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ORIGINAL

Decision No. 80342

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA WATER COMPANY for
an order authorizing it to increase
on July 1, 1972 the rates for water
service: in its Central Basin and
Southwest Districts to offset increases
in the price of purchased water, water
replenishment tax rates and electric
power pumping rates reduced by an
assumed reduction in ad valorem taxes;
in its Simi Valley and Pomona Valley
Districts to offset increases in the
price of purchased water and electric
power pumping rates.

Application No. 53285
(Filed April 21, 1972)

O P I N I O N

By this application, Southern California Water Company requests authority to make limited increases in water rates in four of its operating districts to directly offset the increase in the rates of purchased water, pump taxes and electric power rates. In two of these districts an assumed reduction of ad valorem taxes reduces the total amount of the requested increase.

The following table sets forth certain data by districts with regard to the nature of the increased costs and the amount and percentage of the revenue increase sought by applicant:

<u>District</u>	<u>Revenue Increase</u>	<u>Percent Increase</u>	<u>Category of Expense Increase Included in Offset Request</u>
Central Basin	\$ 55,596	1.89%	Purchased water, electric power and pump tax rates reduced by an assumed reduction in ad valorem taxes
Pomona Valley	83,155	10.17%	Purchased water and electric power rates
Simi Valley	12,747	1.60%	Purchased water and electric power rates
Southwest	<u>57,542</u>	1.41%	Purchased water, electric power and pump tax rates reduced by an assumed reduction in ad valorem taxes
Total	\$209,040		

General Information

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 Price of Water Delivered By Metropolitan Water District

As tabulated in Exhibit C attached to the application, the member agencies of Metropolitan Water District which serve each of applicant's districts involved in this application have increased the price of MWD water effective July 1, 1972. As can be developed from Exhibit C these increases vary, depending on the districts, from \$2.00 to \$15.50 per acre-foot over the prices now in effect. This latest increase in the price of MWD water is a continuation of a series of increases that have occurred in recent years and which applicant has been advised are to continue in the future. Applicant also seeks to recover the increase in rates authorized by the

Commission for water purchased from Park Water Company from whom it purchases a part of its supply in the Central Basin District.

Expense increases caused directly by the purchased water price increases since the expense levels were last considered by the Commission in these districts are as follows:

<u>District</u>	<u>Expense Increase</u>	<u>Percentage Increase</u>
Central Basin	\$ 44,303	7.47%
Pomona Valley	53,128	50.22%
Simi Valley	9,429	2.85%
Southwest	<u>33,403</u>	7.15%
Total	\$200,268	

Increased Pump Tax

In the Central Basin and Southwest Districts applicant must pay a water replenishment assessment (pump tax) on each acre-foot of water produced from the underlying Central and West Hydrological Basins. For the last four years the pump tax rate has been \$6.00 per acre-foot. This \$6.00 rate is reflected in Commission decisions authorizing applicant's present rates. Effective July 1, 1972 the pump tax rate will increase to \$9.00 per acre-foot per Resolution No. 72-130, dated April 11, 1972, of the Central and West Basin Water Replenishment District.

Expense increases caused directly by the price increase are as follows:

<u>District</u>	<u>Expense Increase</u>	<u>Percentage Increase</u>
Central Basin	\$41,363	50%
Southwest	<u>22,793</u>	50%
Total	\$64,156	

Increased Electric Power Pumping Expenses

Since water rates were last set by the Commission for applicant's Pomona Valley and Simi Valley Districts, the Commission has authorized rate increases for Southern California Edison Company (Edison) which have increased applicant's pumping power expenses 25.33 percent in Pomona Valley and 25.03 percent in Simi Valley. The latest Edison increase is by Decision No. 79838, dated March 21, 1972. By Decision No. 79806, dated March 14, 1972, the Commission authorized applicant to increase rates to offset Edison electric increases that were authorized prior to March 21, 1972 in applicant's Central Basin and Southwest Districts. The latest Edison increase will increase pumping expenses 1.97 percent and 2.06 percent, respectively, in these districts. The dollar effects by district are as follows:

<u>District</u>	<u>Expense Increase</u>	<u>Percentage Increase</u>
Central Basin	\$ 2,334	1.97%
Pomona Valley	24,635	25.38%
Simi Valley	3,120	25.03%
Southwest	<u>2,047</u>	2.06%
Total	\$32,136	

Assumed Reduction in Ad Valorem Taxes in
Central Basin and Southwest Districts

By Decision No. 79806, dated March 14, 1972, the Commission authorized an increase in rates to offset an increase in ad valorem taxes and electric pumping expenses in applicant's Central Basin and Southwest Districts. The effective date of the rate increase was April 7, 1972, some nine months after the increase in ad valorem taxes which became effective July 1, 1971.

The increase in taxes for which the offset was granted was caused by two factors: the inclusion in tax base by the Los Angeles County Assessor of all contributions and advances whereas prior to

fiscal 1971-72 the Assessor had excluded all contributions and 54.6 percent of advances from the tax base, and an increase in the tax rate applied to the assessed valuation.

Applicant has been informed that the Los Angeles County Assessor for the tax year of 1972-73 will revert to the method used prior to the 1971-72 year and again exclude contributions and a portion of the advances from the tax base. No quantitative information is available at this time as to any change in the tax rate that will be applied to the valuation so determined. However, it is expected that the tax rate will increase. In this application it is assumed that there will be no change in tax rate and there will be a reduction in taxes caused by the valuation change alone. The reduction caused by the valuation method change alone is \$33,213 in the Central Basin District and \$56,492 in the Southwest District and these amounts have been deducted from the increase in expenses caused by the purchased water, power and pump tax increases.

