

ORIGINAL

Decision No. 73242

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SANTA PAULA WATER
WORKS, LTD. under Section 454 of
the Public Utilities Code for
authority to increase its public
utility water rates.

Application No. 48984
(Filed November 30, 1966)

Knapp, Gill, Hibbert & Stevens,
by Wyman C. Knapp; W. L. Arnold;
and William P. Arnold;
for applicant.
Edward C. Crawford, for the Commission
staff.

O P I N I O N

Applicant, Santa Paula Water Works, Ltd., a corporation, seeks herein authority to increase its rates for water service in and about the City of Santa Paula, Ventura County, where it serves approximately 4,900 customers.

Public hearing was held before Examiner Main at Santa Paula on July 6, 1967. Although copies of the application had been served and notices of hearing had been mailed to customers and published in accordance with this Commission's rules of procedure, no appearance was made by any party in protest to the granting of the application. Only five customers attended the hearing, one of whom commented on her inability to pay higher water bills; one letter of protest was received and noted in the record as opposing the proposed increase in rates for irrigation water service.

Applicant's filed tariffs include five rate schedules: Schedule No. 1, General Metered Service; Schedule No. 2, Irrigation Service; Schedule No. 3, Surplus Resale Irrigation Service;

Schedule No. 4, Public Fire Hydrant Service; and Schedule No. 5, Fire Sprinkler Service. By this application, applicant proposes to increase the rates in Schedules Nos. 1 and 2 as shown in the tabulation which follows, to have Schedule No. 3 canceled, and to maintain the present level of rates in Schedules Nos. 4 and 5.

Schedule No. 1 - General Metered Service

Quantity Rates:	Per Meter Per Month	
	<u>Present Rates</u>	<u>Proposed Rates</u>
0-600* cu. ft. or less	\$ 1.75	-
0-800* cu. ft. or less	-	\$ 2.75
Next 1,700 cu. ft., per 100 cu. ft.	-	.27
Next 1,900 cu. ft., per 100 cu. ft.	.20	-
Next 2,500 cu. ft., per 100 cu. ft.	.15	.23
Next 5,000 cu. ft., per 100 cu. ft.	.12	.19
Over 10,000 cu. ft., per 100 cu. ft.	.10	.15

* Included in minimum charge for 5/8 x 3/4-inch meter. A graduated scale of increased minimum charges is provided for larger meters.

Schedule No. 2 - Irrigation Service

Quantity Rates:	Per Miner's Inch For 24-Hour Day	
	<u>Present Rates</u>	<u>Proposed Rates</u>
When water is wasting over diversion dam in Santa Paula Creek	\$ 0.15	-
When water ceases to waste over dam and prior to inauguration of pumping operations by the utility	.40	-
For gravity flow from Santa Paula Creek prior to commencement of pumping operations	-	\$ 0.50
When gravity flow of water is insufficient to supply all of the utility's consumers and pumping operations by the utility are necessary	.75	1.00
<u>Minimum Charge:</u>	<u>Per 24-Hour Day or Any Portion Thereof</u>	
For each irrigation water delivery	\$ 2.50	5.00

The higher rates sought would increase revenues from general metered service by \$100,110, or 38 percent, and from irrigation service by \$9,380, or 35 percent, over those produced at present rates based on applicant's estimates for the year 1967. The total additional revenues of \$109,490 represent approximately a 37 percent increase.

Under general metered service, the billing for an 1800 cubic foot monthly water usage would increase from \$4.15 to \$5.45 per month. Pursuant to special condition 1 of Schedule No. 2, irrigation service is available only to the lands which were being rendered irrigation service as of February 15, 1954, the effective date of this schedule.

The tabulation below is a summary of the presentations respecting estimated results of applicant's operation for test year 1967 made by applicant and by the Commission staff but modified herein to reflect the newly-established state corporation franchise tax rate of 7 percent.

Item	Estimated Year 1967			
	Applicant		Staff	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates
Operating Revenues	\$ 294,231	\$ 403,724	\$ 294,400	\$ 403,800
<u>Deductions</u>				
Operating Expenses	179,193	179,193	174,700	174,700
Depreciation Expense	38,008	38,008	39,900	39,900
Taxes other than Income	38,239	38,239	39,200	39,200
Taxes on Income	<u>10,074</u>	<u>66,617</u>	<u>10,400</u>	<u>66,900</u>
Total Deductions	265,514	322,057	264,200	320,700
Net Revenue	28,717	81,667	30,200	83,100
Average Depreciated Rate Base	1,237,147	1,237,147	1,299,000	1,299,000
Rate of Return	2.3%	6.6%	2.3%	6.4%

Each of the above presentations clearly supports applicant's requested increase in rates. The staff's estimates were prepared subsequent to applicant's and reflect, in the rate base determination, a consistent application of the group method of accounting for both depreciation accruals and plant retirements. For the purposes of this proceeding we adopt the staff estimates of operational results for test year 1967.

