

ORIGINAL

Decision No. 79806

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application )  
 of the SOUTHERN CALIFORNIA WATER )  
 COMPANY for an order authorizing )  
 it to increase rates for water )  
 service in its Central Basin and )  
 Southwest Districts to offset )  
 increases in electric power pump- )  
 ing and ad valorem tax expenses. }

Application No. 53088  
 (Filed January 7, 1972)

O P I N I O N

By this application, Southern California Water Company requests authority to make a limited increase in water rates in two of its operating districts to offset increases in ad valorem tax expense and electric power pumping expense. The requested increases in revenues are as follows:

<u>District</u>	<u>Revenue Increase</u>	<u>Percent Increase</u>
Central Basin	\$ 90,913	3.19%
Southwest	<u>84,212</u>	2.11%
Total	<u>\$175,125</u>	

Applicant, a California corporation organized under the laws of the State of California on December 31, 1929, is a public utility rendering water service in various areas in the Counties of Contra Costa, Imperial, Los Angeles, Orange, Sacramento, San Bernardino and Ventura. It also renders electric service in the vicinity of Big Bear Lake in San Bernardino County.

Increases in Electric Power Rates and Ad Valorem Taxes

Since the Commission set water rates in applicant's Central Basin and Southwest Districts, it has authorized two increases in electric rates for Southern California Edison Company, the principal supplier of electric pumping power in the Central Basin and Southwest Districts.

The County of Los Angeles has, for taxes assessed for fiscal 1971-72, changed its method of valuing public utility water property which results in a marked increase in assessed valuation. In addition, the tax rate has increased substantially over that considered by the Commission in its fixing of rates of applicant in these two districts.

Effect of Increases on Expenses

On Exhibit C for Central Basin District and Exhibit D for Southwest District, attached to the application, there is set forth a description of each district, history of recent rate proceedings and authorized rate of return, detail of the increases in pumping and tax expense, statistics on the effects of the increased expenses on earnings levels and specifics of proposed rates.

In summary, these exhibits show that the increase in expenses of \$90,913 for the Central Basin District and \$84,212 for the Southwest District will have the effect on earnings on the twelve months ended September, 1971 results as follows:

Rate of Return 12 Months Ended September 30, 1971

	<u>Central Basin District</u>	<u>Southwest District</u>
Recorded	7.05%	6.84%
Restated to correct accounting error	6.79%	6.70%
Adjusted for annual effect of latest authorized rates, imputed Investment Tax Credit, and excluding the increase in electric power expenses and ad valorem taxes.	7.19%	7.18%
Adjusted for annual effect of increased electric power rates and ad valorem taxes	6.72%	6.85%
At rates proposed in this application	7.19%	7.18%
Commission authorized rate of return for period per D-76920 for Central Basin and D-78154 for Southwest	7.44%	7.27%

These results include the effect of the Asset Depreciation Range tax depreciation and an imputation of a full year's Investment

Tax Credit based on the recently enacted Federal tax law. The summary above shows that the increased power and tax expenses will cause the rate of return to fall far below that found reasonable by the Commission for the period ending September 1971 and with the rates proposed in this application the rate of return will not exceed that authorized.

An engineer from the Commission's staff conducted an independent study of applicant's request. The results of the engineer's study are contained in a report dated February 10, 1972. This report is received as Exhibit 1 in this proceeding.

According to Exhibit 1, the engineer reviewed information contained in Application No. 53088 as well as work papers which applicant had developed in connection therewith. He concluded that:

- a. Applicant's computations are reasonable.
- b. The requested increases will offset the increased expenses resulting from the increases in ad valorem taxes and purchased power costs.
- c. The earnings which would be produced under the conditions set forth in the application do not exceed the previously authorized rates of return for the respective districts.

#### Findings and Conclusion

The Commission finds that:

1. Applicant is in need of additional revenues, and the proposed rates set forth in the application are reasonable.
2. Applicant's estimates, previously discussed herein, for the test year ending September 30, 1971 reasonably indicate the results of its operations for the future and are adopted.
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.
4. A public hearing is not required.

The rates authorized herein are needed by applicant to offset increased costs of operation and to keep applicant's earnings within the zone of reasonableness. Such action is consistent with the purposes of the Federal Government's economic stabilization program as it will not result in undue inflationary pressure. The increases authorized herein are in conformity with Section 300.16(c) Code of Federal Regulations.

The Commission concludes that the application should be granted to the extent set forth in the order which follows.

O R D E R

IT IS ORDERED that after the effective date of this order, Southern California Water Company is authorized to file the revised rate schedules attached to this order as Appendix A, and concurrently to withdraw and cancel presently effective Schedules Nos. CBA-1, CB3-1, CBA-1L and SW-1. 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. The revised schedules shall apply only to service rendered on and after the effective date thereof.

