

ORIGINAL

Decision No. 77271

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
VILLAGE WATER COMPANY, a corporation,  
for authority to increase its rates  
and charges for water service in its  
Orbis District in Ventura County.

Application No. 51542

(Filed December 9, 1969)

Bacigalupi, Elkus, Salinger  
& Rosenberg, by William G.  
Fleckles, for applicant.  
Raymond C. Clayton, for City  
of Thousand Oaks; James Clarke  
Keener; Donnell Davis Griffin,  
in propria personae, interested  
parties.  
William D. Figg-Hoblyn, Counsel,  
J. E. Johnson, and Raymond E.  
Heytens, for the Commission  
staff.

O R D E R

By this application, Village Water Company<sup>1/</sup> seeks authority to increase its rates for general metered service and service to company employees in its Orbis District in the Newbury Park section of Thousand Oaks, Ventura County. The gross annual increase would amount to \$53,500, or 28.9 percent, based on applicant's estimates of its operations for the year 1970, and

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<sup>1/</sup> Merged into California-American Water Company pursuant to authorization to the latter to acquire all of the outstanding stock of Village and to merge Village into California-American granted by Decision No. 76601, dated December 23, 1969, in Application No. 51519.

would produce a rate of return of 8.00 percent, based on applicant's estimated depreciated rate base for the year 1970.<sup>2/</sup>

Public hearing was held before Examiner Warner on April 21, 1970, at Thousand Oaks. Although notices were mailed by applicant to all of its Orbis customers (approximately 1,600) and notices of the filing of the application and the hearing were published, only two customers appeared, one to complain of the quality of water, only, and the other to ask questions. No communications from customers have been received and no protests to the granting of the application have been entered. The Commission staff, in its report on the results of applicant's operations in its Orbis District for the year 1969 adjusted and 1970 estimated, Exhibit 2, prepared by a financial examiner and two engineers, through said financial examiner recommended that the application be granted.

Applicant's annual report to the Commission for the year 1969 shows 6,595 metered, 1,152 flat rate construction and fire protection services, for a total of 7,747 active service connections as of December 31, 1969. This is an increase of 1,869 metered, 318 flat rate customers over the number at December 31, 1968, including acquisition of the Orbis system. All of the year 1970 estimated average 1,642 commercial and residential, and industrial services in the Orbis District are metered, and an increase of 127 customers over the year 1969 estimated average 1,515 customers has been estimated by both the applicant and the staff for the average year 1970.

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<sup>2/</sup> A Commission staff engineer estimated the gross annual increase in revenues to be \$50,400, or 27.6 percent, which would produce a rate of return of 7.07 percent on the staff estimated depreciated rate base of \$748,600 for the year 1970.

Applicant based its application on its alleged low rate of return of 2.83 percent (staff estimate, 3.87 percent) for its operations for the year 1970 estimated at present rates.

The present Orbis District rates were authorized by Decision No. 60519, dated August 2, 1960, in Application No. 41863. The following tabulation compares the present rates with those proposed, which latter also will be authorized:

Comparison of Present and Proposed  
General Metered Service Rates

		<u>Per Meter Per Month</u>	
		<u>Present</u>	<u>Proposed</u>
		<u>Rates</u>	<u>Rates</u>
Quantity Rates:			
First	500 cu.ft., or less .....	\$4.00	\$5.25
Next	1,500 cu.ft., per 100 cu.ft.....	.25	.31
Next	3,000 cu.ft., per 100 cu.ft.....	.20	.25
Over	5,000 cu.ft., per 100 cu.ft.....	.15	.19

The present charge for a monthly consumption of 2,000 cu.ft. (approximating the average) is \$7.75; the proposed and authorized rate is \$9.90 for such consumption, an increase of \$2.15 per month, or 28 percent. By comparison, Exhibit 2 shows the present monthly charge in the balance of the Village Water Company system is \$8.45.

