

ORIGINALDecision No. 73181

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of VILLAGE WATER COMPANY for
Authority to Increase its Rates
and Charges for Water Service,
and for Interim Emergency Rate
Relief.

Application No. 49463
(Filed June 14, 1967)

INTERIM OPINION AND ORDER.

Applicant Village Water Company requests, among other things, ex parte interim authorization for a 23.7 percent increase in meter rates, pending hearing and final disposition of its request for an overall 77 percent rate increase.

Applicant estimates that (1) the requested 23.7 percent interim increase would provide an additional \$107,765 of annual gross revenue, (2) applicant would sustain an annual cash deficit of \$107,765 under present water rates after cash outlays for operating expenses, interest, sinking fund requirement, taxes and refunds under main extension contracts, and (3) the 23.7 percent increase would result in a rate of return of only 1.29 percent on rate base in 1967 if it were in effect for the full year.

A preliminary memorandum, dated September 18, 1967, by the Commission staff, together with supporting reports hereby received collectively as Exhibit No. 1, indicate that an interim meter rate increase of 7 percent would probably provide sufficient revenues to cover applicant's cash outlay for operating expenses, taxes and interest. We will accept the staff's estimate for the purpose of this opinion and order, rather than to delay the interim

relief for resolution of any final differences between the estimates prepared by applicant and those being prepared by the staff. At the public hearing to be set on this application in the reasonably near future, such differences can be explored in detail by the parties.

The Commission finds that:

1. Applicant is in need of immediate additional revenues to avoid a cash deficit from its operations, but the interim rate increase proposed by applicant is excessive for that purpose.

2. The interim increases in rates and charges authorized herein are justified; the interim rates and charges authorized herein are reasonable and will not result in an excessive rate of return; and the present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

3. A public hearing on the interim rate phase of this application is not necessary.

The Commission concludes that the application for an ex parte interim meter rate increase should be granted in part.

IT IS ORDERED that:

1. After the effective date of this order, applicant Village Water Company is authorized to refile its present rates for metered water service with the following special condition:

"Pending final disposition of Application No. 49463, bills computed under this schedule will be increased by 7%."

2. The filing authorized herein shall comply with General Order No. 96-A. The effective date of the revised schedules shall

A. 49463 AB

be four days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date thereof.

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

Dated at San Francisco, California, this 10th day of OCTOBER, 1967.

[Signature]
President

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Commissioners