The requested increase would add the following amount to the monthly bill of a typical customer with a consumption of 2,000 cubic feet per month:

<u>District</u>	<u>Increase in Typical Monthly Bill</u>
Central Basin	\$0.10
Pomona Valley	0.42
Simi Valley	0.12
Southwest	0.10

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 28, 1972. This report is received as Exhibit 1 in this proceeding.

According to Exhibit 1, the engineer reviewed information contained in Application No. 53285 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 increased expenses resulting in increases in purchased water, electric power, and pump tax.
- c. Applicant has made allowance for a reduction in ad valorem taxes.
- d. The earnings which would be produced under the conditions set forth in the application do not exceed previously authorized rates of return.
- e. The special condition regarding Federal Income Tax Surcharge on Pomona Valley tariff sheets is obsolete.

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. A public hearing is not required.
5. 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.
6. 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.

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 the similar presently effective schedules. 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 1st
day of AUGUST, 1972.

Vernon L. Sturgeon
President
William J. Quinn
John H. Allen
Samuel H. ...
Edward J. ...
Commissioners

APPENDIX A
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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

Quantity Rates:

Per Meter
Per Month

First 3,000 cubic feet, per 100 cubic feet ... \$ 0.218 (I)
Over 3,000 cubic feet, per 100 cubic feet 0.204 (I)

Service Charge:

For 5/8 x 3/4-inch meter	\$ 2.10
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

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.

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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

Quantity Rate:		Per Meter Per Month
Per 100 cubic feet		\$ 0.204 (I)
Service Charge:		
For 5/8 x 3/4-inch meter		\$ 1.77
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

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.

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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

Quantity Rate:	Per Meter Per Month
Per 100 cubic feet	\$ 0.139 (I)
Service Charge:	
For 10-inch meter	\$99 65

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.

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Schedule No. PV-1
Pomona Valley District
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The City of Claremont, portions of the Cities of Chino, Montclair, Pomona, Upland and adjacent unincorporated territory in Los Angeles and San Bernardino Counties.

RATES

Quantity Rates:	Per Meter
	Per Month
First 50,000 cubic feet, per 100 cubic feet ..	\$ 0.163 (I)
Over 50,000 cubic feet, per 100 cubic feet ..	0.139 (I)

Service Charge:

For 5/8 x 3/4-inch meter.....	\$ 2.10
For 3/4-inch meter	2.25
For 1-inch meter	2.90
For 1-1/2-inch meter	4.50
For 2-inch meter	7.00
For 3-inch meter	14.00
For 4-inch meter	21.00
For 6-inch meter	35.00
For 8-inch meter	60.00

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.

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Schedule No. PV-7ML
Pomona Valley District
LIMITED METERED SERVICE

APPLICABILITY

Applicable to metered water service to the City of Claremont.

TERRITORY

The City of Claremont, Los Angeles County.

RATES

Quantity Rate:		Per Meter Per Month
For all water delivered, per 100 cubic feet ..		\$ 0.121 (I)
Service Charge:		
For 5/8 x 3/4-inch meter		\$ 2.10
For 3/4-inch meter		2.25
For 1-inch meter		2.90
For 1-1/2-inch meter		4.50
For 2-inch meter		7.00
For 3-inch meter		14.00
For 4-inch meter		21.00
For 6-inch meter		35.00
For 8-inch meter		60.00

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

(Continued)

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Schedule No. PV-7ML
Pomona Valley District
LIMITED METERED SERVICE
(Continued)

SPECIAL CONDITIONS

1. All meter readings for municipal departments of the City of Claremont will be combined for the purpose of computing a single monthly bill.
2. During periods of high demand, service under this schedule applicable to municipal parks may be restricted to off-peak hours.

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Simi Valley District
GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the City of Simi Valley and vicinity, Ventura County.

RATES

Quantity Rates:

	<u>Per Meter</u> <u>Per Month</u>
First 10,000 cubic feet, per 100 cubic feet ...	\$ 0.286 (I)
Over 10,000 cubic feet, per 100 cubic feet ...	0.257 (I)

Service Charge:

For 5/8 x 3/4-inch meter	\$ 2.60
For 3/4-inch meter	3.10
For 1-inch meter	4.65
For 1-1/2-inch meter	6.45
For 2-inch meter	10.30
For 3-inch meter	12.90
For 4-inch meter	27.85
For 6-inch meter	51.60
For 8-inch meter	72.25

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.

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Schedule No. SI-3M
Simi Valley District
LIMITED METERED IRRIGATION SERVICE

APPLICABILITY

Applicable to irrigation water delivered to parcels of land in excess of 5 acres in one ownership and devoted to the raising of commercial agricultural crops or livestock.

TERRITORY

Within certificated areas in Section 11 and 14, T. 2 N., R. 18 W., S.B.B.&M., Ventura County

RATE

Quantity Rate:

Per acre-foot \$62.71 (I)

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Schedule No. SW-1
Southwest District
GENERAL METERED SERVICE

APPLICABILITY

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 cubic feet, per 100 cubic feet ..	\$ 0.223 (I)
Over 10,000 cubic feet, per 100 cubic feet ..	0.183 (I)

Service Charge:

For 5/8 x 3/4-inch meter	\$ 1.97
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

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 B

DATA REGARDING RATE INCREASE
AUTHORIZED FOR
SOUTHERN CALIFORNIA 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 rates authorized by this decision are expected to increase yearly operating revenues by \$209,040.
2. The rate of return will not be increased.
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, Sec. 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.