The earnings data contained in applicant's report on the results of its operations in its Orbis District for the year 1967 recorded, 1968 recorded and adjusted, 1969 estimated under present rates and 1970 estimated under present and proposed rates, Exhibit A, prepared in November 1969, and such data contained in

the staff report, Exhibit 2, dated April 13, 1970, are compared in the following tabulation:

Summary of Earnings  
(Orbis District)

Item	Year 1970 Estimated			
	Present Rates		Proposed Rates	
	Per Co. Ex. A	Per PUC Ex. 2	Per Co. Ex. A	Per PUC Ex. 2
Operating Revenues	\$185,100	\$182,500	\$238,600	\$232,900
Operating Expenses	109,500	106,900	109,500	106,900
Depreciation	26,000	26,200	26,000	26,200
Taxes	27,700	20,400	41,300	46,900
Subtotal	163,200	153,500	176,800	180,000
Net Revenues	21,900	29,000	61,800	52,900
Rate Base	772,800	748,600	772,800	748,600
Rate of Return	2.83%	3.87%	8.00%	7.07%

Although there are some differences between applicant's earnings estimates and those of the staff in Exhibits A and 2, applicant's counsel stipulated to the reasonableness of the staff showing and accepted the staff recommendation that the application be granted.

Applicant also accepted the staff recommendations contained in Exhibit 2 that the company (1) consider eliminating the separation of California-American's Orbis and Village systems and that said systems be consolidated; (2) have well tests performed on the Orbis system wells to determine their production capacity; and (3) in the event that the 5 percent federal income tax surcharge is extended beyond June 30, 1970, an appropriate tariff surcharge additive percentage be provided.

Exhibit 1 is a report on the results of applicant's investigation of the complaint of the change in the quality of water.

Based on a review of the record, the Commission finds that:

1. Applicant is in need of financial relief in its Orbis District.
2. The staff recommendation that the application be granted is reasonable.
3. We find 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.

We conclude that applicant should be authorized to file the schedules of rates set forth in the application which will produce the rates of return for the year 1970 estimated of 8.00 percent, calculated by applicant, and 7.07 percent, calculated by the staff, each, as hereinbefore set forth.

We further find that the staff recommendations regarding consolidation of the Orbis and Village systems for operational and record keeping purposes, the testing of the Orbis wells, and the provision for an appropriate tariff surcharge are reasonable, and we conclude that applicant should be ordered to carry out such recommendations.

O R D E R

IT IS ORDERED that:

1. Application No. 51542 of Village Water Company is granted and California-American Water Company, successor in interest to applicant, is authorized to file, after the effective date of this order, the revised schedules of rates applicable to the Orbis District as set forth in Appendix A attached hereto. Said rates shall be effective four days after the date of filing and shall apply only to service rendered on and after said effective date. Such filing shall comply with General Order No. 96-A.

2. California-American Water Company shall carry out the staff recommendations contained on pages 12-2 and 12-3 of Exhibit 2 hereinbefore outlined and shall, within ninety days after the effective date hereof, report to the Commission, in writing, its compliance herewith.

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

Dated at San Francisco, California, this 22<sup>nd</sup> day of MAY, 1970.

William Snow, Jr.  
President

Angela

J. Peterson

Thomas L. Stinson  
Commissioners

Commissioner Thomas Moran, being  
-6-necessarily absent, did not participate  
in the disposition of this proceeding.

APPENDIX A  
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Schedule No. V-1-0

Village Division  
Orbis Tariff Area

(T)  
(T)

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

(T)

TERRITORY

The filed service area of Orbis Water Company as it existed February 4, 1969, approximately 2 miles west of Newbury Park, Ventura County.

(T)  
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(T)

RATES

Per Meter  
Per Month

Quantity Rates:

First 500 cu.ft. or less .....	\$ 5.25	(I)
Next 1,500 cu.ft., per 100 cu.ft. ....	.31	
Next 3,000 cu.ft., per 100 cu.ft. ....	.25	
Over 5,000 cu.ft., per 100 cu.ft. ....	.19	(I)

Minimum Charge:

For 5/8 x 3/4-inch meter .....	5.25	(I)
For 3/4-inch meter .....	6.50	
For 1-inch meter .....	8.50	
For 1 1/2-inch meter .....	12.50	(I)
For 2-inch meter .....	17.50	(R)
For 3-inch meter .....	26.00	
For 4-inch meter .....	38.00	
For 6-inch meter .....	65.00	(R)
For 8-inch meter .....	105.00	(N)

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

(T)  
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(T)

(Continued)

APPENDIX A  
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Schedule No. V-1-0

Village Division  
Orbis Tariff Area

GENERAL METERED SERVICE  
(Continued)

SPECIAL CONDITION

While the 5 percent surcharge to Federal income tax is in effect, bills computed under the above tariff will be increased by 0.76 percent. At such time as the tax surcharge is effectively terminated or reduced, the above percentage shall be eliminated or reduced to the extent of the reduction in the tax surcharge.

(N)

(N)