera and vicinity, Los Angeles County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
First 600 cu.ft. or less	\$ 1.80	(I)
Next 2,400 cu.ft., per 100 cu.ft. ....	.22	
Over 3,000 cu.ft., per 100 cu.ft. ....	.14	(I)
Minimum Charge:		
For 5/8 x 3/4-inch meter	\$ 1.80	(I)
For 3/4-inch meter	2.60	
For 1-inch meter	4.20	
For 1 1/2-inch meter	8.50	
For 2-inch meter	11.50	
For 3-inch meter	26.00	
For 4-inch meter	42.00	
For 6-inch meter	105.00	(I)

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

Schedule No. RI-9CM

Rivera Tariff Area

METERED CONSTRUCTION AND TANK TRUCK SERVICE

APPLICABILITY

Applicable to all measured water service furnished for street paving, grading and trench flooding and for delivery to tank trucks.

TERRITORY

Rivera and vicinity, Los Angeles County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
First 600 cu.ft. or less	\$ 1.80	(I)
Next 2,400 cu.ft., per 100 cu.ft. ....	.22	|
Over 3,000 cu.ft., per 100 cu.ft. ....	.14	(I)
Minimum Charge:		
For 5/8 x 3/4-inch meter	\$ 1.80	(I)
For 3/4-inch meter	2.60	|
For 1-inch meter	4.20	|
For 1 1/2-inch meter	8.50	|
For 2-inch meter	11.50	(I)

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