

ORIGINAL

Decision No. 77331

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of San Gabriel Valley Water Company for authority to increase rates charged for water service in its Fontana and Whittier Divisions to offset the increase in Federal Income Taxes resulting from termination of the investment tax credit by the Tax Reform Act of 1969.

Application No. 51819
(Filed April 14, 1970)

O P I N I O N

By Decision No. 75263, dated January 28, 1969 in Application No. 50291, San Gabriel Valley Water Company (applicant) was authorized to increase its general metered service rates in its Fontana Division to the following levels:

RATES

| Quantity Rates: | <u>Per Meter</u> <u>Per Month</u> |
|--|--------------------------------------|
| First 800 cu.ft. or less | \$ 3.45 |
| Next 4,200 cu.ft., per 100 cu.ft. | .22 |
| Over 5,000 cu.ft., per 100 cu.ft. | .16 |
| Minimum Charge: | |
| For 5/8 x 3/4-inch meter | \$ 3.45 |
| For 3/4-inch meter | 4.40 |
| For 1-inch meter | 6.50 |
| For 1½-inch meter | 11.50 |
| For 2-inch meter | 16.60 |
| For 3-inch meter | 28.50 |
| For 4-inch meter | 44.00 |
| For 6-inch meter | 90.00 |
| For 8-inch meter | 145.00 |
| 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.

SPECIAL CONDITION

Until the 10 percent surcharge to federal income tax is removed, bills computed under the above tariff will be increased by 1.4 percent.

The 10 percent federal income tax surcharge was reduced to five percent on January 1, 1970, and the applicant by advice letter, reduced the surtax provision in conformance to 0.7 percent.

Applicant alleges it has 14,118 active service connections in its Fontana Division.

By Decision No. 75726, dated June 3, 1969, in Application No. 50659 applicant was authorized to increase its general metered service rates in its Whittier Division to the following levels:

RATES

| Quantity Rates: | <u>Per Meter</u> <u>Per Month</u> |
|--|--------------------------------------|
| First 800 cu.ft. or less | \$ 3.25 |
| Next 4,200 cu.ft., per 100 cu.ft. | .22 |
| Over 5,000 cu.ft., per 100 cu.ft. | .19 |

Minimum Charge:

| | |
|--------------------------------|---------|
| For 5/8 x 3/4-inch meter | \$ 3.25 |
| For 3/4-inch meter | 4.50 |
| For 1-inch meter | 7.00 |
| For 1½-inch meter | 12.00 |
| For 2-inch meter | 17.50 |
| For 3-inch meter | 32.00 |
| For 4-inch meter | 52.00 |
| For 6-inch meter | 95.00 |
| For 8-inch meter | 125.00 |
| For 10-inch meter | 175.00 |

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

SPECIAL CONDITION

Until the 10 percent surcharge to federal income tax is removed, bills computed under the above tariff will be increased by 1.26 percent.

The reduction in the federal income tax surcharge reduced the addendum in this division to 0.63 percent.

Applicant alleges it has 12,512 active service connections in its Whittier Division.

The rates authorized by Decision No. 75263 and 75726 allow for investment tax credits of \$13,000 and \$5,500, respectively. The investment tax credit was cancelled relative to construction commenced after April 18, 1969. Applicant now requests that its general metered rates in the two divisions be adjusted to reflect such change.

Copies of the application were served in accordance with the Commission's rules of procedure. The Commission's staff has reviewed and analyzed the application and prepared a report thereon which is filed herein as Exhibit No. 1.

The applicant proposes to increase its general metered service rates in the two divisions to the following levels:

RATES (Fontana Division)

| Quantity Rates: | | <u>Per Meter</u> <u>Per Month</u> |
|-----------------|-----------------------------------|--------------------------------------|
| First | 800 cu.ft. or less | \$ 3.52 |
| Next | 4,200 cu.ft., per 100 cu.ft. | .225 |
| Over | 5,000 cu.ft., per 100 cu.ft. | .164 |
| Minimum Charge: | | |
| For | 5/8 x 3/4-inch meter | \$ 3.52 |
| For | 3/4-inch meter | 4.50 |
| For | 1-inch meter | 6.65 |
| For | 1½-inch meter | 11.75 |
| For | 2-inch meter | 17.00 |
| For | 3-inch meter | 29.00 |
| For | 4-inch meter | 45.00 |
| For | 6-inch meter | 92.00 |
| For | 8-inch meter | 148.00 |
| For | 10-inch meter | 204.00 |

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

SPECIAL CONDITION

Until the 5 percent surcharge to Federal Income Tax is removed, bills computed under the above tariff will be increased by 0.7 percent.

