

LR/JR \*

ORIGINAL

Decision No. 78043

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application  
of the Pomona Valley Water Company  
for an order authorizing it to  
increase the rates and charges for  
water service in its service area.

Application No. 52214  
(Filed September 25, 1970)

OPINION AND ORDER

Decision No. 75739 dated June 3, 1969, in Application No. 50382 established rates for applicant's upper and lower zones General Metered Service, Measured Irrigation Service and Limited Metered Resale Service. By the application herein it seeks authority to revise both its General Metered Rate schedules and its Limited Metered Resale Service. It proposes no change in its Metered Irrigation Service Rates.

In Decision No. 75739, supra, the Commission stated that the rates authorized would provide net revenues for the test year 1968 of \$24,120.00, which will service its debt and produce a two percent return on equity based on the staff's estimates for the test year 1968 of operating revenues, expenses, depreciation, taxes and rate base, which were found to be reasonable. The said decision further approved the Staff Engineer's estimate to the effect that the "gross annual increase would be \$36,250.00 to a yearly rate of return of three percent on an estimated systemwide rate base for the year of 1968 of \$1,025,900.00".

The applicant alleged that the authorized rate schedules in fact, however, will not produce revenues resulting in a rate of return comparable to that found by the Commission to be reasonable, but that the estimated rate of return at present rates for the year 1970 for the system is 1.28 percent.

The applicant alleges that there are two substantial differences between the rate of return estimates set forth in Decision No. 75739 and the actual rate of return which is estimated for the year 1970. These differences are stated as follows:

- A) Taxes other than income were found by the Commission to be \$15,720.00 for the estimated 1968 test year, but the taxes for the 1969-1970 fiscal year, other than income taxes, were \$25,980.00. The tax levied by the San Bernardino County on the real property and facilities of the applicant was raised from the 1968-1969 level of \$14,505.38 to a 1969-1970 level of \$22,982.98 which was the amount paid by the applicant in the year 1970.
- B) Decision No. 75739 indicates that water imported by the company from Metropolitan Water District for irrigation purposes had a current cost of Twenty-one Dollars (\$21.00) per acre-foot, but this water cost was increased on July 1, 1970 to Twenty-three Dollars (\$23.00) per acre-foot.

The applicant alleges that the proposed rate increase will offset the increased cost of water and taxes to applicant, 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. It requests that the rates set forth in Appendix A be authorized.

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

The staff exhibit shows that the proposed rate increases will only partially offset increased expenses and that the earnings which will be produced will not exceed the previously authorized rate of return of 7.5 percent.

#### 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 taxes, other than income taxes.

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 taxes 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.

We conclude that the application should be granted, therefore,

IT IS ORDERED that Pomona Valley Water Company 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 twenty days after the date hereof.

Dated at San Francisco, California, this 8<sup>th</sup> day of DECEMBER, 1970.

Chairman

*Augustus*

*William J. Vukasin, Jr.*

*James L. Sturgeon*

*James L. Sturgeon*

Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
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Schedule No. L-1

Lower Zone

GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Lower Zone, Los Serranos Village and vicinity, San Bernardino County.

RATES

		<u>Per Meter</u>	
		<u>Per Month</u>	
Quantity Rates:			
First	800 cu.ft. or less.....	\$ 3.60	(I)
Next	1,200 cu.ft., per 100 cu.ft. ....	.36	
Next	3,000 cu.ft., per 100 cu.ft. ....	.27	
Next	20,000 cu.ft., per 100 cu.ft. ....	.18	
Over	25,000 cu.ft., per 100 cu.ft. ....	.09	(I)
Minimum Charge:			
For	5/8 x 3/4-inch meter .....	\$ 3.60	(I)
For	3/4-inch meter .....	5.00	
For	1-inch meter .....	8.00	
For	1 1/2-inch meter .....	9.50	
For	1 1/2-inch meter .....	14.00	
For	2-inch meter .....	20.00	
For	3-inch meter .....	30.00	
For	4-inch meter .....	45.00	
For	6-inch meter .....	75.00	

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

SPECIAL CONDITION

The lower zone rates shall apply to that portion of the territory below the Carbon Canyon Boosters.

(D)

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Schedule No. U-1

Upper Zone

GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Upper Zone, Los Serranos Village and vicinity, San Bernardino County.

RATES

		<u>Per Meter</u>	
		<u>Per Month</u>	
Quantity Rates:			
First	800 cu.ft. or less .....	\$ 4.10	(I)
Next	1,200 cu.ft., per 100 cu.ft. ....	.41	
Next	3,000 cu.ft., per 100 cu.ft. ....	.31	
Next	20,000 cu.ft., per 100 cu.ft. ....	.21	
Over	25,000 cu.ft., per 100 cu.ft. ....	.12	(I)
Minimum Charge:			
For	5/8 x 3/4-inch meter .....	\$ 4.10	(I)
For	3/4-inch meter .....	5.70	
For	1-inch meter .....	9.00	
For	1½-inch meter .....	16.00	
For	2-inch meter .....	22.00	
For	3-inch meter .....	35.00	
For	4-inch meter .....	55.00	
For	6-inch meter .....	90.00	

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

SPECIAL CONDITION

The upper zone rates shall apply to that portion of the territory served water supplied through the Carbon Canyon Boosters. (D)

Schedule No. 6-ML

LIMITED METERED RESALE SERVICE

APPLICABILITY

Applicable to limited metered resale service.

TERRITORY

Upper Carbon Canyon and vicinity, San Bernardino County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rate:		
Per 100 cu.ft. ....	\$ 0.13	(I)
Minimum Charge:		
For 1-inch meter .....	\$ 6.00	
For 1½-inch meter .....	9.00	
For 2-inch meter .....	12.00	
For 3-inch meter .....	21.00	
For 4-inch meter .....	33.00	
For 6-inch meter .....	65.00	
For 8-inch meter .....	105.00	

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

SPECIAL CONDITION

Service under this schedule shall be limited to service to San Bernardino County Water Works District No. 8 and Mountain View Park Mutual Water Company.

(D)