

**ORIGINAL**Decision No. 75871

## 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  
Central Basin District to offset  
increased purchased water costs.

Application No. 51000  
(Filed April 11, 1969)

O P I N I O N

Applicant Southern California Water Company seeks authority to increase rates for water service in its Central Basin District to offset increases in rates it pays for purchase of water for resale. Applicant proposes to file, not later than October 11, 1969, 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 May 19, 1969, which hereby is received as Exhibit No. 1.

Service Area and Source of Supply

Applicant owns and operates water systems in 17 districts and an electric system in one district, all in California. Its Central Basin District includes primarily 16 municipalities and adjacent unincorporated territory in South Central Los Angeles County with about 32,500 active services.

About 35 percent of the water supply for this district is now obtained from the facilities of Central Basin Municipal Water District (CBMWD), a member agency of Metropolitan Water District of Southern California (MWD). About four percent is

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obtained from the City of Cerritos. Except for a small amount purchased from Park Water Company, the rest of applicant's supply is from applicant's own wells.

Rates

Applicant's present tariffs include schedules for general and limited metered service which became effective in 1964. Applicant proposes to increase its Central Basin District rates for general and limited metered service by adding a 2.94 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 1968 were \$2,005,925. This indicates an average monthly bill of about \$5.14 per metered customer at present rates. With the 2.94 percent surcharge, the average monthly bill for the same quantity of water will be \$5.29.

Cost of Water Purchased for Resale

When applicant's present rates were established,<sup>1/</sup> the average cost to applicant of MWD water purchased from CBMWD was about \$32 per acre-foot. The MWD rates have increased several times and the average cost for deliveries to applicant becomes about \$46 per acre-foot, effective July 1, 1969. Exhibit F attached to the application shows that a 2.94 percent increase in revenue is required to offset only the future effect of the increase of \$9 per acre-foot in cost of purchased water which will have taken place from June, 1967, to July, 1969.

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<sup>1/</sup> Decision No. 67032, dated March 31, 1964, in Application No. 45912.

Financial and Rate Requirements

In recent proceedings involving some of applicant's other districts, the Commission found that an average rate of return of about seven percent over the next few years is reasonable for applicant's operations. Exhibit B attached to the current application indicates that, even with the requested 2.94 percent surcharge, the return on rate base in the Central Basin District will be only 6.41 percent.

Exhibit No. 1 shows that, in the opinion of the Commission staff, (1) the proposed surcharge will almost offset the future effect of the \$9 per acre-foot increase from June, 1967, to July, 1969, in rates payable by applicant for the MWD water it purchases, (2) there is no likelihood, even with the proposed water rate surcharge and even if the ten percent Federal income tax surcharge were to expire, that the rate of return of about seven percent recently authorized for other districts of applicant will be approached in the Central Basin 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 will have increased \$9 per acre-foot from June, 1967 to July, 1969.
2. Applicant's estimate of the percentage surcharge required to offset the future effect of 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 and that the order herein should be effective immediately to permit the rate increases to become effective reasonably close to the July 1, 1969 MWD rate increases. ✓

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 Central Basin 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 is the date hereof.

Dated at San Francisco, California, this 1st  
day of JULY, 1969.

William J. ...  
President

Richard B. ...  
Commissioners

## Schedule No. CBA-1

Central Basin Tariff AreaArtesia-Norwalk, Burbank Avenue-Hawaiian  
Gardens and Nowlin ZoneGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the Cities of Artesia, Dairy Valley, Santa Fe Springs, Norwalk and certain unincorporated territory located two miles north-westerly of the City of Norwalk, and vicinity of each; the areas known as Burbank Tract, and Tract No. 7111, located within portions of the City of Artesia, and vicinity; the area known as Nowlin, located within Norwalk; all in Los Angeles County.

RATES

		Per Meter Per Month
Quantity Rates:		
First	700 cu.ft. or less .....	\$ 2.10
Next	1,800 cu.ft., per 100 cu.ft. ....	.24
Next	7,500 cu.ft., per 100 cu.ft. ....	.20
Next	90,000 cu.ft., per 100 cu.ft. ....	.17
Next	50,000 cu.ft., per 100 cu.ft. ....	.15
Over	150,000 cu.ft., per 100 cu.ft. ....	.13
Minimum Charge:		
For	5/8 x 3/4-inch meter .....	\$ 2.10
For	3/4-inch meter .....	2.75
For	1-inch meter .....	3.50
For	1 1/2-inch meter .....	7.50
For	2-inch meter .....	12.00
For	3-inch meter .....	22.50
For	4-inch meter .....	35.00

(Continued)

Schedule No. CBA-1

Central Basin Tariff Area

Artesia-Norwalk, Burbank Avenue-Hawaiian  
Gardens and Nowlin Zone

GENERAL METERED SERVICE  
(Continued)

RATES (Contd.)