RATES (Whittier Division)

| Quantity Rates: | | <u>Per Meter</u> <u>Per Month</u> |
|-----------------|-----------------------------------|--------------------------------------|
| First | 800 cu.ft. or less | \$ 3.28 |
| Next | 4,200 cu.ft., per 100 cu.ft. | .223 |
| Over | 5,000 cu.ft., per 100 cu.ft. | .192 |
| Minimum Charge: | | |
| For | 5/8 x 3/4-inch meter | \$ 3.28 |
| For | 3/4-inch meter | 4.55 |
| For | 1-inch meter | 7.10 |
| For | 1½-inch meter | 12.15 |
| For | 2-inch meter | 18.00 |
| For | 3-inch meter | 33.00 |
| For | 4-inch meter | 53.00 |
| For | 6-inch meter | 96.00 |
| For | 8-inch meter | 126.00 |
| For | 10-inch meter | 177.00 |

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

SPECIAL CONDITION

Until the 5 percent surcharge to Federal Income Tax is removed, bills computed under the above tariff will be increased by 0.63 percent.

The applicant alleges that the requested increase will add an estimated \$27,560 to its Fontana Division, 1970 estimated revenues of \$1,331,147 and will give it an estimated rate of return therein for 1970 of 6.16 percent on its estimated rate base of \$4,505,914. By Decision No. 75263 the Commission found a return of 7 percent to be reasonable in this division for the year 1968.

The applicant alleges that the requested increase will add an estimated \$11,660 to its Whittier Division, 1970 estimated revenues of \$1,122,378 and will give it an estimated rate of return therein of 6.83 percent on its estimated rate base of \$3,007,824.

By Decision No. 75726 the Commission found a rate of return of 7.3 percent to be reasonable for this division for the year 1969.

The staff exhibit shows that the proposed rate increase will offset the loss of the investment tax credit and that the earnings which would be produced under the conditions set forth in the application herein considered will not exceed the previously authorized rates of return on applicant's Fontana and Whittier Divisions rate bases. The staff recommends that the proposed rate increases be authorized.

Findings and Conclusions

The Commission finds that:

1. The applicant is in need of increased revenues to offset the increase in federal taxes resulting from the revocation of the investment tax credit.
2. Applicant's estimates of the increases required to offset the future effect of the change in the tax laws is reasonable.
3. The increases in rates and charges herein authorized 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.

ORDER

IT IS ORDERED that:

After the effective date of this order, applicant, San Gabriel Valley Water Company, is authorized to file the revised rate schedule for its Fontana Division attached hereto as Appendix A, and the revised rate schedule for its Whittier Division attached hereto as Appendix B. Such filings shall comply with General Order No. 96-A. The effective dates of the revised schedules shall be four days after the respective dates 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 9th day of JUNE, 1970.

William J. ...
President

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...

James L. Sturgeon
Commissioners

APPENDIX A

Schedule No. FO-I

Fontana Division

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Fontana and vicinity, San Bernardino County.

RATES

| | <u>Per Meter</u> <u>Per Month</u> | |
|--|--------------------------------------|-----|
| Quantity Rates: | | |
| First 800 cu.ft. or less | \$ 3.52 | (I) |
| Next 4,200 cu.ft., per 100 cu.ft. | .225 | |
| Over 5,000 cu.ft., per 100 cu.ft. | .164 | |
| Minimum Charge: | | |
| For 5/8 x 3/4-inch meter | \$ 3.52 | I |
| For 3/4-inch meter | 4.50 | |
| For 1-inch meter | 6.65 | |
| For 1 1/2-inch meter | 11.75 | |
| For 2-inch meter | 17.00 | |
| For 3-inch meter | 29.00 | |
| For 4-inch meter | 45.00 | |
| For 6-inch meter | 92.00 | |
| For 8-inch meter | 148.00 | |
| For 10-inch meter | 204.00 | |

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

SPECIAL CONDITION

Until the 5 percent surcharge to federal income tax is removed, bills computed under the above tariff will be increased by 0.7 percent.

APPENDIX B

Schedule No. WH-1

Whittier DivisionGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Whittier, Pico-Rivera, Montebello, and Santa Fe Springs, and vicinity, Los Angeles County.

RATES

| | <u>Per Meter</u> <u>Per Month</u> | |
|--|--------------------------------------|-----|
| <u>Quantity Rates:</u> | | |
| First 800 cu.ft. or less | \$ 3.28 | (I) |
| Next 4,200 cu.ft., per 100 cu.ft. | .223 | |
| Over 5,000 cu.ft., per 100 cu.ft. | .192 | |
| <u>Minimum Charge:</u> | | |
| For 5/8 x 3/4-inch meter | \$ 3.28 | I |
| For 3/4-inch meter | 4.55 | |
| For 1-inch meter | 7.10 | |
| For 1 1/2-inch meter | 12.15 | |
| For 2-inch meter | 18.00 | |
| For 3-inch meter | 33.00 | |
| For 4-inch meter | 53.00 | |
| For 6-inch meter | 96.00 | |
| For 8-inch meter | 126.00 | |
| For 10-inch meter | 177.00 | |

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

SPECIAL CONDITION

Until the 5 percent surcharge to federal income tax is removed, bills computed under the above tariff will be increased by 0.63 percent.