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ORIGINAL

Decision No. 74859

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHWEST WATER COMPANY, a California)
corporation, for authority to increase)
rates in its La Mirada Tariff Area)
to offset Federal Income Tax)
Surcharge.)

Application No. 50530
(Filed September 4, 1968;
Amended September 23, 1968)

OPINION AND ORDER

Southwest Water Company's general metered service rates for its La Mirada tariff area, in which it is estimated there will be an average number of 12,107 customers for the year 1968, were authorized by Decision No. 74422, dated July 23, 1968, in Application No. 49706. They became effective on August 13, 1968, and are as follows:

	<u>Per Meter</u> <u>Per Month</u>
Service Charge:	
For 5/8 x 3/4-inch meter	\$ 2.85
For 3/4-inch meter	3.00
For 1-inch meter	4.00
For 1-1/2-inch meter	8.00
For 2-inch meter	10.00
For 3-inch meter	15.00
For 4-inch meter	20.00
For 6-inch meter	30.00
For 8-inch meter	50.00

Quantity Rates:

For all water delivered, per 100 cu. ft. 0.18

The service charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rates, for water used during the month.

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By this application, Southwest seeks authority to add a surcharge of 2.15 percent on each general metered service water bill of the La Mirada District to recover substantially its increased income tax costs which result from the enactment of the 10 percent tax surcharge.

By Decision No. 74422, supra, the Commission authorized applicant to file rate schedules which were designed to produce \$1,111,000 of gross annual La Mirada District revenues which, when related to the rate base of \$3,385,230, would produce an average rate of return of 7.0 percent found by the Commission to be reasonable.

The applicant alleges that in order to produce the aforementioned average rate of return of 7.0 percent, after giving effect to the tax surcharge, it is necessary for the future to increase gross annual revenues by approximately \$22,544.

A Commission staff engineer has submitted a memorandum, dated September 24, 1968, stating that the proposed increase will not exceed the amount required to offset prospectively the 10 percent surcharge on federal income taxes and related tax increases. He recommended that the application be granted. Said memorandum is received as Exhibit No. 1-A.^{1/}

Applicant notified the public agencies in the areas affected by the application. No protests have been received.

^{1/} Revision of Exhibit No. 1, a Commission staff memorandum, to conform to the amendment to the application.

The Commission finds that:

1. Applicant is in need of a prospective rate increase to offset the increased costs of the 10 percent federal income tax surcharge enacted on June 28, 1968.

2. The increases in rates herein authorized will produce revenues to compensate for and will not exceed 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 notified the public agencies in the areas affected by the application.

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.

IT IS ORDERED that:

1. Southwest Water Company is authorized to file, after the effective date of this order, the revised schedule of rates applicable to its La Mirada tariff area as set forth in Appendix A attached hereto. Said rates shall be effective on the date specified in ordering paragraph 2 hereof. Such filing shall comply with General Order No. 96-A.

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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 22nd day of OCTOBER, 1968.

William Synors, Jr.
President

Augusta
R. P. Moussey
Commissioners

I dissent
William B. Bennett

Appendix A

SOUTHWEST WATER COMPANY

Schedule No. LM-1

La Mirada Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The communities of La Mirada, Norwalk, Cerritos, Santa Fe Springs, Buena Park, and vicinity, Los Angeles and Orange Counties.

RATES

	<u>Per Meter Per Month</u>
Service Charge:	
For 5/8 x 3/4-inch meter	\$ 2.85
For 3/4-inch meter	3.00
For 1-inch meter	4.00
For 1 1/2-inch meter	8.00
For 2-inch meter	10.00
For 3-inch meter	15.00
For 4-inch meter	20.00
For 6-inch meter	30.00
For 8-inch meter	50.00
Quantity Rate:	
For all water delivered, per 100 cu.ft.	0.18

The service charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rate, for water used during the month.

Until the 10 percent surcharge to federal income taxes is removed, bills computed under the above tariff will be increased by 2.15 percent.

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