Per Meter  
Per Month

Minimum Charge:

For	6-inch meter .....	\$ 60.00
For	8-inch meter .....	90.00
For	10-inch meter .....	130.00

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

Bills computed under the above Tariff will be increased by  
2.94%.

(I)  
(I)

Schedule No. CBB-1  
Central Basin Tariff Area  
Bell-Florence Zone  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all general metered water service.

TERRITORY

Portions of the Cities of Bell, Downey, Southgate, Huntington Park, Paramount, Vernon and the communities of Bell Gardens, Hollydale and Florence, and vicinity of each, Los Angeles County.

RATES

Per Meter  
Per Month

## Quantity Rates:

First	700 cu.ft., or less .....	\$ 1.80
Next	1,800 cu.ft., per 100 cu.ft. ....	.21
Next	7,500 cu.ft., per 100 cu.ft. ....	.20
Next	90,000 cu.ft., per 100 cu.ft. ....	.17
Next	50,000 cu.ft., per 100 cu.ft. ....	.16
Over	150,000 cu.ft., per 100 cu.ft. ....	.14

## Minimum Charge:

For	5/8" x 3/4-inch meter .....	\$ 1.80
For	3/4-inch meter .....	2.35
For	1-inch meter .....	3.00
For	1 1/2-inch meter .....	7.00
For	2-inch meter .....	12.00
For	3-inch meter .....	22.50
For	4-inch meter .....	35.00
For	6-inch meter .....	60.00
For	8-inch meter .....	90.00
For	10-inch meter .....	130.00

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APPENDIX A  
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Schedule No. CBB-1  
Central Basin Tariff Area  
Bell-Florence Zone  
GENERAL METERED SERVICE  
(Continued)

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

Bills computed under the above Tariff will be increased by 2.94%.

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(I)



Schedule No. CBO-1  
Central Basin Tariff Area  
Orangewood Tariff Zone  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Tracts Nos. 9389, 9775, 9856 and 10038, located within portions of the Cities of Downey and Pico-Rivera, and vicinity, Los Angeles County.

RATES

		<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:		
First	700 cu.ft. or less .....	\$ 1.80
Next	800 cu.ft., per 100 cu.ft. ....	.20
Next	1,000 cu.ft., per 100 cu.ft. ....	.18
Over	2,500 cu.ft., per 100 cu.ft. ....	.15

## Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 1.80
For	3/4-inch meter .....	2.35
For	1-inch meter .....	3.15
For	1 1/2-inch meter .....	4.20
For	2-inch meter .....	6.25
For	3-inch meter .....	15.30
For	4-inch meter .....	20.30
For	6-inch meter .....	60.00
For	8-inch meter .....	90.00
For	10-inch meter .....	130.00

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

Bills computed under the above Tariff will be increased by 2.94%.

(I)  
(I)

Schedule No. CBA-1.1  
Central Basin Tariff Area  
Artesia-Norwalk Zone  
LIMITED METERED SERVICE

APPLICABILITY

Applicable to all water service furnished to the Metropolitan State Hospital, in the City of Norwalk.

TERRITORY

Portion of the City of Norwalk.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 18,000 cu.ft. or less .....	\$ 35.00
Next 82,000 cu.ft., per 100 cu.ft. ....	.17
Next 50,000 cu.ft., per 100 cu.ft. ....	.15
Over 150,000 cu.ft., per 100 cu.ft. ....	.08
Minimum Charge:	
For 4-inch meter .....	\$ 35.00
For 6-inch meter .....	60.00
For 8-inch meter .....	90.00
For 10-inch meter .....	130.00

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

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Schedule No. CBA-1.L

Central Basin Tariff Area

Artesia-Norwalk Zone

LIMITED METERED SERVICE

(Continued)

SPECIAL CONDITIONS

1. Service under this schedule will be furnished only between the hours of 3:00 p.m. and 7:00 a.m. The utility will provide adequate controls to prevent use of water at any other time.

2. This schedule applies only to service furnished through a 4-inch or larger meter.

3. Bills computed under the above Tariff will be increased by 2.94%. (I)  
(I)