

ORIGINAL

Decision No. 77015

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of MERCED WATER COMPANY for
authority to effect an increase
in water rates in the City of
Merced and vicinity, Merced County
to offset the increased Federal
income taxes resulting from the
discontinuance of the investment
credit by the Tax Reform Act of
1969.

Application No. 51682
(Filed February 4, 1970)

OPINION AND ORDER

Decision No. 76276, dated October 15, 1969, in Application No. 50823, established rates for applicant which gave recognition to the then effective investment tax credit. Since then, the investment tax credit has been revoked. Applicant now requests adjustments of its rates to reflect that change.

Copies of the application have been served and notice of the filing of the application published, in accordance with this Commission's rules of procedure. The Commission staff has reviewed and analyzed the application and has prepared a report thereon, dated February 25, 1970, which hereby is received as Exhibit No. 1.

Applicant proposes to increase its rates for general metered service, residence and church flat rate service and school and park flat rate service by about 1-3/4 percent to compensate for loss of the investment tax credit. The resulting proposed rates, modified as recommended in Exhibit No. 1 for a more equitable distribution of revenue requirement, are as set forth in Appendix A to the order which follows.

The staff states in Exhibit No. 1 that the requested increases would add about 24 cents to the average monthly bill for metered service and would add about 11 cents to the average monthly bill for flat rate service. Exhibit No. 1 also shows that, in the opinion of the Commission staff, (1) the proposed rate increases will offset the increased expenses resulting from the elimination of the investment tax credit, (2) the earnings which will be produced under the conditions set forth in the application do not exceed the previously authorized rate of return of 7.1 percent on rate base for applicant's operations, (3) applicant's computations are reasonable, and (4) the proposed rate increase, with minor modifications, should be authorized.

Findings and Conclusion

The Commission finds that:

1. Applicant is in need of increased revenues to offset increases in federal income taxes resulting from revocation of the investment tax credit.

2. Applicant's estimate of rate increase required to offset the future effect of the changes in the tax laws 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 rates requested in the application should be granted with minor modifications and that the order herein should be effective immediately.

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IT IS ORDERED that, after the effective date of this order, applicant Merced Water Company is authorized to file 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 31st day of MARCH, 1970.

William S. Brown, Jr.
President

Augustin

J. P. ...

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Vernon L. Sturgeon
Commissioners

APPENDIX A
Page 1 of 5

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Merced and vicinity, Merced County.

RATES

		<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:			
First	1,500 cu.ft. or less	\$ 3.75	(I)
Next	2,500 cu.ft., per 100 cu.ft. ....	.21	(I)
Next	6,000 cu.ft., per 100 cu.ft. ....	.17	
Next	30,000 cu.ft., per 100 cu.ft. ....	.14	
Next	60,000 cu.ft., per 100 cu.ft. ....	.10	
Next	400,000 cu.ft., per 100 cu.ft. ....	.09	
Next	500,000 cu.ft., per 100 cu.ft. ....	.06	
Over	1,000,000 cu.ft., per 100 cu.ft. ....	.05	
Minimum Charge:			
For	5/8 x 3/4-inch meter	\$ 3.75	(I)
For	3/4-inch meter	5.00	
For	1-inch meter	6.00	
For	1 1/2-inch meter	8.00	
For	2-inch meter	14.00	
For	3-inch meter	21.00	
For	4-inch meter	30.00	
For	6-inch meter	40.00	
For	8-inch meter	70.00	

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

(Continued)

Schedule No. 1

GENERAL METERED SERVICE
(Continued)

SPECIAL CONDITIONS

1. If a customer who is eligible for flat rate service requests and is furnished metered service, a change to flat rate service may not be made until metered service has been taken for a period of 12 consecutive months.

2. Customers whose requirements may overburden the water system, may require unreasonable investment in additional facilities, or may interfere with the supply to the existing customers, will not be supplied water service under this schedule. In such cases, a special contract will be required under such terms as the conditions warrant, subject to approval by the Public Utilities Commission of the State of California.

3. Until the 5% surcharge to federal income tax is removed, bills computed under this tariff will be increased by 1.9%.

Schedule No. 2

RESIDENCE AND CHURCH FLAT RATE SERVICE

APPLICABILITY

Applicable to water service furnished on a flat rate basis to residences and churches.

TERRITORY

Merced and vicinity, Merced County.

RATES

	<u>Per Service Connection</u> <u>Per Month</u>	
For each single family residence or church, including a lot having an area of:		
First 5,000 sq.ft. or less	\$3.84	(I)
Next 5,000 sq.ft., per 500 sq.ft., or fraction thereof .....	.14	
Over 10,000 sq.ft., per 1,000 sq.ft., or fraction thereof .....	.19	
In addition, for each residential unit served from the same service connection	1.80	
In addition, for each 100 cu.ft. of capacity of each swimming pool served from the same service connection .....	.05	

SPECIAL CONDITIONS

1. All service not covered by the above classifications will be furnished only on a metered basis.

2. Meters may be installed at option of company or customer for above classifications in which event service will thereafter be rendered only on the basis of Schedule No. 1, General Metered Service, and must be continued for not less than 12 months before it may again be changed to flat rate service.

(Continued)

Schedule No. 2

RESIDENCE AND CHURCH FLAT RATE SERVICE

SPECIAL CONDITIONS (contd.)

3. If the customer requires the service connection to be moved or increased to a larger diameter, the customer shall pay the entire cost of removing the existing service and installing the new service.

4. Until the 5% surcharge to federal income tax is removed, bills computed under this tariff will be increased by 1.9%.

Schedule No. 3

SCHOOL AND PUBLIC PARK FLAT RATE SERVICEAPPLICABILITY

Applicable to water service furnished on a flat rate basis to schools and public parks.

TERRITORY

Merced and vicinity, Merced County.

RATES

	<u>Per Month</u>	
For each service connection 3/4-inch or smaller	\$ 2.40	(I)
For each 1-inch service connection	3.55	
For each 1½-inch service connection	6.10	
For each 2-inch service connection	9.15	
For each 3-inch service connection	18.30	
For each 4-inch service connection	30.50	
For each 6-inch service connection	61.00	
For each 8-inch service connection	122.00	
For each 10-inch service connection	183.00	(I)
In addition, for each 1,000 sq.ft. or fraction thereof, per 1,000 sq.ft. ....	.05	
In addition, for each building on premises served from the same service connection	3.60	(I)
In addition, for each 100 cu.ft. of capacity of swimming pools on premises served from the same service connection .....	.05	

SPECIAL CONDITIONS

1. Meters may be installed at option of company or customer for above classifications, in which event service will thereafter be rendered only on the basis of Schedule No. 1, General Metered Service, and must be continued for not less than 12 months before it may again be changed to flat rate service.

2. Until the 5% surcharge to federal income tax is removed, bills computed under this tariff will be increased by 1.9%.