Findings and Conclusion

1. Applicant is in need of an increase in its rates for water service.
2. The rates proposed by applicant yield a 6.4 percent rate of return under the adopted results of applicant's operations for test year 1967; such rate of return is reasonable.
3. The increases in rates and charges authorized herein are justified; the rates and charges authorized herein are reasonable; and the present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.
4. No change is warranted in the lands eligible for water service under applicant's schedule for irrigation service.
5. Schedule No. 3, Surplus Resale Irrigation Service, is limited to one customer, Thermal Belt Mutual Water Company. Said company is associated with applicant through stockholders and through management and operating personnel. No service has been rendered under this schedule for several years. Since surplus water is rarely available when needed by this customer, the schedule no longer serves a useful purpose.

6. Applicant is presently required to review the accruals for depreciation when major changes in depreciable utility plant composition occur and for each plant account at intervals of not less than two years or more than four years. Applicant's recorded utility plant has reached a level which requires reviews of such accruals at intervals of not more than three years.

The Commission concludes that the application should be granted with the exception that special condition 1 of applicant's newly authorized Schedule No. 3, Limited Measured Irrigation Service, should be modified according to finding No. 4 above.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicant, Santa Paula Water Works, Ltd., is authorized to file the revised rate schedules attached to this order as Appendix A. Concurrently, applicant shall cancel its presently effective Schedule No. 1, General Metered Service, and Schedule No. 2, Irrigation Service. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be December 1, 1967 or four days after the date of filing, whichever is later. The revised schedules shall apply only to service rendered on and after the effective date thereof.

2. After the effective date of this order and upon the filing by applicant of an appropriate advice letter, applicant's Schedule No. 3, Surplus Resale Irrigation Water Service, shall be canceled.

3. Applicant shall review the accruals for depreciation whenever a major change in depreciable utility plant composition occurs and for each plant account at intervals of not more than three years. The next such review shall be submitted to this Commission on or before March 15, 1968.

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

Dated at San Francisco, California, this 24th day of OCTOBER, 1967.

[Signature]
President
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service. (T)

TERRITORY

Santa Paula and vicinity, Ventura County. (T)

RATES

		<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:			
First	800 cu. ft. or less	\$ 2.75	(I)
Next	1,700 cu. ft., per 100 cu. ft.	.27	
Next	2,500 cu. ft., per 100 cu. ft.	.23	
Next	5,000 cu. ft., per 100 cu. ft.	.19	
Over	10,000 cu. ft., per 100 cu. ft.	.15	(I)
Minimum Charge:			
For	5/8 x 3/4-inch meter	\$ 2.75	(I)
For	3/4-inch meter	4.00	
For	1-inch meter	5.00	
For	1 1/2-inch meter	7.50	
For	2-inch meter	10.00	
For	3-inch meter	17.50	(I)
For	4-inch meter	25.00	
For	6-inch meter	50.00	
For	8-inch meter	75.00	

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

Schedule No. 3ML (T)

LIMITED MEASURED IRRIGATION SERVICE (T)

APPLICABILITY

Applicable to all measured irrigation service furnished on a limited basis. (T)
(T)

TERRITORY

Santa Paula and vicinity, Ventura County. (T)

RATES

Per Miner's-Inch-Day (T)

Quantity Rates:

For gravity flow from Santa Paula Creek prior to commencement of pumping operations . . . \$0.50 (C)
(I)

When gravity flow of water is insufficient to supply all of the utility's consumers and pumping operations by the utility are necessary 1.00 (I)

Minimum Charge:

Per 24-hour Day or Any Portion Thereof

For each irrigation water delivery \$5.00 (I)

SPECIAL CONDITIONS

1. Service under this schedule is limited to the lands being rendered irrigation service as of February 15, 1954. (T)

2. Requests for each irrigation water delivery shall be made to the utility not less than 48 hours in advance of the time said delivery is desired.

3. A miner's-inch day is defined as the volume resulting from a continuous flow of one-fiftieth of a cubic foot of water per second for a 24-hour period. (T)
(T)