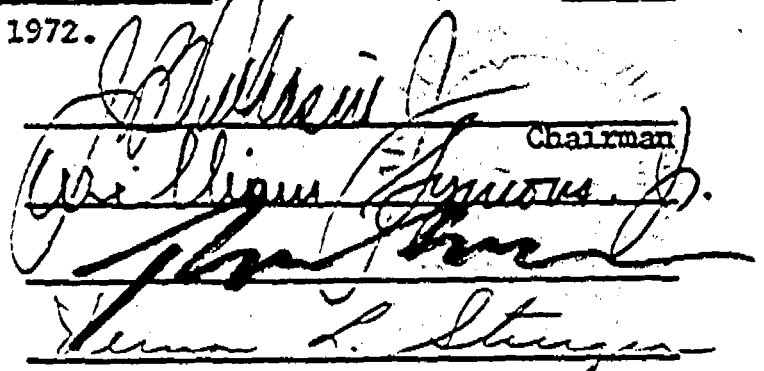
The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 14th day of MARCH, 1972.

I abstain



Commissioner



Chairman

Commissioners

APPENDIX A  
Page 1 of 4

Schedule No. CBA-1

Central Basin District

Artesia-Norwalk Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the Cities of Artesia, Cerritos, Downey, Hawaiian Gardens, Lakewood, Long Beach, Norwalk, Santa Fe Springs and vicinity, Los Angeles County and portions of the City of Los Alamitos and vicinity, Orange County.

RATES

	Per Meter Per Month	
Quantity Rates:		
First 3,000 cu.ft., per 100 cu.ft. ....	\$ 0.213	
Over 3,000 cu.ft., per 100 cu.ft. ....	0.199	
Service Charge:		
For 5/8 x 3/4-inch meter .....	\$ 2.10	(I)
For 3/4-inch meter .....	2.33	
For 1-inch meter .....	2.99	
For 1-1/2-inch meter .....	4.98	
For 2-inch meter .....	7.75	
For 3-inch meter .....	15.50	
For 4-inch meter .....	23.25	
For 6-inch meter .....	38.75	
For 8-inch meter .....	66.43	(I)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the quantity charge computed at the Quantity Rates.

APPENDIX A  
Page 2 of 4

Schedule No. CBB-1

Central Basin District

Bell-Florence Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the Cities of Bell, Bell Gardens, Cudahy, Downey, Huntington Park, Paramount, Pico Rivera, South Gate, Vernon and vicinity, Los Angeles County.

RATES

	Per Meter Per Month	
Quantity Rate:		
Per 100 cubic feet .....	\$ 0.199	
Service Charge:		
For 5/8 x 3/4-inch meter .....	\$ 1.77	(I)
For 3/4-inch meter .....	1.99	
For 1-inch meter .....	2.66	
For 1-1/2-inch meter .....	4.98	
For 2-inch meter .....	7.75	
For 3-inch meter .....	15.50	
For 4-inch meter .....	23.25	
For 6-inch meter .....	38.75	
For 8-inch meter .....	66.43	(I)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the quantity charge computed at the Quantity Rate.

APPENDIX A  
Page 3 of 4

Schedule No. CBA-11

Central Basin District

LIMITED METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished to the Metropolitan State Hospital, City of Norwalk.

TERRITORY

Within the established Central Basin District.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rate:	
Per 100 cubic feet .....	\$ 0.134
Service Charge:	
For 10-inch meter .....	\$99.65 (I)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the quantity charge computed at the Quantity Rate.

SPECIAL CONDITION

Service under this schedule will be furnished only between the hours of 9:00 p.m. and 6:00 a.m. The utility will provide adequate controls to prevent use of water any other time.

APPENDIX A  
Page 4 of 4

## Schedule No. SW-1

Southwest DistrictGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

All or portions of the Cities of Carson, Compton, El Segundo, Gardena, Hawthorne, Inglewood and Lawndale, the communities of Athens, Lennox and Moneta, and vicinity, Los Angeles County.

RATES

## Quantity Rates:

Per Meter  
Per Month

First 10,000 cu.ft., per 100 cu.ft. ....	\$ 0.218
Over 10,000 cu.ft., per 100 cu.ft. ....	0.178

## Service Charge:

For 5/8 x 3/4-inch meter .....	\$ 1.97	(I)
For 3/4-inch meter .....	3.36	
For 1-inch meter .....	4.53	
For 1-1/2-inch meter .....	8.53	
For 2-inch meter .....	11.20	
For 3-inch meter .....	13.33	
For 4-inch meter .....	17.06	
For 6-inch meter .....	27.72	
For 8-inch meter .....	34.12	
For 10-inch meter .....	68.24	(I)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the quantity charge computed at the Quantity Rates.