

ORIGINAL

Decision No. 81461

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of )  
CALIFORNIA-AMERICAN WATER COMPANY for )  
an order effective on July 1, 1973 )  
authorizing it to increase the rates )  
for water service in its Village )  
District to offset increases in the )  
costs of purchased water, electric )  
power for pumping, ad valorem taxes )  
and State Corporation Franchise Tax. )

Application No. 53916  
(Filed March 23, 1973)

O P I N I O N

California-American Water Company (CAWC) seeks authority to increase water rates in its Village District by 6.7 percent to yield an additional annual amount of \$94,900 in gross revenue to offset increased purchased water costs, increased electric power costs, increased ad valorem taxes, and increased State corporation franchise taxes.

CAWC, a California corporation, renders public utility water service in portions of San Diego, Los Angeles, Ventura, and Monterey Counties. The Village District consists of approximately 20 square miles of service area in southern Ventura County in and/or adjacent to portions of the cities of Thousand Oaks and Camarillo, and the unincorporated area of Newbury Park.

Water is supplied to the Village District from 10 company-owned wells and 10 connections to the Calleguas Municipal Water District. On December 31, 1972 the Village District served 8,576 general service metered customers, 1,038 public fire protection hydrants, and 29 private fire protection connections through a distribution system of approximately 137 miles of mains ranging in size up to 18 inches in diameter.

CAWC's presently effective Village District rates were established by Decision No. 80164 dated June 13, 1972 in Application No. 52344.

Increased Purchased Water Costs

In the recorded year 1972 CAWC purchased 91.4 percent of the Village District water supply from Calleguas Municipal Water District (CMWD), a member agency of the Metropolitan Water District of Southern California. Effective July 1, 1973 CMWD will increase its rates from \$70 per acre-foot, adopted in Decision No. 80164, to \$83 per acre-foot, resulting in an estimated increase in the Village District's purchased water costs of \$77,300.

Increased Electric Power Costs

Decision No. 80164 reflects the adoption of electric power pumping costs computed in accordance with Southern California Edison Company's (Edison) rates in effect at that time. A fuel cost adjustment clause was subsequently authorized by Decision No. 79838 dated March 21, 1972 establishing a procedure whereby Edison could incrementally change its rates to reflect changes in fuel costs. In accordance with this procedure an increase of 0.155 cents per kilowatt hour was authorized, effective February 1, 1973, resulting in an estimated increase in the Village District's electric power costs of \$3,200.

Increased Ad Valorem Taxes

The recorded effective tax rate for the year 1972 was \$2.17 per \$100 of beginning-of-year gross plant as compared to \$2.02 per \$100 of beginning-of-year gross plant utilized in Decision No. 80164. The increase in ad valorem taxes to the Village District resulting from the increase in effective tax rate is estimated to be \$10,100.

Increased State Corporation Franchise Tax

Effective July 1, 1973 the general corporate tax rate will increase from 7.6 to 9.0 percent of taxable income, resulting in an increase in the state tax of \$4,300 for the district.

Rate of Return

The adopted rate of return in Decision No. 80164 was 7.8 percent for the test year 1971. Exhibit C to the application shows that the effect of the increased costs on test year 1971 adopted results would be to reduce the return from 7.80 percent to 6.51 percent and that the adoption of the proposed rates would increase this return to 7.78 percent. The Commission staff prepared a report dated April 17, 1973 setting forth the results of its investigation and analysis of the application. This report, herein received as Exhibit 1, states that independently developed staff work papers support the reasonableness of CAWC's computations and confirm that the requested increase would not produce earnings that would exceed the rate of return authorized by Decision No. 80164.

Rates

CAWC's proposed rates are set forth in Exhibit D to the application and represent an across-the-board 6.7 percent increase applied to existing rates. The staff in Exhibit 1 recommended the adoption of these rates.

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

Findings

1. Effective July 1, 1973 applicant will have experienced increased purchased water costs, increased electric power costs, increased ad valorem taxes, and increased state corporation franchise taxes not heretofore included in expenses allowed for rate-making purposes.

2. The estimated amounts of these increases as set forth in the application and Exhibit 1 are reasonable.

3. The increases authorized herein will offset the increase of these expenses to the extent necessary to restore approximately the 7.8 percent rate of return authorized by Decision No. 80164.

