

ORIGINAL

Decision No. 76227

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Southern California Water)
Company for authority to increase)
water rates in its Culver City)
District to offset increased)
purchased water costs.)

Application No. 51188
(Filed June 24, 1969)

O P I N I O N

Applicant Southern California Water Company seeks authority to increase rates for water service in its Culver City District to offset increases in the rate it pays for purchase of water for resale. Copies of the application have been served and notice of the filing of the application has been published, in accordance with this Commission's rules of procedure.

By letter dated July 17, 1969, hereby received as Exhibit No. 1, the city attorney of Culver City advised this Commission that the City Council is opposed to the requested rate increase. The letter indicates, however, that the City Council does not propose to present any evidence or testimony in support of its position.

The Commission staff has reviewed and analyzed this application and has prepared a report thereon, dated August 15, 1969, which hereby is received as Exhibit No. 2.

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 Culver City District consists primarily of the City of Culver City, Los Angeles County, and includes about 8,000 active services.

About 90 percent of the water supply for this district is now obtained from the facilities of West Basin Municipal Water District (WBMWD), a member agency of Metropolitan Water District of Southern California (MWD). 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, the basic rates of which became effective in 1967. A temporary surcharge primarily to offset the federal income tax surcharge became effective in 1968. Applicant proposes to increase its Culver City District rates for general metered service by increasing each basic minimum charge and quantity rate by 5.91 percent. The resulting proposed rates are as set forth in Appendix A to the order which follows.

Data presented in Exhibit No. 2 indicate a typical monthly bill of about \$6.10 per metered residential customer at present rates. With the 5.91 percent increase, the average monthly bill for the same quantity of water will be about \$6.46.

Cost of Water Purchased for Resale

When applicant's present basic rates were established,^{1/} the average cost to applicant of MWD water purchased in the test year 1967 from WBMWD was \$41.80 per acre-foot. The MWD rates have increased several times and the cost for deliveries to applicant became \$49.30 per acre-foot, effective July 1, 1969. Exhibit C attached to the application shows that a 5.91 percent increase in revenue is required to offset only the future effect of the increase of \$7.50 per acre-foot in cost of purchased water which has taken place from 1967 to July, 1969.

^{1/} Decision No. 72350, dated May 1, 1967, in Application No. 48563.

Financial and Rate Requirements

In Decision No. 72350, the Commission found that a rate of return of 6.75 percent was reasonable for the test year 1967 in the Culver City District. No allowance was made in the rates authorized therein for attrition in rate of return as cost of purchased water increases. 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 5.91 percent rate increase, the return on rate base in the Culver City District will be only 6.25 percent.

Exhibit No. 2 shows that, in the opinion of the Commission staff, (1) the proposed rate increase will offset the future effect of the \$7.50 per acre-foot increase from 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 increase, that the rate of return of 6.75 percent authorized in 1967 for this district will be exceeded, and (3) applicant's computations are reasonable and the proposed rate increase 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 \$7.50 per acre-foot from 1967 to July, 1969.
2. Applicant's estimate of the rate increase required to offset the future effect of the \$7.50 per acre-foot increase in cost of purchased water is reasonable.

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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 as close as possible 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 Culver City 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 the date hereof.

Dated at San Francisco, California, this 30th day of SEPTEMBER, 1969.

William Lyman J.
President

[Signature]

[Signature]

Yuan L. Stinson
Commissioners

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

Schedule No. CC-1

Culver City Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Culver City and vicinity, Los Angeles County.

RATES

Quantity Rates:	Per Meter Per Month	
First 800 cubic feet, or less	\$ 2.75	(I)
Next 1,700 cubic feet, per 100 cubic feet286	
Next 7,500 cubic feet, per 100 cubic feet254	
Over 10,000 cubic feet, per 100 cubic feet201	
 Minimum Charge:		
For 5/8 x 3/4-inch meter	\$ 2.75	(I)
For 3/4-inch meter	3.70	
For 1-inch meter	5.30	
For 1-1/2-inch meter	11.65	
For 2-inch meter	18.50	
For 3-inch meter	37.00	
For 4-inch meter	57.00	
For 6-inch meter	95.00	
For 8-inch meter	138.00	
For 10-inch meter	200.00	

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

Schedule No. CC-1

Culver City Tariff Area

GENERAL METERED SERVICE

(Continued)

SPECIAL CONDITIONS

1. All meter readings for municipal departments of the City of Culver City will be combined for the purpose of computing monthly bills at the Quantity Rates, and for such municipal departments there will be monthly minimum charge in the amount of the sum of the minimum charges for all meters serving the City of Culver City.

2. Until the 10 percent surcharge to federal income tax is removed, bills computed under the above tariff will be increased by 1.01 percent.