

Decision No. 81769

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
VALLECITO WATER COMPANY for
authority to increase rates charged
for water service to offset increased
Water Costs.

Application No. 54044
(Filed May 17, 1973;
amended June 4, 1973)

O P I N I O N

By this application, Vallecito Water Company requests authority to make limited increases in its quantity rates for water service to offset the increased assessment for replacement water and administrative costs in the amount of \$46,700 imposed by the Main San Gabriel Basin Watermaster.

An engineer from the Commission's staff conducted an independent study of applicant's request. His report dated July 11, 1973 is as follows:

- "1. This report presents the results of an investigation by the Commission staff in connection with the above application filed May 17, 1973. Applicant has requested an increase in the quantity rate of 2.6¢ in the first block and 2.4¢ in the second block for general metered service and 2.6¢ in the second block for irrigation service. This will offset the effects of a \$30 per acre-foot ground water assessment on water produced from the San Gabriel basin in excess of its adjudicated pumping rights. The requested increases would add about 68¢ to the monthly bill of a typical commercial customer with a consumption of 2,600 cubic feet per month presently costing \$8.67. The requested rates will increase gross revenues by 7.8% on estimated test year.

- "2. The Commission staff has reviewed information contained in Application No. 54044 as well as work papers and formal matters pertaining to the last general rate increase. The staff concludes that:
- a. Applicant's computations are reasonable.
 - b. The requested rate increases will offset the increased expenses resulting from the increases in water cost.
 - c. Staff's adjusted 1972 study which reflects normal revenue of \$625,400 indicated a rate of return below the authorized rate of return. The rate of return which would be produced under the conditions set forth in the application would not exceed the previously authorized rate of return of 8.35% for this district.

"Recommendation

- "3. Applicant should be authorized to file the schedule of proposed rates as set forth in the exhibits attached to the application, the increased rates to be effective on or after the effective date of the assessment."

Findings and Conclusion

The Commission finds that:

1. Applicant is in need of additional revenues, and the proposed rates set forth in the application are reasonable.
2. Applicant's estimates, previously discussed herein, reasonably indicate the results of its operations for the future and are adopted.
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 required.
5. 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.

6. In compliance with Rule 23.1 of the Commission's Rules of Procedure, the increase in rates provided for herein:

- a. Is cost-based and does not reflect future inflationary expectations;
- b. Is the minimum required to assure continued adequate, and safe service and to provide for necessary expansion to meet future requirements;
- c. Will achieve the minimum rate of return needed to attract capital at reasonable costs and not to impair the credit of the public utility.

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 after the effective date of this order, Vallecito Water Company is authorized to file the revised rate schedules attached to this order as Appendix A, and concurrently to withdraw and cancel the similar presently effective schedules. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be four days after the date of filing. The revised schedules 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 21st day
of AUGUST, 1973.

Vernon L. Sturgeon
President
William J. Lyons
William J. Lyons
William J. Lyons
Commissioners

APPENDIX A
Page 1 of 2

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of the City of Industry, the community of Hacienda Heights, and vicinity, Los Angeles County.

RATES

Quantity Rates:	Per Meter Per Month	
	Zone 1	Zone 2
First 20,000 cu.ft., per 100 cu.ft.	\$.225	\$.265 (I)
Over 20,000 cu.ft., per 100 cu.ft.174	.214 (I)
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 3.20	\$ 3.45
For 3/4-inch meter	3.50	3.80
For 1-inch meter	4.80	5.20
For 1 1/2-inch meter	6.40	6.90
For 2-inch meter	8.65	9.30
For 3-inch meter	16.00	17.25
For 4-inch meter	21.75	23.45
For 6-inch meter	36.15	N/A
For 8-inch meter	54.00	N/A

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 Rates, for water used during the month.

SPECIAL CONDITION

The boundaries of the zones are delineated on the tariff service area maps. Zone 1 includes areas generally lying below 700 feet elevation. Zone 2 includes areas generally above 700 feet elevation.

APPENDIX A
Page 2 of 2

Schedule No. 3

IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

Portions of the City of Industry, the community of Hacienda Heights, and vicinity, Los Angeles County.

RATES

Quantity Rates:	Per Service Connection Per Month	
	Zone 1	Zone 2
First 1,800 cu.ft. or less	\$4.10	\$4.90
Over 1,800 cu.ft., per 100 cu.ft.122	.153 (I)

Minimum Charge:

For each irrigation delivery	\$4.10	\$4.90
------------------------------------	--------	--------

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

SPECIAL CONDITION

The boundaries of the zones are delineated on the tariff service area maps. Zone 1 includes areas generally lying below 700 feet elevation. Zone 2 includes areas generally above 700 feet elevation. (D)