

Decision No. 81640

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Tustin Water Works for an order autho-)
rizing it to increase on July 1, 1973)
the rates for water service to offset)
increases in the price of purchased)
water, water replenishment tax rates)
and electric power pumping rates.)

Application No. 54042
(Filed May 18, 1973;
amended May 24, 1973)

O P I N I O N

By this application Tustin Water Works seeks authority to increase its rates for water service to offset the effects of increases in the price of purchased water, water replenishment tax rates, and electric power rates. The specific authority being sought is to increase the quantity rate per 100 cubic feet from \$0.163 to \$0.179. The requested increase would add about \$0.32 to the monthly bill of a typical commercial customer with a consumption of 2,000 cubic feet per month presently costing \$5.16. It would produce about a 6.7% increase in annual gross revenues.

Copies of the application have been served and notice of the filing of the application has been published, 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 June 15, 1973. The staff report hereby is received as Exhibit 1.

Applicant is a public utility rendering water service to approximately 13,000 customers in Tustin, and portions of Santa Ana, Orange, and vicinity in Orange County. Three of these customers have written letters to the Commission protesting the rate increase being sought. Their opposition appears to have been prompted by an episode of inadequate service pressure during a recent hot spell. The staff has investigated these service

complaints and reports that remedial measures which appear adequate either have been taken or will be taken by the applicant.

Both the applicant and the staff have analyzed applicant's 1972 level of operations to determine the additional revenue requirement needed to offset increases in costs of providing water supply. Substantial increases in these costs have already been experienced and more increases become effective July 1, 1973. The staff has determined that the full year effect of increases in purchased water, pumping taxes, and power costs is \$86,658 whereas applicant's proposed increase of \$0.016 per 100 cubic feet in its quantity rate would increase annual gross revenues by \$74,660 or by approximately \$12,000 less than the \$86,658 increases in costs of providing water supply. Accordingly, the proposed rate increase is insufficient to restore applicant's operating results to the 8.1% rate of return found reasonable in Decision No. 77240 dated May 19, 1970 in Application No. 51588. The staff study indicates that a 7.3% rate of return may be achieved with the applicant proposed rate. The staff recommends that the application be granted.

Findings

1. Applicant has already experienced certain increases, and on July 1, 1973 will experience further increases, in costs of water supply over and above those costs recognized in Decision No. 77240.
2. The estimated amounts of these increases in expenses as set forth in the application and in Exhibit 1 are reasonable.
3. The rate increase to be authorized will offset the effect of most of the increases in these expenses but will not produce earnings in excess of the 8.1% rate of return found reasonable in Decision No. 77240.
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.

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5. Rule 23.1 of the Commission's Rules of Procedure does not apply to the rate increase authorized herein because applicant qualifies for the small business exemption set forth in Title 6, Economic Stabilization, Section 130.40, Subpart E.

A public hearing is not necessary.

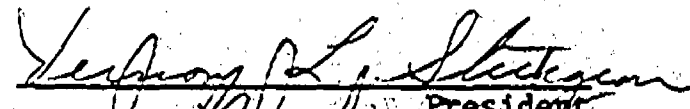
The Commission therefore concludes that the application should be granted.


O R D E R

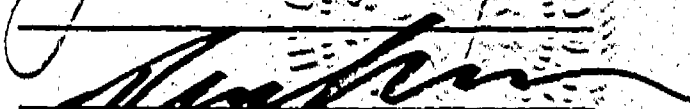
IT IS ORDERED that after the effective date of this order Tustin Water Works is authorized to file the revised rate schedule attached to this order as Appendix A and concurrently to cancel and withdraw the presently effective schedule. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be five days after the date of filing but not earlier than August 13, 1973. The revised schedule shall apply to service rendered on and after the effective date thereof.


The effective date of this order is August 13, 1973.

Dated at San Francisco, California, this 24th
day of JULY, 1973.



President






Commissioners

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

APPENDIX A

Schedule No. 1

METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Tustin and portions of Santa Ana, Orange and vicinity, Orange County.

RATES

		<u>Per Meter</u> <u>Per Month</u>
Service Charge:		
For 5/8 x 3/4-inch meter		\$ 1.90
For 1-inch meter		2.65
For 1 1/2-inch meter		4.00
For 2-inch meter		6.50
For 3-inch meter		10.00
For 4-inch meter		15.00
For 6-inch meter		23.00

Quantity Rate:

For all water delivered, per 100 cu.ft. \$ 0.179

(I)

The Service Charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rate, for water used during the month.

(D)