

Decision No. 81750

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SAN GABRIEL VALLEY WATER COMPANY for)
authority to increase rates charged)
for water service in its Whittier)
Division to offset increased Water)
Costs.)

Application No. 54093
(Filed June 6, 1973)

O P I N I O N

San Gabriel Valley Water Company (SGV), seeks authority to increase general metered service rates in its Whittier Division to offset increased water costs.

A major portion of the supply for the Whittier Division is pumped from company owned wells in the Central Basin within which the Division is wholly located. Another portion of the supply is Colorado River Water purchased from the Central Basin Municipal Water District (CBMWD) provided through facilities of the Metropolitan Water District of Southern California (MWD). The remaining water supply is produced by San Gabriel in the main San Gabriel basin and transported to the Whittier Division.

The Whittier District includes portions of the cities of Whittier, Pico Rivera, Montebello, and Santa Fe Springs and unincorporated areas in the county of Los Angeles. SGV served 12,595 metered services in its Whittier Division as of December 31, 1972.

The increases which SGV seeks to offset, for test year July 1, 1973 to June 30, 1974, consist of \$17,385 to reflect a \$19 per acre foot rate increase for 915 acre feet of water purchased from CBMWD; \$697 for a \$0.35 per acre foot administrative charge for 1,990 acre feet levied by the Main San Gabriel Basin Watermaster; and \$18,875 payable to the Main San Gabriel Basin

Replacement Watermaster to pay an assessment for pumping of 629.18 acre feet in excess of its share of the basin's operating safe yield, at \$30 an acre foot. Additional amounts for uncollectibles, \$119, franchise taxes, \$299, less a \$1,532 allocation to the SGV's El Monte Division result in a revenue requirement of \$35,843. San Gabriel estimated the offsetting revenue increase of \$35,705 based upon water usage in Decision No. 75726, dated June 3, 1969. SGV proposes no increase in the monthly 800 cubic feet or less minimum block or in minimum charges. The requested increase is 1.2¢ per hundred cubic feet for all monthly consumption in excess of 800 cubic feet. The requested increase for a typical commercial customer with a consumption of 2,600 cubic feet per month would be 22 cents per month, from \$7.29 to \$7.51. The increase in gross revenues would be 3.1 percent for the estimated test year. Applicant's recorded rate of return for 1972 was 6.5 percent. The estimated test year rate of return of 7.0 percent at present rates would decline if revenues were not increased to offset the above mentioned increase in expenses. The rate of return remains at 7.0 percent at proposed rates. SGV's rate of return will decline if any district not restricted by the price freeze increases its charges to SGV prior to August 12, 1973.

The watermaster's estimate of declines in safe yield in the Main San Gabriel Basin would tend to result in increased water charges in the future.

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

The Commission staff reviewed the basis for the proposed increase and prepared a report dated July 9, 1973, which has been received as Exhibit No. 1. The staff concludes that the higher rates will offset applicant's increased expenses and that applicant's earnings will not exceed the previously authorized 7.0 percent rate of return for the district.

Findings and Conclusions

1. SGV is in need of increase rates to offset increases in costs for water purchased from CBMWD, for a replacement water assessment for production in excess of its share of the basin's operating safe yield during the fiscal year 1973-1974, for an administrative assessment for watermaster services, and for related uncollectibles and franchise costs.

2. Applicant's estimates of the revenue increases required to offset the future effect of the above mentioned increase costs are reasonable.

3. 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.

4. A public hearing is not necessary.

5. The rates authorized herein are needed by applicant to offset increased costs of operation and to keep applicant's earnings at a reasonable level.

6. The rate increase authorized herein is consistent with Rule 23.1 of this Commission's Rule of Procedure:

- a. The proposed rate increase is cost justified. The increase in revenues sought in this proceeding is to offset increased expenses for the test year and does not reflect future inflationary expectations.
- b. The increase is the minimum required to assure continued, adequate and safe service.
- c. The requested increase will offset increased costs and will result in a rate of return which does not exceed the 7.0 percent rate of return found reasonable for this district

in a general rate increase proceeding.
This rate of return is necessary to attract capital at reasonable cost so as not to impair the SGV's credit.

The Commission concludes that the requested increase in rates should be granted. A public hearing is not necessary.

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 five days after the date of filing. 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 14th
day of AUGUST, 1973.

James L. Stanger
President
J. M. Martin
John W. Holmes
Commissioners

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

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

Schedule No. WH-1

Whittier DivisionGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Whittier, Pico Rivera, Montebello and Santa Fe Springs, and vicinity, Los Angeles County.

RATES

Quantity Rates:		Per Meter Per Month
First	800 cu.ft. or less	\$ 3.28
Next	4,200 cu.ft., per 100 cu.ft.235 (I)
Over	5,000 cu.ft., per 100 cu.ft.204 (I)

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 3.28
For	3/4-inch meter	4.55
For	1-inch meter	7.10
For	1-1/2-inch meter	12.15
For	2-inch meter	18.00
For	3-inch meter	33.00
For	4-inch meter	53.00
For	6-inch meter	96.00
For	8-inch meter	126.00
For	10-inch meter	177.00

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