

ORIGINAL

Decision No. 76979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PATTERSON CITY WATER COMPANY, a)
California corporation, under)
Section 454 of the Public Utilities)
Code, for Authority to Increase)
Rates for Water Service.)

Application No. 51448
(Filed October 29, 1969)

O P I N I O N

Patterson City Water Company, a California corporation, requests authority to increase rates for general metered service and for public fire hydrant service. No change is requested for public fire protection service and nonmetered fire sprinkler service. The system, described in the application, serves about 1,000 metered customers and 93 fire hydrants in the incorporated City of Patterson and vicinity, County of Stanislaus.

In accordance with standard practice, applicant, at the Commission's request, advised its customers of the proposed increases and invited them to call to the Commission's attention any problems pertaining to a reasonable charge for water service. A reply was received from one customer who complained about the high cost of water service.

A review of the Commission's informal complaint files for the last three years revealed that no informal complaints concerning this utility had been filed. Applicant appears to be rendering satisfactory service.

Results of the staff's investigation are included in a report, dated February 10, 1970, based on a field investigation, customer interviews and examination of the utility's records. The report includes operating and financial data as well as certain recommendations. The staff's study is hereby included in this record as Exhibit 1.

The staff, after making certain accounting adjustments in the recorded 1969 figures as of October 31, 1969, developed a depreciated rate base of \$116,700 as compared with applicant's calculation of \$126,500. The staff's lower figure results primarily from the lower average utility plant.

The staff's analysis of operating results, at present and proposed rates, is shown below:

Item	1969 Estimates		1970 Estimates	
	Present	Proposed	Present	Proposed
	Rates	Rates	Rates	Rates
Operating Revenues	\$61,170	\$74,280	\$63,160	\$76,680
<u>Deductions</u>				
Oper. & Maint. Expense	49,000	49,000	51,600	51,600
Depreciation Expense	8,750	8,750	9,030	9,030
Taxes Other Than on Income	5,490	5,490	6,030	6,030
Taxes Based on Income	100	3,090	100	2,810
Subtotal	63,340	66,330	66,760	69,470
Net Revenues	(2,170)	7,950	(3,600)	7,210
Rate Base	116,700	116,700	117,900	117,900
Rate of Return	-	6.81%	-	6.12%
		(Red Figure)		

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The principal differences between the staff's and applicant's estimates and recorded data appear in the items of operating revenues, operating expenses, depreciation expense and taxes, which are explained in detail in Exhibit 1.

Applicant has requested an increase in rates that would produce a rate of return of 3.3% for the 1969 test year. Staff estimates of revenues and expenses for the 1970 test year produce a rate of return of 6.12% at proposed rates on the staff estimated rate base of \$117,900. The requested increase in rates would result in an additional \$13,520 in estimated gross revenues, an increase of 21.4% over present rates.

According to the staff a rate of return of 6.12% is within the range of rates of return that have been granted by this Commission to other like water utilities. The staff recommends that applicant be granted the increase in rates requested.

The Commission finds that the estimates of operating revenues, expenses, including taxes and depreciation, the rate base, and rate of return submitted by the staff for the test year 1969, are reasonable for the purpose of prescribing rates herein; and that the increases in rates and charges authorized herein are justified, that the rates and charges authorized herein are reasonable, and that the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

The application, accordingly, should and will be granted to the extent provided in the ensuing order.

A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicant, Patterson City Water Company, is authorized to file the revised rate schedules attached to the application as Exhibit F. Such filing of revised rates shall comply with General Order No. 96-A. The revised rate schedules shall become effective for service rendered on the fourth day after filing but not earlier than the effective date of this decision.

2. Applicant shall place on its books of account the adjusted amounts for balance sheet items, utility plant and depreciation reserve as of October 31, 1969, as shown on Tables II-A, II-B, and II-C of Exhibit 1.

3. Applicant shall revise its overhead capitalizing procedures as outlined in paragraph 7 of Section II of Exhibit 1.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 24th day of MARCH, 1970.

William L. Brown
President

J. P. Brown
J. P. Brown

Yvonne L. Brown
Commissioners

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