

ORIGINAL

Decision No. 81794

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
SOUTHERN CALIFORNIA WATER COMPANY }
for an order authorizing it to in- }
crease on August 13, 1973 the rates }
for water service in its Orange }
County District to offset increases }
in the price of purchased water, }
water replenishment tax rates and }
electric power pumping rates. }

Application No. 54137
(Filed June 26, 1973)

O P I N I O N

Southern California Water Company (SCWC) seeks authority to increase its Orange County District general service and irrigation service metered water rates \$138,058 (5.18 percent) annually to offset the following increases in expenses: \$53,000 (13.53 percent) in purchased water costs from the Municipal Water District of Orange County; \$62,153 (30.77 percent) for additional water replenishment assessment; \$20,941 (14.9 percent) in electric power pumping costs; and \$1,964 in street franchise taxes. The effective date of the increases in purchased water costs and increased water replenishment assessment was delayed from July 1, 1973 to August 13, 1973 by the President's 60-day price freeze. The electric power pumping increase became effective May 1, 1973 and was unaffected by the price freeze.

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 Orange County District includes portions of the cities of Cypress, Garden Grove, La Palma, Los Alamitos, Placentia, Santa Ana, Seal Beach, Stanton, Westminster, and

Yorba Linda, and unincorporated territory in the county of Orange. On December 31, 1972 Orange County District served 31,053 customers through distribution systems composed of mains ranging in size up to 16 inches in diameter.

SCWC purchases approximately 32 percent of its Orange County District water supply from the Municipal Water District of Orange County, a member of the Metropolitan Water District of Southern California. Effective August 13, 1973, the municipal water district will increase its prices \$8.00 an acre-foot for untreated water, and \$10.00 an acre-foot for filtered water, which based on 1972 operations, will increase SCWC's Orange County District purchased water costs from an average price of \$54.47 an acre-foot to \$61.84 an acre-foot, an increase of \$53,000 or 13.53 percent.

SCWC obtains the balance of its Orange County District water supply from 48 owned wells supplemented by minor purchases from the cities of Santa Ana and Seal Beach. Effective August 13, 1973 the Orange County Water District will increase the water replenishment assessment charge on each acre-foot of water pumped from the underlying basin from \$13.00 an acre-foot to \$17.00 an acre-foot, an increase of 30.77 percent or \$62,153 based on 1972 operations.

The Commission by Decision No. 79838 dated March 21, 1972 authorized a fuel cost adjustment clause establishing a procedure whereby Southern California Edison Company (Edison) could incrementally change its rates to reflect changes in fuel costs. In accordance with this procedure Edison was authorized to increase its rates effective May 1, 1973. The resulting increase to SCWC's Orange County District was \$20,941 or 14.9 percent based on 1972 energy purchases.

Street franchise taxes are levied by the various cities and counties in which SCWC operates and are computed as a percentage of revenue. The effect of granting the requested offset

increases in this application is to increase SCWC's Orange County District street franchise tax \$1,964.

SCWC alleges that should the Commission grant the requested \$138,058 increase to offset the increased costs previously discussed, its rate of return will not exceed the last authorized rate of return of 7.50 percent for 1972 and 7.73 percent for 1973 granted in Decision No. 79382 dated November 23, 1971 in Application No. 52370 for a general increase for SCWC's Orange County District. Exhibit C to the application shows that the increased costs will decrease the Orange County District recorded year 1972 rate of return from 7.50 percent to 6.80 percent and that the requested increase would raise this to 7.50 percent. The Commission staff prepared a report dated July 20, 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 purchased water costs, increased water replenishment assessment, increased electric power pumping costs, and increased street franchise tax, 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 D to the application and represent a uniform increase in the quantity charge of 1.5 cents per hundred cubic feet. At a representative usage of 20 ccf per month, a customer's bill would increase 30 cents or 4.76 percent over present rates. The staff in Exhibit 1 recommended the adoption of the proposed rates on or after the effective date of proposed increased purchased water costs.

Findings

1. Should the Municipal Water District of Orange County and the Orange County Water District effect their contemplated increases in the cost of purchased water and water replenishment assessment charges, SCWC's Orange County District will experience increased annual costs of approximately \$138,058, consisting of \$53,000 increased purchased water costs, \$62,153 of increased water replenishment assessment costs, \$20,941 of increased electric pumping costs, and \$1,964 increased street franchise tax, not heretofore included in expenses allowed for ratemaking purposes.

2. The increases authorized herein will offset these increased costs but will not produce revenues that will produce a rate of return that will exceed the rate of return found reasonable in Decision No. 79382 dated November 23, 1971 on Application No. 52370 for a general rate increase for the Orange County 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;

(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 schedules attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be not earlier than the effective date of the increase in the cost of purchased water from the Municipal Water District of Orange County and the increase of water replenishment assessment charges by the Orange County 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 21st day
of AUGUST, 1973.

Verma L. Sturges
President
William J. ...
...
...
Commissioners

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

APPENDIX A
Page 1 of 3

Schedule No. OC-1

Orange County District

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

All or portions of the Cities of Cypress, Garden Grove, La Palma, Los Alamitos, Placentia, Santa Ana, Seal Beach, Stanton, Westminster and Yorba Linda, and vicinity, Orange County.

RATES

Quantity Rates:	Per Meter Per Month	
First 100,000 cu.ft. per 100 cu.ft.	\$ 0.210	(I)
Over 100,000 cu.ft. per 100 cu.ft.	0.155	(I)

Service Charge:

For 5/8 x 3/4-inch meter	\$ 2.40
For 3/4-inch meter	2.50
For 1-inch meter	3.00
For 1-1/2-inch meter	4.40
For 2-inch meter	5.40
For 3-inch meter	10.00
For 4-inch meter	19.00
For 6-inch meter	30.00
For 8-inch meter	35.00
For 10-inch meter	60.00

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 Rates.

APPENDIX A
Page 2 of 3

Schedule No. OC-3M
Orange County District
METERED IRRIGATION SERVICE

APPLICABILITY

Applicable to irrigation service furnished on a metered basis to territory in this schedule.

TERRITORY

The incorporated City of Placentia.

RATES

	<u>Per Meter</u> <u>Per Year</u>	
Quantity Rate:		
For all water delivered, per 100 cu.ft.	\$ 0.131	(I)
Annual Service Charge:		
For 2-inch meter or smaller	\$ 35.00	
For 3-inch meter	50.00	
For 4-inch meter	95.00	
For 6-inch meter	180.00	
For 8-inch meter	225.00	

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.

(Continued)

APPENDIX A
Page 3 of 3

Schedule No. OC-3M

Orange County District

METERED IRRIGATION SERVICE

(Continued)

SPECIAL CONDITIONS

1. The Company shall not be required to install new mains to make this service available.
2. The annual service charge will be paid in advance and bills will be computed and rendered monthly based on the total quantity of water delivered.
3. The customer, when requiring irrigation water, shall notify the Company at least twenty-four (24) hours in advance, indicating the date and hour for commencement of such service.
4. No customer shall be eligible for service under this schedule unless irrigating five (5) or more acres of land for citrus or other commercial crops.
5. Service under this schedule is subordinate to all other service schedules offered in this tariff area and is subject to interruption in emergencies or at the Company's discretion. The Company will not be liable for damage occasioned by interruption of service supplied under this schedule.
6. The customer will pay, without refund, the actual cost of the irrigation service. The Company will furnish the meter at its expense.