4. The increases in 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. The authorized increase is consistent with Rule 23.1, effective August 2, 1972, of the Commission's Rules of Procedure:

(a) The increase is cost-justified and does not reflect future inflationary expectations;

(b) The increase is the minimum required to assure continued, adequate, and safe service and to provide for necessary expansion to meet future requirements;

(c) The increase will not achieve in excess of the minimum rate of return needed to attract capital at reasonable cost and not to impair the credit of applicant; and

(d) The increase takes into account expected and obtainable productivity gains.

A public hearing is not necessary.

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 California-American Water Company is authorized to file the revised rate schedules attached to this order as Appendix A and concurrently to cancel and withdraw presently effective schedules. Such filing shall comply with General Order No. 96-A.

The effective date of the revised schedules shall be five days after the date of filing but not earlier than July 1, 1973. The revised schedules shall apply to service rendered on and after the effective date thereof.

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

San Francisco

Dated at \_\_\_\_\_, California,  
this 12<sup>th</sup> day of JUNE, 1973.

William L. Stinson  
President  
William J. Lyons

Albert M. ...  
...  
Commissioners

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

APPENDIX A  
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## Schedule No. V-1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of Thousand Oaks, Newbury Park, an area adjacent to Camarillo, and vicinity, Ventura County.

RATES

## Quantity Rates:

Per Meter  
Per Month

First	500 cu.ft. or less.....	\$ 4.80
Next	2,500 cu.ft., per 100 cu.ft. ....	0.40
Next	2,000 cu.ft., per 100 cu.ft. ....	0.37
Next	5,000 cu.ft., per 100 cu.ft. ....	0.33
Over	10,000 cu.ft., per 100 cu.ft. ....	0.31

(I)

## Minimum Charge:

For	5/8 x 3/4-inch meter.....	\$ 4.80
For	3/4-inch meter.....	5.85
For	1-inch meter.....	8.00
For	1 1/2-inch meter.....	14.00
For	2-inch meter.....	20.00
For	3-inch meter.....	34.00
For	4-inch meter.....	53.00
For	6-inch meter.....	101.00
For	8-inch meter.....	155.00

(I)

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

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Schedule No. V-9FL

FLAT RATE SCHEDULE

APPLICABILITY

This rate is available only to a subdivider building a minimum of fifteen (15) homes within a tract approved by the County of Ventura or City of Thousand Oaks in area served by the Village Division.

TERRITORY

Portions of Thousand Oaks, Newbury Park, an area adjacent to Camarillo, and vicinity, Ventura County.

RATES

Monthly Charge per Water Connection.....\$3.20 (I)

SPECIAL CONDITIONS

1. Service shall be furnished under the above charge at a flat rate per lot as soon as connection has been made to the water system by means of a service pipe or a jumper. Upon occupancy, service will be furnished only in accordance with filed Rules & Regulations and billed at General Metered Service rates.
2. Charges under this rate schedule shall be billed to subdividers only. The subdivider shall be liable for the charge until such time as the new owner or occupant signs an application for metered service, or until the subdivider requests the removal of the service connection or jumper.
3. Where the water usage, in the opinion of the Company, exceeds the amount which would be allowable for the sum of \$3.20 under its General (I) Metered Service Quantity Rates, the Water Company may install a meter. In such a case, the General Metered Service Schedule minimum and quantity rates will apply.

Schedule No. V-9MC

METERED CONSTRUCTION SERVICE

APPLICABILITY

Applicable to all water service furnished for construction purposes.

TERRITORY

Portions of Thousand Oaks, Newbury Park, an area adjacent to Camarillo, and vicinity, Ventura County.

RATES

Quantity Rate:	<u>Per Meter</u> <u>Per Month</u>	
For all water delivered, per 100 cu.ft. ....	\$ .59	(I)
Minimum Charge:	<u>Per Day</u>	
For all sizes of meters.....	\$10.00	

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

SPECIAL CONDITIONS

1. Construction water service under this schedule will be furnished only when surplus water is available over the requirements for domestic service and under conditions which will not adversely affect domestic service. The utility will be the sole judge as to the availability of such surplus water.

(Continued)



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Schedule No. V-9 MC

METERED CONSTRUCTION SERVICE

SPECIAL CONDITIONS - Contd.

2. Applicants for metered construction service will be required to apply for the service at least 48 hours in advance of the time of delivery of water is requested and to pay the costs and charges as provided in Rule 13, Temporary Service.