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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
POMONA VALLEY WATER COMPANY for an
order authorizing it to increase on
January 1, 1973, the rates for water
service in its certificated water
service area to offset increases in
the price of purchased water, gas and
electric power pumping rates, and ad
valorem taxes.

Application No. 53739
(Filed December 6, 1972;
amended December 19, 1972)

O P I N I O N

Applicant Pomona Valley Water Company seeks authority to increase its rates for water service to offset increases in levels of certain expenses since its present rates were established. Copies of the application have been served and notice of the filing of the application has been published,^{1/} in accordance with this Commission's rules of procedure.

The Commission staff has reviewed and analyzed this application and has prepared a report thereon dated January 29, 1973. The staff report hereby is received as Exhibit No. 1.

Service Area and Rates

Applicant is a public utility rendering water service in an area immediately west of Chino, in San Bernardino County.

Decision No. 75739 dated June 3, 1969 in Application No. 50382 established rates for applicant's general metered service (upper and lower zones), measured irrigation service, and limited

^{1/} Applicant inadvertently failed to submit proof of publication initially, but filed an appropriate affidavit on March 9, 1973.

metered resale service. The rates for general metered service and limited metered resale service were later increased by Decision No. 78043 dated December 3, 1970 in Application No. 52214 to offset increases in costs of purchased water and increases in taxes other than on income. Applicant now seeks additional increases in rates for all classes of metered and measured service, to offset further increases in costs of purchased water, purchased fuel, purchased power, and taxes other than on income.

The following Table I presents a comparison of applicant's present rates and those requested in this application.

TABLE I
COMPARISON OF RATES

<u>Item</u>	<u>Per Service Per Month</u>	
	<u>Present</u>	<u>Proposed</u>
<u>General Metered Service, Lower Zone</u>		
First 800 cu. ft. or less *	\$ 3.60	\$ 3.80
Next 1,200 cu. ft., per 100 cu. ft.	.36	.42
Next 3,000 cu. ft., per 100 cu. ft.	.27	.32
Next 20,000 cu. ft., per 100 cu. ft.	.18	.21
Over 25,000 cu. ft., per 100 cu. ft.	.09	.13
<u>General Metered Service, Upper Zone</u>		
First 800 cu. ft. or less *	4.10	4.30
Next 1,200 cu. ft., per 100 cu. ft.	.41	.46
Next 3,000 cu. ft., per 100 cu. ft.	.31	.35
Next 20,000 cu. ft., per 100 cu. ft.	.21	.24
Over 25,000 cu. ft., per 100 cu. ft.	.12	.15
<u>Measured Irrigation Service</u>		
<u>Zone 1 Quantity Rates:</u>		
Gravity Flow, per Acre-foot	19.00	23.50
Pressure System, per Acre-foot	31.00	35.50
<u>Zone 2 Quantity Rate:</u>		
Pressure System, per Acre-foot	32.00	36.50
<u>Zone 3 Quantity Rate:</u>		
Pressure System, per Acre-foot	40.00	44.50
Minimum Monthly Charge #	6.00	6.00
<u>Limited Metered Resale Service</u>		
Quantity Rate, per 100 cu. ft.	.13	.16
Minimum Monthly Charge #	6.00	6.00

* Minimum charge for a 5/8 x 3/4-inch⁺ meter.

Minimum charge for a 2-inch⁺ meter.

+ Graduated scales of increased minimum charges are provided for larger meters.

Results of Operation

Applicant and the Commission staff have analyzed and estimated applicant's operational results. Summarized in Table II, from applicant's Exhibits D-1 and D-2 attached to the application and from the staff's Exhibit No. 1, are the estimated results of operation for the test year 1973, under present water rates and under those proposed by applicant.

TABLE II
ESTIMATED RESULTS OF OPERATION

<u>Item</u>	<u>Domestic</u>	<u>Staff Irrigation</u>	<u>Total</u>	<u>Applicant Total</u>
<u>At Present Rates</u>				
Operating Revenues	\$174,600	\$ 56,000	\$ 230,600	\$ 230,630
Operating Expenses:				
Excl. Depr. & Taxes	106,800	54,200	161,000	177,280
Depreciation	23,000	11,800	34,800	34,660
Taxes Other Than on Income	16,700	14,000	30,700	33,940
Debt Service	-	-	-	200
Subtotal Excl. Inc. Taxes	146,500	80,000	226,500	246,080
Income Taxes	8,800	(12,600)	(3,800)	-
Total Expenses	155,300	67,400	222,700	246,080
Net Revenue	19,300	(11,400)	7,900	(15,450)
Rate Base	500,000	550,000	1,050,000	1,052,800
Rate of Return	3.9%	Loss	0.8%	Loss
<u>At Applicant's Proposed Rates</u>				
Operating Revenues	197,100	65,000	262,100	262,120
Operating Expenses:				
Excl. Income Taxes	146,500	80,000	226,500	246,080
Income Taxes	21,100	(8,500)	12,600	6,680
Total Expenses	167,600	71,500	239,100	252,760
Net Revenue	29,500	(6,500)	23,000	9,360
Rate Base	500,000	550,000	1,050,000	1,052,800
Rate of Return	5.9%	Loss	2.2%	0.9%

(Red Figure)

From Table II it can be determined that applicant's requested rates will result in an increase of about 14 percent in operating revenues. The percentage increase for individual bills will vary somewhat, depending upon type of service and level of use.

