

Decision No. 80930

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHERN CALIFORNIA WATER COMPANY for )  
an order effective December 1, 1972 )  
authorizing it to increase the rates )  
for water service in its Southwest )  
District to offset increases in the )  
price of purchased water and electric )  
power for pumping. )

Application No. 53667  
(Filed October 25, 1972)

O P I N I O N

Applicant, Southern California Water Company, seeks authority to increase its general metered service rates<sup>1/</sup> in its Southwest District (District) to offset increases in its cost of water purchased from the West Basin Municipal Water District (WBMWD), a member agency of the Metropolitan Water District of Southern California (MWD) and to offset increases in the cost of electric power for pumping purchased from the Southern California Edison Company (SCE). The requested increase in revenue is \$50,700<sup>2/</sup> on an annual basis, or 1.23 percent.

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- 1/ Applicant also has rates for private fire protection, public fire hydrant, service to company employees, and construction and other temporary flat rate service.
- 2/ There is an increase in franchise requirements of approximately \$700 related to the proposed increase in this total.

Service Area and Source of Supply

District includes all of the cities of Gardena and Lawndale, a portion of the cities of Carson, Compton, El Segundo, Hawthorne and Inglewood, and unincorporated territory in the County of Los Angeles. As of December 31, 1971, applicant served 42,067 general metered customers and 2,758 fire hydrants in District.

District is supplied from 19 company-owned wells, 7 connections to WBMWD and through purchases from the City of Inglewood. Applicant has a distribution system consisting of approximately 385 miles of mains ranging in size up to 18 inches in diameter, water treatment, storage, booster pumps, and other auxiliary equipment within District.

As of December 31, 1971, the book cost of utility plant within District amounted to \$18,692,583. The related depreciation reserve was \$3,850,974 and the net depreciated plant totaled \$14,841,609.

Rates

Applicant's present and proposed rates are as follows:

RATES

Quantity Rates:	Per Meter	Per Month
	<u>Present</u>	<u>Proposed</u>
First 10,000 cu.ft., per 100 cu.ft. .	\$ 0.223	\$ 0.227
Over 10,000 cu.ft., per 100 cu.ft. .	0.183	0.187
Service Charge:		
For 5/8 x 3/4-inch meter .....	\$ 1.97	\$ 1.97
For 3/4-inch meter .....	3.36	3.36
For 1-inch meter .....	4.53	4.53
For 1 1/2-inch meter .....	8.53	8.53
For 2-inch meter .....	11.20	11.20
For 3-inch meter .....	13.33	13.33
For 4-inch meter .....	17.06	17.06
For 6-inch meter .....	27.72	27.72
For 8-inch meter .....	34.12	34.12
For 10-inch meter .....	68.24	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.

The proposed rates reflect an increase of 0.4¢ per ccf from the present rates. At a representative usage of 20 ccf per month the average customer's bill would increase 8 cents or 1.24 percent over present rates.

Cost of Purchased Water

Applicant alleges that the Commission, in setting applicant's rates in 1971, utilized the price of WBMWD water July 1, 1971 of \$55.96 per acre-foot. This was increased \$4.00 per acre-foot to \$59.96 as of July 1, 1972. This increase was offset by the rates authorized by Decision No. 80342.

Applicant expected that WBMWD deliveries to District in 1972 would be water obtained from the Colorado River. WBMWD advised applicant by letter dated October 16, 1972 that deliveries of filtered Northern California water would commence in the West Basin on December 1, 1972. WBMWD proposes to charge applicant the July 1, 1972 base price of MWD for Northern California water of \$62 an acre-foot plus a 50-cent-per-acre-foot surcharge. The \$62.50 price is \$1.00 per acre-foot more than the current price being paid for filtered and softened Colorado River water and \$5.00 per acre-foot more than that paid for filtered Colorado River water. Applicant alleges that these price increases will increase the cost of purchased water by \$45,400 above that allowed in Decision No. 80342.

Cost of Purchased Power for Pumping

Applicant alleges that Decision No. 80342 includes the effect of an incremental cost increase of 0.031 cents per kilowatt-hour related to the fuel cost adjustment in SCE's rates; that an additional cost increment amounting to 0.060 cents per kilowatt-hour went into effect on August 1, 1972 and a further cost increment of 0.010 cents per kilowatt-hour would go into effect on November 1, 1972<sup>3/</sup>, and that these incremental costs would increase its expenses by \$4,600 over that previously authorized.

Rate of Return

Applicant alleges that for the 12 months ended June, 1972, the recorded rate of return was 6.71 percent which, when adjusted for normal climatic conditions and the latest rate level, was 6.78 percent. Applicant states that the rate of return at the

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<sup>3/</sup> Actual November 1, 1972 incremental increase was .014 cents per kilowatt-hour.

proposed rates will not exceed the 7.30 percent authorized by the Commission for 1971 or the 7.45 percent rate of return authorized for 1972.

Copies of the application were served and publication was made as required by this Commission. Applicant requested ex parte treatment. There were no protests.

The Commission staff reviewed and analyzed the application and prepared a report dated November 22, 1972 which has been received as Exhibit No. 1. This exhibit shows the correct differentials between the rates to be paid for purchased WBMWD water and the existing rates.<sup>4/</sup> The staff concludes that the higher rates will offset applicant's increased expenses and that applicant's earnings will not exceed the previously authorized rate of return.

#### Findings and Conclusion

1. Applicant is in need of increased revenues to offset increases in costs of water purchased from WBMWD on and after December 1, 1972, increases in the cost of power for pumping, and franchise requirements related to the higher revenues.

2. Applicant's estimates of the revenue increases required to offset the future effect of the above-mentioned increased costs are 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.

4. A public hearing is not necessary.

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<sup>4/</sup> Paragraph V of the application misstates the rate differentials.

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. Pursuant to subparagraph E(1)(c)(i) of Rule 23.1 of the Commission's Rules of Procedure, Rule 23.1 shall not apply to the rate increase authorized herein as it is intended to pass through specific allowable costs, and the increase is less than 2-1/2 percent of annual revenues for the particular type of service to which the increase is applicable.

The Commission concludes that the application should be granted and that the order herein should be effective immediately to permit the rate increases to become effective as close as possible to the December 1, 1972 WBMWD rate increase.

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 schedule attached to this order as Appendix A, and concurrently to withdraw and cancel the similar presently effective schedule. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be four days after the date of filing. The revised

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schedule shall apply only to service rendered on and after the effective date thereof.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 9<sup>th</sup>  
day of JANUARY, 1973.

  
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President  
  
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Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

## APPENDIX A

Schedule No. SW-1

Southwest District

(T)

GENERAL METERED SERVICE

(T)

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

Per Meter  
Per Month

## Quantity Rates:

First 10,000 cu.ft., per 100 cu.ft. ....	\$ 0.227	(I)
Over 10,000 cu.ft., per 100 cu.ft. ....	0.187	(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
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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.