

ORIGINALDecision No. 74674

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 SAN GABRIEL VALLEY WATER COMPANY for
 authority to increase rates charged
 for water service in its El Monte
 Division to offset Federal Income
 Tax Surcharge.

Application No. 50419
 (Filed July 23, 1968)
 (Amended July 31, 1968)

O P I N I O N

San Gabriel Valley Water Company's general metered service rates for its El Monte Division, in which there were 24,801 active metered services on December 31, 1967, were authorized by Decision No. 74050 dated April 30, 1968, effective May 24, 1968, and are as follows:

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 800 cu. ft., or less	\$ 2.60
Next 4,200 cu. ft., per 100 cu. ft.	.15
Over 5,000 cu. ft., per 100 cu. ft.	.122
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 2.60
For 3/4-inch meter	3.35
For 1-inch meter	5.10
For 1-1/2-inch meter	8.50
For 2-inch meter	12.00
For 3-inch meter	22.00
For 4-inch meter	39.00
For 6-inch meter	74.00
For 8-inch meter	110.00
For 10-inch meter	145.00

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

An additional amount of 5 cents per month will be included in each bill for service to recover undercharges for makeup and replenishment costs, as authorized by D 74050.

By this application it seeks authority to add a surcharge of 1.2 percent of the regular metered rates.

The requested surcharge is to offset prospectively (a) increased local franchise taxes amounting to \$160, (b) increased State corporation franchise tax amounting to \$1,329, (c) increased federal income tax amounting to \$8,335, and (d) the new federal income tax surcharge amounting to \$9,324. These increased expenses total \$19,148. ✓

By Decision No. 74050 the Commission authorized applicant to file the schedule of rates referred to above which were designed to produce \$1,642,200 of gross annual revenues, excluding makeup revenues, ^{1/} which, when related to the rate base of \$5,484,000, after deducting operating expenses, depreciation and taxes, would produce an average rate of return of 6.7 percent, which the Commission found reasonable.

The applicant alleges that in order to retain the 6.7 percent rate of return, it is necessary to increase gross annual revenues in the El Monte Division by the amount of \$19,148 in order to offset the increased taxes referred to above.

The staff stated that the proposed increase in gross revenues totaling \$19,148 per annum in applicant's El Monte Division will just offset the listed taxes including the 10 percent federal income tax surcharge, and recommended that the application be granted. If granted, the impact would be an estimated increase of seven cents per month for the average domestic customer.

As required by Rule 24 of the Commission's Order Revising Rules of Practice and Procedure, applicant served and published notice of the filing of the application. No protests have been received.

1/ The "makeup revenue" is explained in Decision No. 74050.

The Commission finds that:

1. Applicant is in need of a rate increase to offset the increased costs of local franchise taxes, State corporation franchise tax, the ordinary federal income tax and the 10-percent federal income tax surcharge.

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. The applicant has served and published notice of the filing of the application as required by Rule 24 of the Commission's Order Revising Rules of Practice and Procedure.

5. 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. San Gabriel Valley Water Company is authorized to file, after the effective date of this order, the revised schedule of rates as set forth in Appendix A attached hereto, which rates shall be effective on the date specified in ordering paragraph 2 hereof. Such filing 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 schedule shall apply only to service rendered on and after said effective date.

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

Dated at San Francisco, California, this 11th
day of SEPTEMBER, 1968.

William Squares, Jr.
President

Arthur E. B. ...
August ...
Paul P. Monussey
Commissioners

Schedule EME-1

EL MONTE DIVISION

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Arcadia, Baldwin Park, El Monte, Industry, La Puente, Montebello, Monterey Park, Rosemead, San Gabriel, South El Monte, and West Covina, and vicinity, Los Angeles County.

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Schedule EME-1

EL MONTE DIVISION

GENERAL METERED SERVICE

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SPECIAL CONDITION

Until the 10 percent surcharge to federal income tax is removed, (I)
bills computed under the above tariff will be increased by 1.2 percent. (I)