Applicant determined the extent of rate relief to request at this time by selecting specific expenses which have changed since the present water rates were established. The test year used in applicant's last full-scale rate proceeding, Application No. 50382, was 1968. Because of the lapse of time, it would not be appropriate, however, merely to adjust the 1968 test year for the changes in level of only a few specific expenses as in a normal offset rate case. Over a five-year period, other changes in revenues, expenses, and rate base could mitigate or aggravate the decline in earnings caused by any selected changes in expense levels. Both applicant and the staff thus used a proper approach when they brought previous data up to date and presented their estimates on the basis of a 1973 test year.

Table II shows that applicant and staff estimates of gross revenues and rate base are reasonably close but that there are some differences in overall expense estimates. Inasmuch as the rate of return determined by either applicant or staff under applicant's proposed rates for domestic service is less than the 7.5 percent found reasonable in Decision No. 75739, and the proposed rates for irrigation service will only partly alleviate actual losses from the irrigation portion of applicant's operations, there is no need to discuss or resolve the various individual differences in the estimates. For the purpose of this proceeding, we will adopt the staff estimates. We concur with the staff's recommendation that applicant's proposed rates be authorized.

Economic Stabilization Act

Section 130.40 of the Economic Stabilization Act of 1970, as amended, exempts businesses with 60 or fewer employees. Applicant has only seven employees. Further, even if applicant were not exempted, the justification for the requested rate increases would, in this case, fall within the criteria established for non-exempted utilities.

Findings

1. Applicant is in need of additional revenues.
2. The staff estimates of operating revenues, operating expenses, and rate base for the test year 1973 reasonably indicate the results of applicant's operations for the near future.
3. A rate of return of 5.9 percent on applicant's rate base for 1973, for its domestic service, is not in excess of a reasonable return.
4. 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.
5. Applicant has fewer than 60 employees and is thus exempt from the requirements of the Economic Stabilization Act of 1970, as amended.
6. A public hearing is not necessary.

Based upon the foregoing findings, the Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that, after the effective date of this order, applicant Pomona Valley Water Company is authorized to file the revised rate schedules attached to the order as Appendix A. The 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 Los Angeles, California, this 27th day of MARCH, 1973.

Vermon L. Stearns
President
William Symons Jr.
William Jr.
John W. Wain
Samuel D. Wain
Commissioners

APPENDIX A
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Schedule No. L-1

Lower ZoneGENERAL METERED SERVICEAPPLICABILITY

Applicable to general metered water service.

TERRITORY

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

RATES

Quantity Rates:

	Per Meter Per Month	
First 800 cu.ft. or less	\$ 3.80	(I)
Next 1,200 cu.ft., per 100 cu.ft. ....	.42	|
Next 3,000 cu.ft., per 100 cu.ft. ....	.32	|
Next 20,000 cu.ft., per 100 cu.ft. ....	.21	|
Over 25,000 cu.ft., per 100 cu.ft. ....	.13	(I)

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 3.80	(I)
For 3/4-inch meter	5.00	
For 1-inch meter	8.00	
For 1 1/2-inch meter	9.50	
For 1 3/4-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.

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Schedule No. U-1

Upper ZoneGENERAL METERED SERVICEAPPLICABILITY

Applicable to general metered water service.

TERRITORY

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

RATES

Quantity Rates:

	Per Meter Per Month	
First 800 cu.ft. or less	\$ 4.30	(I)
Next 1,200 cu.ft., per 100 cu.ft. ....	.46	
Next 3,000 cu.ft., per 100 cu.ft. ....	.35	
Next 20,000 cu.ft., per 100 cu.ft. ....	.24	
Over 25,000 cu.ft., per 100 cu.ft. ....	.15	(I)

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 4.30	(I)
For 3/4-inch meter	5.70	
For 1-inch meter	9.00	
For 1 1/2-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.

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Schedule No. 3-M

MEASURED IRRIGATION SERVICEAPPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

Los Serranos Village and vicinity, San Bernardino County.

RATES

		Per Acre-Foot
Zone 1 Quantity Rates:		<u>Per Service Connection</u>
For gravity flow deliveries	\$23.50	(I)
For pressure system deliveries	35.50	
Zone 2 Quantity Rate:		
For pressure system deliveries	36.50	
Zone 3 Quantity Rate:		
For pressure system deliveries	44.50	(I)
Minimum Monthly Charge:*		<u>Per Meter</u>
		<u>Per Month</u>
For 1-inch meter	\$ 6.00	
For 1½-inch meter	8.00	
For 2-inch meter	12.10	
For 3-inch meter	20.00	
For 4-inch meter	33.00	
For 6-inch meter	60.00	
For 8-inch meter	90.00	
For 10-inch meter	130.00	

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

* Not applicable to gravity flow deliveries or to scheduled pressure system deliveries.

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Schedule No. 3-M

MEASURED IRRIGATION SERVICE

(Continued)

SPECIAL CONDITIONS

1. Zone 1 rates shall apply to that portion of the territory which is North of Little Chino Creek and the Flood Control Channel and formerly served by Rolling Ridge Ranch.
2. Zone 2 rates shall apply to that portion of the territory South of Little Chino Creek and the Flood Control Channel, including golf courses of Los Serranos Country Club, and to the territory served from Reservoirs Nos. 1 and 3.
3. Zone 3 rates shall apply to that portion of the territory where water is served by boosting from Zone 2.
4. The minimum delivery charge for each scheduled irrigation delivery (gravity or pressure) shall be the charge for one acre-foot at the applicable zone rate.
5. The water supplied under this schedule which was formerly served by Rolling Ridge Ranch is untreated water. The company does not represent or guarantee that any water delivered hereunder, formerly served by Rolling Ridge Ranch, is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available or offers it to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith.

(D)

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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

Quantity Rate:	Per Meter Per Month	
Per 100 cu.ft.	\$0.16	(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.