

ORIGINAL

Decision No. 77481

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )

DOMINGUEZ WATER CORPORATION,  
a California corporation,

for authorization to increase its  
rates for water service to offset  
the increased cost of purchased  
water and the loss of the investment  
tax credit.

Application No. 51877  
(Filed May 1, 1970)

OPINION AND ORDER

Decision No. 74833, dated October 15, 1968, in Application No. 49793 established rates for applicant's general metered and irrigation services. Decision No. 76333, dated October 28, 1969, in Application No. 51066, granted applicant authority to increase such rates to offset the increased cost of purchased water. The rates authorized by Decisions Nos. 74833 and 76333 each contained a provision that "until the 10 percent surcharge to federal income tax is removed, bills computed under the above tariff will be increased by 1.11 percent." The federal surtax was reduced to 5 percent on January 1, 1970 and terminated June 30, 1970.

By this application applicant seeks authority to increase rates for water service (1) to offset the increased cost of water it secures from the West Basin Municipal Water District (District), an agency of the Metropolitan Water District, and (2) to compensate for increased income taxes resulting from the cancellation of the investment tax credit.

The applicant alleges that it has been advised that on July 1, 1970, the cost of water purchased from the District will be increased by \$4.00 per acre foot for softened and filtered water and \$1.00 per acre foot for irrigation water. Applicant estimated that its purchased water costs, based upon year 1969 quantities purchased, will increase by \$90,240. It further alleges that it will receive an increased allowance of \$3.00 per acre foot for that portion of its Central Basin Exchange Pool pumped water it releases to other purposes. This credit will amount to \$1,824, giving applicant a net increase of \$88,416 in 1970 over 1969 in the cost of purchased water (Table No. 1 Exhibit B of application).

The rates authorized by Decision No. 74833 (and Decision No. 76333) allow for an investment tax credit of \$25,000, pursuant to the then (1968 and 1969) effective federal statutes. The investment tax credit has been cancelled. Applicant requests an adjustment in rates to reflect this 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.

Applicant has proposed to increase its rates to compensate for the increased cost of water and loss of the investment tax credit as follows:

Schedule 1 - Metered Service

		Per Meter Per Month					
		Proposed 1970 Offset Rates					
		Additional					
		increase to					
		To recover					
		water cost					
		increases only					
		tax credit					
Decision	1969						
74833	offset		Total		Total		Total
rates	rates	Increase	rate	Increase	rate	Increase	rate
<u>Quantity rates:</u>							
First	600 cu.ft.	\$2.29	\$2.29	\$ -	\$2.29	-	\$2.29
or less							
Next	1,900 cu.ft.	0.310	0.315	0.007	0.322	\$0.005	0.327
per 100 cu.ft.							
Next	17,500 cu.ft.	0.260	0.265	0.007	0.272	0.004	0.276
per 100 cu.ft.							
Next	480,000 cu.ft.	0.190	0.195	0.007	0.202	0.004	0.206
per 100 cu.ft.							
Over	500,000 cu.ft.	0.130	0.135	0.007	0.142	0.004	0.146
per 100 cu.ft.							

Minimum Charges: No change

Schedule 3M - Metered Irrigation Service  
and  
Schedule 3RL - Combined Residential and Irrigation Service

Quantity rate for	:	:	:	:	:	:
each 100 cu.ft.	:\$0.096	:\$0.097	:\$0.001	:\$0.098	:\$0.004	:\$0.102

Minimum Charge: No change

The requested increases will add approximately 11 cents per month to the average residential user who consumes 1,500 cubic feet of water per month.

The staff exhibit shows that the proposed rate increase will offset the increased cost of water to applicant and the loss of the investment tax credit, and that the earnings which will be produced under the conditions set forth in the application herein considered will not exceed the rate of return heretofore found reasonable for the applicant. The staff recommends that the proposed rate increase be authorized.

Findings and Conclusions

The Commission finds that:

1. Applicant is in need of increased revenues to offset increases in costs of purchased water and increases in federal income taxes resulting from the revocation of the investment tax credit.
2. Applicant's estimate of the revenue increase required to offset the future effect of the increased costs of water and the effect of the change 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.

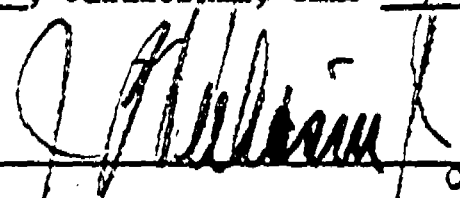
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We conclude that the application should be granted and that the order herein should be effective immediately; therefore,


IT IS ORDERED that Dominguez Water Corporation is authorized to file after the effective date of this order, 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 and they shall apply only to service rendered on and after the effective date.

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

Dated at San Francisco, California, this 7<sup>th</sup> day of JULY, 1970.

  
 \_\_\_\_\_ Chairman

  
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 \_\_\_\_\_ Commissioners

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

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service, excepting metered irrigation and combination residential and irrigation service.

TERRITORY

Portions of Carson, Los Angeles, Long Beach, Torrance and vicinity, Los Angeles County.

RATES

Quantity Rates:		Per Meter Per Month
First	600 cu.ft., or less .....	\$ 2.29
Next	1,900 cu.ft., per 100 cu.ft. ....	.327 (I)
Next	17,500 cu.ft., per 100 cu.ft. ....	.276
Next	480,000 cu.ft., per 100 cu.ft. ....	.206
Over	500,000 cu.ft., per 100 cu.ft. ....	.146 (i)

Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 2.29
For	3/4-inch meter .....	3.55
For	1-inch meter .....	5.80
For	1 1/2-inch meter .....	11.00
For	2-inch meter .....	16.00
For	3-inch meter .....	29.00
For	4-inch meter .....	46.00
For	6-inch meter .....	82.00
For	8-inch meter .....	122.00
For	10-inch meter .....	162.00
For	12-inch meter .....	225.00

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

Schedule No. 3M

METERED IRRIGATION SERVICE

APPLICABILITY

Applicable to all metered irrigation water service, excepting combination residential and irrigation service.

TERRITORY

Portions of Carson, Los Angeles, Long Beach, Torrance, and vicinity, Los Angeles County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rate:	
For each 100 cu.ft. or fraction thereof .....	\$0.102 (I)
Minimum Charge:	
For all meter sizes .....	2.29

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

SPECIAL CONDITIONS

1. An application for service under this schedule shall be filed by the customer with the utility. Such application shall set forth the conditions of service requested and the proposed use of water.
2. The size of meter for the above service shall not be greater than reasonably necessary to furnish service to the area to be irrigated.

Schedule No. 3RL

COMBINATION RESIDENTIAL AND IRRIGATION SERVICE

APPLICABILITY

Applicable to all combination residential and irrigation water service furnished on a limited basis.

TERRITORY

Portions of Carson, Los Angeles, Long Beach, Torrance, and vicinity, Los Angeles County.

RATES

Irrigation Service

Per Meter  
Per Month

Quantity Rate:

For each 100 cu.ft. or fraction thereof ..... \$0.102 (I)

Minimum Charge:

For all meter sizes ..... 2.29

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

Residential Service

Per Month

A flat rate in addition to the above charges for irrigation service ..... \$2.29

SPECIAL CONDITION

Combination Residential and Irrigation Service is available only to those customers being served as of October 23, 1961. Service to new occupants of premises which have been served under this schedule will be available only under other appropriate tariff schedules.