

**ORIGINAL**Decision No. 75543

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA  
 CONSOLIDATED WATER COMPANY, INC.,  
 a California corporation, under  
 Section 454 of the Public Util-  
 ities Code, for authority to  
 increase public utility water  
 rates in its Edna Road Division  
 (San Luis Obispo County).

Application No. 50290  
 (Filed June 6, 1968)

Knapp, Gill, Hibbert & Stevens, by Karl K. Roos,  
 for applicant.  
James A. Ziegler, for Rolling Hills Neighborhood  
 Committee, interested party.  
Sergius M. Boikan, Counsel, John D. Reader and  
Raymond E. Heytens, for the Commission staff.

O P I N I O N

Applicant California Consolidated Water Company, Inc.  
 seeks authority to increase rates for water service in the Edna Road  
 Division of Los Osos District.

Public hearing was held before Examiner Catey in San Luis  
 Obispo on December 13, 1968. Copies of the application had been  
 served and notice of hearing had been published and posted, in  
 accordance with this Commission's rules of procedure. The matter  
 was submitted on December 13, 1968.

Testimony on behalf of applicant was presented<sup>1/</sup> by its  
 vice president and resident manager, and by two consulting engineers.  
 The Commission staff presentation<sup>1/</sup> was made through an accountant  
 and an engineer.

<sup>1/</sup> Testimony relating to overall company operations had been pre-  
 sented by witnesses for applicant and the staff in Application  
 No. 50289, the Santa Maria District rate proceeding. This  
 testimony was incorporated by reference in Application No. 50290.

Service Area and Water System

Applicant owns and operates water systems in three districts in California. Its Los Osos District consists of the Los Osos Division and the Edna Road Division. The Edna Road Division includes an unincorporated portion of San Luis Obispo County, south of the City of San Luis Obispo.

The water supply for this district is obtained from applicant's three wells. The distribution system includes about four miles of distribution mains, ranging in size up to 8-inch. There are about 140 metered services and 25 public fire hydrants. A reservoir maintains system pressure and provides storage.

Service

A field investigation of applicant's operations, facilities and service, in its Edna Road Division was made by the Commission staff. The plant was found to be in good condition. No informal complaints have been registered with the Commission during the past five years.

Rates

Applicant's present tariffs include schedules applicable to the Edna Road Tariff Area, for general metered service, construction flat rate service and public fire hydrant service. The present rates were adopted by applicant from its predecessor.

Applicant proposes to increase its rates for general metered service. There are no proposed changes in the other schedules. The following Table I presents a comparison of applicant's present general metered service rates and those requested by applicant.

TABLE I  
Comparison of Monthly Rates

<u>General Metered Service</u>		<u>Present</u>	<u>Proposed</u>
Minimum Charge*		\$4.00	\$4.00
Quantity Rates:			
First	800 cu.ft.	#	#
Next	200 cu.ft., per 100 cu.ft.	#	.40
Next	1,000 cu.ft., per 100 cu.ft.	.30	.40
Next	1,000 cu.ft., per 100 cu.ft.	.20	.30
Next	1,000 cu.ft., per 100 cu.ft.	.15	.30
Next	6,000 cu.ft., per 100 cu.ft.	.15	.20
Over	10,000 cu.ft., per 100 cu.ft.	.15	.15

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

# Included in minimum charge.

For a typical customer with average monthly consumption of 2,200 cubic feet through a 5/8 x 3/4-inch meter, the monthly charge will increase 27 percent, from \$7.40 under present rates to \$9.40 under the rates proposed in the application.

#### Results of Operation

Witnesses for applicant and the Commission staff have analyzed and estimated applicant's operational results. Summarized in Table II, from applicant's Exhibit No. 1 and the staff's Exhibit No. 3 are the estimated results of operation for the test year 1969, under present rates and under those proposed by applicant.

Inasmuch as the rate of return under applicant's proposed rates is not excessive under either applicant's or the staff's showing, there is no need to discuss or resolve the various differences in the estimates.

TABLE II  
Estimated Results of Operation  
Test Year 1969

<u>Item</u>	<u>Applicant</u>	<u>Staff</u>
<u>At Present Rates</u>		
Operating Revenues	\$ 12,756	\$ 13,390
Deductions	13,119	10,540
Net Revenue	(363)	2,850
Rate Base	122,019	126,000
Rate of Return	Loss	2.3%
<u>At Applicant's Proposed Rates</u>		
Operating Revenues	\$ 15,976	\$ 16,770
Deductions	13,119	12,290
Net Revenue	2,857	4,480
Rate Base	122,019	126,000
Rate of Return	2.34%	3.6%

(Red Figure)

From Table II it can be determined that the rates requested by applicant will result in an increase of 25 percent in operating revenues. Applicant's vice president testified that a greater increase is not being requested at this time because applicant expects the area to grow and that eventually the rates now requested might produce a more reasonable rate of return than in the immediate future.

Findings and Conclusion

The Commission finds that:

1. Applicant is in need of additional revenues.
2. The estimates presented by applicant and by the Commission staff, of operating revenues, operating expenses and rate base for the test year 1969 reasonably indicate the probable range of results of applicant's operations for the near future.

A. 50290 ds.

3. A rate of return of from 2.3 to 3.6 percent on applicant's rate base for the test year 1969 is not in excess of a reasonable rate of return.

4. 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.

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 California Consolidated Water Company, Inc. is authorized to file for the Edna Road Division of its Los Osos District the revised rate schedule attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be four days after the date of filing. The revised schedule 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 8<sup>th</sup> day of APRIL, 1969.

William Symons, Jr.  
President  
August  
Fred P. Moressey  
Richard J. ...  
...  
Commissioners

APPENDIX A

Schedule No. ER-1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Edna Road system, Country Club Estates and vicinity, located adjacent to State Highway 147 approximately 1/2 miles south of the City of San Luis Obispo, San Luis Obispo County. (T)

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
First 800 cu.ft. or less .....	\$ 4.00	(I) ----- (I)
Next 1,200 cu.ft., per 100 cu.ft. ....	.40	
Next 2,000 cu.ft., per 100 cu.ft. ....	.30	
Next 6,000 cu.ft., per 100 cu.ft. ....	.20	
Over 10,000 cu.ft., per 100 cu.ft. ....	.15	
Minimum Charge:		
For 5/8 x 3/4-inch meter .....	\$ 4.00	(I)
For 3/4-inch meter .....	7.00	
For 1-inch meter .....	9.00	
For 1 1/2-inch meter .....	11.00	
For 2-inch meter .....	15.00	

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