

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application No. 54027
(Filed May 10, 1973;
amended June 4, 1973).

O P I N I O N

Applicant operates public utility domestic water systems in and around El Monte and Whittier in Los Angeles County, and Fontana in San Bernardino County.

During the calendar year 1972 applicant employed an average of 119.5 persons in its total utility operations. On March 31, 1973 it employed 125 persons in its total utility operations.

Applicant's present general metered service rates in its El Monte Division, in which it had 25,365 active metered services as of December 31, 1972, are those authorized by Decision No. 80315 dated July 25, 1972. In that decision rates were authorized which were expected to produce an average rate of return of 7.7 percent.

Applicant states that for the recorded year 1972 it had a rate of return in its El Monte Division of 6.86 percent (Exhibit D on application); that it is a party to a stipulation and agreement filed in Application No. 53375 (Re Azusa Valley Water Company, et al.) "For approval of Agreement with respect to Production of Water from the San Gabriel Basin"; that the Commission by Decision No. 80272 dated July 18, 1972 authorized applicant and

other water public utilities to carry out the terms of the stipulation and agreement for judgment in Los Angeles County Superior Court Case No. 924128; that as the result of the judgment rendered December 29, 1972 applicant will be required to pay a replacement water assessment on water produced after June 30, 1973 from the Main San Gabriel Basin in excess of its share of the basin's operating safe yield (pumping right); that applicant has been notified that based upon an operating safe yield of 210,000 acre-feet set by the Main San Gabriel Basin Watermaster at a hearing on May 7, 1973 it can extract not more than its total pumping right of 17,701.32 acre-feet from the basin for the 1973-74 fiscal year (July 1 through June 30, following) free of a replacement water assessment; that the replacement water assessment will be \$30 per acre-foot; and that based upon 1973-74 normalized water production of 25,949.68 acre-feet this will require applicant to pay a replacement water assessment of \$247,450.88 (2,248.36 acre-feet x \$30).

Applicant further alleges that it was notified April 16, 1973 that the Watermaster has set an assessment for administrative costs (Watermaster Administrative Assessment) of 35¢ per acre-foot of production and that, based upon the expected normalized production of 25,949.68 acre-feet, this will result in an expenditure of \$9,082 during the year 1973-74.

Applicant alleges that during the period July 1, 1973 through June 30, 1974 1,990 acre-feet produced in the Main San Gabriel Basin will be transported to its Whittier Division; that, on that basis, the resulting deficiency in the amount of water which can be produced from the basin for the El Monte Division in the 1973-74 fiscal year without payment of the Replacement Water Assessment is 7,619.18 acre-feet as shown below; that it is upon this figure that offset relief for the El Monte Division is requested; and that the deficiency for the Whittier Division will

be the subject of a separate rate application pertaining to that division.

Estimated Production (Normalized Basis) in Acre-feet
From the Main San Gabriel Basin 1973-74

	<u>Total</u>	<u>Per-centage</u>	<u>El Monte Division</u>	<u>Whittier Division</u>
Production	25,949.68	100.0	23,959.68	1,990.00
Pumping Right	<u>17,701.32</u>	<u>68.2</u>	<u>16,340.50</u>	<u>1,360.82</u>
Assessable Pumping	<u>8,248.36</u>	<u>31.8</u>	<u>7,619.18</u>	<u>629.18</u>

Applicant alleges that the increase in expense is related to and varies with the production of water and therefore it proposes that the quantity charge be changed; that no change is proposed in the minimum charge; and that present and proposed rates for general metered service are as follows:

Quantity Rates:	<u>Present Per Meter Per Month</u>	<u>Proposed Per Meter Per Month</u>
First 400 cu.ft. or less.....	\$ 2.50	\$ 2.50
Next 4,600 cu.ft., per 100 cu. ft...	0.142	0.164
Over 5,000 cu.ft., per 100 cu. ft...	0.125	0.156

Minimum Charge:

For 5/8 x 3/4-inch meter.....	\$ 2.50	\$ 2.50
For 3/4-inch meter.....	2.90	2.90
For 1-inch meter.....	3.70	3.70
For 1-1/2-inch meter.....	5.75	5.75
For 2-inch meter.....	8.00	8.00
For 3-inch meter.....	13.75	13.75
For 4-inch meter.....	21.50	21.50
For 6-inch meter.....	58.00	58.00
For 8-inch meter.....	98.00	98.00
For 10-inch meter.....	148.00	148.00

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

Applicant states that 25,162 bimonthly and 309 monthly customers in the El Monte Division will be billed during the period July 1, 1973 to June 30, 1974 which under the rates proposed will result in net offset revenues of \$221,696; that the basis for the estimate is set forth in Exhibit D on the application; that these added revenues will give applicant a rate of return in its El Monte Division of 7.70 percent; and that this is the return held reasonable by Decision No. 80315.

Copies of the application were served and publication was made as required by this Commission. There were no protests.

The Commission staff reviewed and analyzed the application and prepared a report dated May 29, 1973 which has been filed as Exhibit 1. This report considers the increased cost of water to applicant. The staff states that the increased cost of water will be offset by the proposed increased rates and that applicant's earnings in its El Monte Division will not exceed the previously authorized rate of return.

Findings

1. Applicant is in need of increased revenues to offset the increase in the cost of water pumped.

2. Applicant's estimates of the increased revenue required to offset the future effect of the increased costs referred to herein are reasonable.

3. The rates authorized herein are needed by applicant to offset increased costs of operation and to keep applicant's earnings within the zone of reasonableness.

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. A public hearing is not necessary.

6. The authorized increase is consistent with Rule 23.1 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.

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 San Gabriel Valley 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.

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The revised schedule shall apply only 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 J. Quinn 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. EM-1

El Monte DivisionMETERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Arcadia, Baldwin Park, El Monte, Industry, La Puente, Montebello, Monterey Park, Rosemead, San Gabriel, South El Monte, and West Covina, and vicinity, Los Angeles County.

RATES

Quantity Rates:

Per Meter
Per Month

First 400 cu.ft. or less	\$ 2.50	
Next 4,600 cu.ft., per 100 cu.ft.	0.164	(I)
Over 5,000 cu.ft., per 100 cu.ft.	0.156	(I)

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.50
For 3/4-inch meter	2.90
For 1-inch meter	3.70
For 1-1/2-inch meter	5.75
For 2-inch meter	8.00
For 3-inch meter	13.75
For 4-inch meter	21.50
For 6-inch meter	58.00
For 8-inch meter	98.00
For 10-inch meter	148.00

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