

Decision No. 81687

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA WATER SERVICE COMPANY,)
a corporation, for an order autho-)
rizing it to increase rates charged)
for water service in the Hermosa-)
Redondo district in order to offset)
(a) an increase in the cost of)
water purchased from the West Basin)
Municipal Water District, (b) an)
increase in the cost of power)
purchased from Southern California)
Edison Company and (c) an increase)
in the rate of the State Franchise)
Tax.)

Application No. 53940
(Filed April 6, 1973)

O P I N I O N

By this application California Water Service Company requests a 4.0 percent increase in rates for metered service in its Hermosa-Redondo District to offset the effects of increases in purchased water costs, in purchased power costs, and in the state corporation franchise tax rate. The requested increase is \$0.02 per 100 cubic feet sold, which would add about \$0.40 to the monthly bill of a typical commercial customer with a consumption of 2,000 cubic feet per month. It would produce an increase in annual gross revenues of \$105,700 and is designed to offset increases of \$10.00 per acre-foot for purchased water effective July 1, 1973, 0.124 cents per kilowatt-hour for purchased power, and the effect of the increase of the state corporation franchise tax rate from 7.6 percent to 9.0 percent effective July 1, 1973.

Applicant, a California corporation, is presently engaged in the business of the supply and distribution of water for domestic and industrial purposes in many localities in the State of California, including the cities of Hermosa Beach and Redondo Beach, a small

portion of the city of Torrance, and unincorporated areas in the county of Los Angeles. Its rates for metered service now in effect for this district were authorized by Decision No. 80396 dated August 29, 1972 in Application No. 53331.

The Commission staff has reviewed information contained in this application as well as work papers which applicant has developed in connection therewith and has made an independent analysis. The results of the staff study are contained in a report dated April 25, 1973 and are received as Exhibit No. 1. The staff has determined that applicant's computations supporting the requested increase in rates are reasonable and concludes that while such increase will offset the effect of the increased expenses previously specified, it will not produce earnings in excess of the 7.55 percent rate of return found reasonable for this district (Decision No. 78807 dated June 22, 1971 in Application No. 52055). The staff recommends that the application be granted. Notice of the application was given in accordance with the Commission's Rules; there are no protests.

Findings

1. Effective July 1, 1973 applicant will have experienced increased purchased water costs, increased electric power costs, and increased state corporation franchise taxes not heretofore included in expenses allowed for rate-making purposes.
2. The estimated amounts of these increases in expenses as set forth in the application and Exhibit 1 are reasonable.
3. The rate increase to be authorized will offset the effect of the increases in these expenses to the extent necessary to restore approximately the 7.55 percent rate of return found reasonable in Decision No. 78807.
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 does not reflect any increase in labor costs or in productivity. (Productivity gains are neither expected nor appear obtainable.)

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 on or after the effective date of this order California Water Service 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.

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The revised schedule 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 31st day of JULY, 1973.

William S. Gerson President
[Signature]
[Signature] 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.

APPENDIX A

Schedule No. HR-1

Hermosa-Redondo District

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Hermosa Beach, Redondo Beach, Torrance and vicinity, Los Angeles County.

RATES

Quantity Rate:		Per Meter Per Month
For all water delivered, per 100 cu. ft. ...		\$ 0.334
Service Charge:		
For	5/8 x 3/4-inch meter	\$ 3.00
For	3/4-inch meter	3.30
For	1-inch meter	4.50
For	1 1/2-inch meter	6.30
For	2-inch meter	8.10
For	3-inch meter	15.00
For	4-inch meter	20.40
For	6-inch meter	33.90
For	8-inch meter	50.40
For	10-inch meter	62.40

The Service Charge is a readiness-to-serve charge to which is to be added the monthly charge computed at the Quantity Rate.