

ORIGINAL

Decision No. 80282

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 PALCS VERDES WATER COMPANY,
 a corporation, for an order authorizing it to increase rates charged for water service in order to offset (a) an increase in the cost of water purchased from the West Basin Municipal Water District, (b) an increase in the cost of power purchased from Southern California Edison Company and (c) an increase in ad valorem taxes.

Application No. 53304
 (Filed May 1, 1972)

O P I N I O N

By this application, Palos Verdes Water Company requests authority to increase water rates to offset increases in purchased water expense, electric power pumping expense, and ad valorem tax expense. The increases in expenses are as follows:

Purchased Water	\$139,000
Electric Power	6,100
Ad Valorem Taxes	104,500
Total	\$249,600

In order to offset those increases in expenses, applicant proposes an increase in rates which, based on the year 1971, would produce an increase in revenues of \$252,600, as shown on Exhibit C attached to the application. The details of the estimated increases in metered revenues are set forth in Exhibit D attached to the application and, as shown therein, aggregate for 1971 approximately 8 percent in metered sales and approximately 7.9 percent overall.

Applicant is a corporation duly organized and existing under and by virtue of the laws of the State of California.

Applicant is presently engaged in the business of the supply and distribution of water for domestic, agricultural, commercial and industrial purposes in the Palos Verdes Hills in the County of Los Angeles, State of California, including the Cities of Lomita, Palos Verdes Estates, Rolling Hills and Rolling Hills Estates, as well as a part of the unincorporated area of Los Angeles County.

Applicant proposes no increase in any of its rate schedules presently in effect other than the General Metered Service Schedule.

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 June 5, 1972. This report is received as Exhibit 1 in this proceeding.

According to Exhibit 1, the engineer reviewed information contained in Application No. 53304 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 purchased water, power cost and taxes.
- c. The earnings which would be produced under the conditions set forth in the application do not exceed the previously authorized rates of return.

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 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. Under existing federal guidelines the authorized increases would appear to be consistent with the Federal Government's economic stabilization program. Data for the Federal Price Commission are shown in Appendix B.

5. A public hearing is not required.

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, Palos Verdes Water Company is authorized to file the revised rate schedule attached to this order as Appendix A, and concurrently to withdraw and cancel presently effective Schedule No. 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 ten days after the date hereof.

Dated at San Francisco, California, this 25th day of JULY, 1972.

William Lyons President
[Signature]
[Signature] Commissioners

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

-3- Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Palos Verdes Estates, Rolling Hills, Rolling Hills Estates, Lomita, and vicinity, Los Angeles County.

RATES

Quantity Rates:

	Per Meter Per Month	
First 400 cu.ft. or less	\$ 3.11	(I)
Next 1,600 cu.ft., per 100 cu.ft.616	
Next 3,000 cu.ft., per 100 cu.ft.508	
Next 5,000 cu.ft., per 100 cu.ft.421	
Next 40,000 cu.ft., per 100 cu.ft.356	
Over 50,000 cu.ft., per 100 cu.ft.313	

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 3.11	
For 3/4-inch meter	3.73	
For 1-inch meter	5.08	
For 1 1/2-inch meter	7.45	
For 2-inch meter	12.63	
For 3-inch meter	18.36	
For 4-inch meter	31.05	
For 6-inch meter	69.11	
For 8-inch meter	91.79	(I)

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

APPENDIX B

DATA REGARDING RATE INCREASE
AUTHORIZED FOR
PALOS VERDES WATER COMPANY

Pursuant to provisions of Section 300.16 of the Economic Stabilization Act Amendments of 1971, the Public Utilities Commission of the State of California does hereby certify to the Federal Price Commission as follows:

1. The increased rates are expected to provide increased revenue of \$252,600 yearly.
2. There will be no increase in the authorized rate of return.
3. Sufficient evidence was contained in the record to determine that the criteria set forth in paragraph (d), (1) through (4) of Title 6, Chapter III, Part 300, Sect. 300.16 of the Code of Federal Regulations, as amended effective January 17, 1972, were met by the rate increase.
4. The increase is cost-based and does not reflect future inflationary expectations; the increase is the minimum required to assure continued, adequate and safe service and to provide for necessary expansion to meet future requirements; the increase will achieve the minimum rate of return needed to attract capital at reasonable costs and not to impair the credit of the public utility. This appendix to the rate decision constitutes the certification required by the Code of Federal Regulations.