

**ORIGINAL**

Decision No. 73924

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
TUSTIN WATER WORKS, For an Order  
Authorizing a Raise in Rates to  
Offset a Raise in Ad Valorem Taxes  
and Orange County Water District  
Pump Taxes.

Application No. 49742  
(Filed October 18, 1967)  
(Amended November 13, 1967)  
(Amended February 6, 1968)

O P I N I O N

Tustin Water Works (applicant) requests authority to increase its rates for general metered water service as follows:

		Per Meter Per Month	
		Present Rates	Proposed Rates
<b>Quantity Rates:</b>			
First	800 cu. ft. or less .....	\$ 1.90	2.00
Next	3,200 cu. ft., per 100 cubic feet .....	.17	.18
Next	6,000 cu. ft., per 100 cubic feet .....	.15	.16
Over	10,000 cu. ft., per 100 cubic feet .....	.13	.14
<b>Minimum Charge:</b>			
For	5/8 x 3/4-inch meter .....	1.90	2.00
For	1-inch meter .....	4.00	4.00
For	1½-inch meter .....	6.50	6.50
For	2-inch meter .....	10.00	10.00
For	3-inch meter .....	15.00	15.00
For	4-inch meter .....	30.00	30.00
For	6-inch meter .....	60.00	60.00
For	8-inch meter .....	100.00	100.00

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

The requested increase is to offset, in part, certain increases in costs. The stated increased costs are:

- a. Ad valorem taxes increased from \$47,971.72 for the fiscal year 1966-67 to \$75,819.88 for the fiscal year 1967-68.
- b. The Orange County Water District pump tax increased from \$11.00 per acre foot to \$12.50 per acre foot effective July 1, 1967.
- c. Increase of City and County franchise tax, if revised rates are allowed, \$696.00.

In addition thereto, additional increases in costs of operations are:

- a. Purchased water increased \$3.00 per acre foot effective July 1, 1967, and an additional \$3.00 per acre foot from \$42.00 to \$45.00 will be effective July 1, 1968.
- b. A wage increase which was effective January 1, 1968.
- c. Increase in base payroll tax from \$6,600 to \$7,800 effective January 1, 1968.

The following tabulation sets forth the staff's estimated rates of return for the 12 months ended September 30, 1967 at new tax rates and at applicant's present and proposed rates for water service, giving consideration to both the \$42.00 and \$45.00 per acre foot rates for purchased water.

SUMMARY OF EARNINGS

Item	Adjusted 12 Months Ending 9-30-67			
	Staff			
	Present Rates		Proposed Rates	
	Purchased Water Cost Per Acre Foot			
	\$42	\$45	\$42	\$45

Operating Revenues	\$ 624,330	\$ 624,330	\$ 659,270	\$ 659,270
Deductions				
Operating Expenses (excluding pump tax)	268,700	275,040	268,700	275,040
Pump Tax	60,150	60,150	60,150	60,150
Depreciation Expense	75,340	75,340	75,340	75,340
Taxes Other Than Income	91,770	91,770	92,460	92,460
Taxes on Income	32,320	29,040	50,000	46,730
Total Deductions	528,280	531,340	546,650	549,720
Net Revenue	96,050	92,990	112,620	109,550
Average Deprec. Rate Base	1,669,360	1,669,360	1,669,360	1,669,360
Rate of Return	5.75%	5.57%	6.75%	6.56%

The staff recommends that rates be authorized which will give applicant a rate of return of 6.6 percent (the rate of return found reasonable by this Commission in Decision No. 71333, dated September 27, 1966) at both the \$42.00 and the \$45.00 rates for purchased water. Revenues produced by the rates authorized by Appendices A and B attached hereto, together with revenues from applicant's other rate schedules, would produce revenues of approximately \$654,500 and \$659,300, respectively, for the test year ending September 30, 1967.

The Commission finds that:

1. Applicant is in need of a rate increase to offset the increased costs of ad valorem taxes, pump taxes, franchise taxes, payroll taxes, purchased water, and wage increases.

2. The increases in rates herein authorized will produce sufficient revenues to compensate for the increased costs referred to herein.

3. The increases in rates authorized herein are justified. Such rates are just and reasonable, and insofar as they differ from present rates the latter are unjust and unreasonable.

4. A public hearing is not necessary.

The Commission concludes that:

1. The application should be granted.

2. The applicant is in need of immediate rate relief, and as a result the order should be made effective on the date it is issued.

O R D E R

IT IS ORDERED that:

1. Tustin Water Works is authorized to file, after the effective date of this order, the revised schedules of rates as set forth in Appendix A attached hereto which rates shall be effective to and including June 30, 1968, and in Appendix B which rates shall be effective for service from and after July 1, 1968. Such filings shall comply with General Order No. 96-A.

2. The effective date of the revised schedule, Appendix A, shall be four days after the date of filing. The revised schedules shall apply only to service rendered on and after the filing date.

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

Dated at San Francisco, California, this 2<sup>nd</sup> day of 1 APRIL, 1968.

William C. Bennett President  
August  
William Synovis, Jr.  
Fred P. Monicey Commissioners

Commissioner Peter E. Mitchell

Present but not participating.

APPENDIX A

Schedule No. 1

METERED SERVICE

(T)

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Tustin and portions of Santa Ana, Orange and vicinity, Orange County.

RATES

Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>	
First	800 cu.ft. or less .....	\$ 2.00	(I)
Next	3,200 cu.ft., per 100 cu.ft. ....	.18	(I)
Next	6,000 cu.ft., per 100 cu.ft. ....	.15	
Over	10,000 cu.ft., per 100 cu.ft. ....	.13	

Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 2.00	(I)
For	1-inch meter .....	4.00	
For	1 1/2-inch meter .....	6.50	
For	2-inch meter .....	10.00	
For	3-inch meter .....	15.00	
For	4-inch meter .....	30.00	
For	6-inch meter .....	60.00	
For	8-inch meter .....	100.00	

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

APPENDIX B

Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Tustin and portions of Santa Ana, Orange and vicinity, Orange County.

RATES

Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>	
First	800 cu.ft. or less .....	\$ 2.00	
Next	3,200 cu.ft., per 100 cu.ft. ....	.18	
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Minimum Charge:

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For	8-inch meter .....	100.00

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