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ORIGINAL

Decision No. 81680

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application )  
of the SOUTHERN CALIFORNIA WATER )  
COMPANY for an order authorizing )  
it to increase the rates for water )  
service in its Culver City District )  
to offset the increase in the price )  
of water purchased from The Metro- )  
politan Water District of Southern )  
California. )

Application No. 54083  
(Filed June 1, 1973)

O P I N I O N

Southern California Water Company (SCWC) seeks authority to increase its Culver City District general service metered water rates \$72,114 (7.74 percent) annually to offset the increase in the price of water purchased from the West Basin Municipal Water District (WBMWD), an agency of the Metropolitan Water District of Southern California (MWD).

SCWC, a California corporation, renders public utility water service in portions of Contra Costa, Imperial, Los Angeles, Orange, Sacramento, San Bernardino, and Ventura counties. It also renders electric service in the vicinity of Big Bear Lake in San Bernardino County.

The Culver City District lies substantially within the boundaries of Culver City in the west central portion of the Los Angeles basin. On December 31, 1972 Culver City District served 8,126 general service metered customers, 103 flat rate private fire connection customers, and 602 public fire hydrants.

SCWC purchases approximately 90 percent of its Culver City District water supply through three connections to the facilities of WBMWD, a member agency of MWD. The balance of the Culver City District water supply is obtained from two company-owned wells.

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Prior to the President's sixty-day price freeze, WBMWD intended to increase the price of MWD water \$11.10 per acre-foot effective July 1, 1973. SCWC alleges that at the intended July 1, 1973 water purchase prices, the increase in this expense for the Culver City District would have been \$77,040 for the adjusted year 1972.

SCWC alleges that should the Commission grant the requested \$72,114 increase to offset the increased purchased water cost, its rate of return will not exceed the last authorized rate of return of 7.82 percent for 1970, 7.57 percent for 1971, and 7.32 percent for 1972 granted in Decision No. 77365 dated June 16, 1970. Exhibit B to the application shows that the increased water purchase costs will decrease the Culver City District adjusted year 1972 rate of return from 7.42 percent to 6.04 percent and that the requested increase would raise this to 7.32 percent. The Commission staff prepared a report dated July 9, 1973 setting forth the results of its investigation and analysis of the application. This report, received as Exhibit 1, states that the staff, after review of the application, SCWC's work papers, and formal matters pertaining to the last general rate increase, concludes that SCWC's computations are reasonable. The requested rate increases will offset the increased expenses resulting from the increases in water costs, and the rate of return at the requested rates will not exceed the last authorized rate of return.

SCWC's proposed rates are set forth in Exhibit C to the application and represent a uniform increase in the quantity charge of 2.9 cents per hundred cubic feet. The staff in Exhibit 1 recommended the adoption of the proposed rates on or after the effective date of proposed increased charges by WBMWD.

Findings

1. Should the West Basin Municipal Water District effect its contemplated increase of \$11.10 per acre-foot in the cost of purchased water, applicant will experience an increase in purchased water cost of approximately \$77,040 not heretofore included in expenses allowed for ratemaking purposes.

2. The increases authorized herein will offset most of the increase in purchased water expense but will not produce revenues that will produce a rate of return that will exceed the rate of return found reasonable in Decision No. 77365 dated June 16, 1970 on Application No. 51412 for a general rate increase for the Culver City District.

3. The increases in rates and charges authorized by this decision are justified and are reasonable; and the present rates and charges, insofar as they differ from those prescribed by this decision are for the future unjust and unreasonable.

4. 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 on or 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. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be not earlier than August 13, 1973 and not earlier than the effective date of the \$11.10 per acre-foot increase in the cost of purchased water charged by West Basin Municipal Water District. The revised schedules shall apply 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 31<sup>st</sup>  
day of JULY, 1973.

William J. ... President  
...  
... Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

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

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APPENDIX A

Schedule No. CC-1

Culver City District

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Culver City and vicinity, Los Angeles County.

RATES

		Per Meter Per Month
Quantity Rate:		
For all water delivered, per 100 cu.ft. ....		\$ 0.312 (I)
Service Charge:		
For 5/8 x 3/4-inch meter .....		\$ 1.90
For 3/4-inch meter .....		2.10
For 1-inch meter .....		2.70
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
For 10-inch meter .....		90.00

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 Rate.