

ORIGINALDecision No. 74430

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application
of Southern California Water Company
for authority to effect an increase
in water rates in its Simi Valley
district to offset increased pur-
chased water costs.

Application No. 50190
(Filed April 25, 1968)

O P I N I O N

Applicant Southern California Water Company seeks authority to increase rates for water service in its Simi Valley District to offset increases in rates it pays for purchase of water for resale. Applicant proposes to file, not later than October 25, 1968, an application for a general rate increase in this district so the current application is in the nature of an interim offset rate proceeding. The Commission staff has reviewed and analyzed this application and has prepared a report thereon, dated June 21, 1968, which hereby is received as Exhibit No. 1.

Service Area and Source of Supply

Applicant owns and operates water systems in 18 districts and an electric system in one district, all in California. Its Simi Valley District includes portions of the Simi Valley, in Ventura County, with about 5,200 active services.

All of the water supply for this district is now obtained from the facilities of Calleguas Municipal Water District (CMWD), a member agency of Metropolitan Water District of Southern California (MWD).

Rates

Applicant's present tariffs include schedules for general metered service which became effective in 1963 and limited irrigation service which became effective in 1964. Applicant proposes to increase its Simi Valley District rates for general metered service and limited irrigation service by adding a 7.36 percent surcharge to bills computed under the present rates. The present rates and the special condition providing for the surcharge are as set forth in Appendix A to the order which follows:

Applicant's recorded revenues from metered sales in this district for the year 1967 were \$359,610. This indicates an average monthly bill of about \$5.75 per metered customer at present rates. With the 7.36 percent surcharge, the average monthly bill for the same quantity of water will be \$6.17.

Cost of Water Purchased for Resale

When applicant's present rates were established, the cost to applicant of MWD water purchased from CMWD was \$50 per acre-foot. This rate has increased several times and became \$59 per acre-foot, effective July 1, 1968. Exhibit E attached to the application shows that a 7.36 percent increase in revenue is required to offset the increase of \$9 per acre-foot in cost of purchased water which has taken place since the rates in applicant's present tariffs were established.

Financial and Rate Requirements

In recent proceedings involving applicant's Southwest and Orange County Districts, the Commission found that an average rate of return of 6.9 percent over the next three years is reasonable

for applicant's operations. Exhibit B attached to the current application indicates that, even with the requested 7.36 percent surcharge, the return on rate base in the Simi Valley district will be only 4.23 percent.

Exhibit No. 1 shows that, in the opinion of the Commission staff, (1) the proposed surcharge will offset the \$9 per acre-foot increase in rates payable by applicant for the MWD water it purchases as its primary supply, (2) there is no likelihood, even with the surcharge, that the 6.9 percent rate of return recently authorized for other districts of applicant will be approached in the Simi District, and (3) applicant's proposed temporary surcharge is not unreasonable and should be authorized.

Findings and Conclusion

The Commission finds that:

1. Applicant is in need of increased revenues to offset increases in the rates it must pay for water, purchased for resale, which rates have increased \$9 per acre-foot since applicant's present tariffs were established.

2. Applicant's estimate of the percentage surcharge required to offset the \$9 per acre-foot increase in cost of purchased water 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.

A public hearing is not necessary.

The Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that, after the effective date of this order, applicant Southern California Water Company is authorized to file for its Simi Valley District the revised rate schedules 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 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 twenty days after the date hereof.

Dated at San Francisco, California, this 23rd day of JULY, 1968.

William J. Quinn
President

William W. Bennett

Fred P. Monsey
Commissioner

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.

Schedule No. SI-1

Simi Valley Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Simi Valley, Ventura County.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 1,000 cubic feet, or less.....	\$ 3.50
Next 1,000 cubic feet, per 100 cubic feet...	.25
Next 3,000 cubic feet, per 100 cubic feet...	.20
Over 5,000 cubic feet, per 100 cubic feet...	.175

Minimum Charge:

For 5/8 x 3/4-inch meter.....	\$ 3.50
For 3/4-inch meter.....	4.50
For 1-inch meter.....	7.50
For 1-1/2-inch meter.....	15.00
For 2-inch meter.....	23.00
For 3-inch meter.....	35.00
For 4-inch meter.....	50.00
For 5-inch meter.....	75.00
For 6-inch meter.....	105.00
For 8-inch meter.....	170.00

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

Bills computed under the above Tariff will be increased by 7.36%.

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Schedule No. SI-3M

Simi Valley Tariff Area

(T)

LIMITED METERED IRRIGATION SERVICE

APPLICABILITY

Applicable to irrigation water delivered to parcels of land in excess of 5 acres in one ownership and devoted to the raising of commercial agricultural crops or livestock.

TERRITORY

Within certificated areas in Section 11 and 14 T2N., R18W, S.B.B. & M., Ventura County.

RATE

Quantity Rate:	<u>Per Meter</u> <u>Per Month</u>
Per acre foot.....	\$45.00

Bills computed under the above Tariff will (I)
be increased by 7.36%. (I)