

ORIGINAL

Decision No. 77387

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 decrease rates)
charged for water service in its El)
Monte Division.)

Application No. 51865

(Filed May 1, 1970)

OPINION AND ORDER

By this application, San Gabriel Valley Water Company seeks authority to decrease its rates for water service in its El Monte Division because heavy rainfall in 1967 and 1969 resulted in lower replenishment taxes and makeup assessments in the San Gabriel Basin. The proposed decrease would amount to a net gross revenue amount of \$67,322 based on estimated operations for the year 1970. The excess of normalized offset net gross revenues for the estimated year 1970, to produce a rate of return of 6.60 percent (a rate of return of 6.7 percent was the latest found in Decision No. 74050, dated April 30, 1968, to be reasonable for San Gabriel's El Monte Division), is \$98,618, but this is reduced by an estimated additional revenue requirement, after applying a 2.085 net-to-gross multiplier, of \$31,296 to provide sufficient net income to offset a loss in investment tax credit of \$15,010. The application's proposal would reduce the monthly bill of a typical commercial customer, with a consumption of 2,800 cubic feet per month, by 16 cents. A minor modification of ordering paragraph 2 in Decision No. 74050 is also sought.

Reports, dated May 25 and 26, 1970, on a Commission staff engineering investigation of the application have been submitted. They are received as Exhibit 1. They recommend the granting of the application, and advise that the applicant elected to pass on the tax and assessment reduction to customers rather than to retain them in an emergency and offset revenue account because such offset account, which has been maintained pursuant to Commission-obtained authority, is exceeding, and may likely continue to exceed, reasonable balances.

We find that public hearing is not necessary, and the granting of the application is in the public interest.

We conclude that the application with the correction of a minor error should be granted, therefore,

IT IS ORDERED that:

1. Application No. 51865 of San Gabriel Valley Water Company is granted, and applicant is authorized to file, after the effective date of this order, the schedule of rates, attached to the application as Exhibit C. 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. Ordering paragraph 2 of Decision No. 74050 is modified to read as follows: "San Gabriel Valley Water Company shall, for accounting purposes, compute the revenue it recovers from 4 cents per month in the minimum block and 0.3 cents from all water sold over 800 cubic feet. Other than the changes in these amounts, ordering paragraphs 2 and 3 of Decision No. 72498 shall remain effective."

The effective date of this order shall be the date hereof.

Dated at Los Angeles, California, this 23rd day of JUNE, 1970.

William J. Sproule
President

Alvin

W. J. Sproule

Tom

Vernon L. Sturgeon
Commissioners