

ORIGINAL

Decision No. 82448

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 El Monte }
Division to offset increased Power }
Costs. }

Application No. 54477
(Filed November 29, 1973)

O P I N I O N

San Gabriel Valley Water Company (San Gabriel) seeks authority to increase its El Monte Division metered rates^{1/} approximately \$87,200 (3.8 percent) to offset increased electric and natural gas costs.

San Gabriel is a California corporation engaged in the production, distribution, and sale of water in its El Monte and Whittier Divisions in Los Angeles County, California, and the distribution and sale of water in its Fontana Water Company Division in San Bernardino County, California. San Gabriel's El Monte Division serves over 27,000 customers in portions of Arcadia, Baldwin Park, El Monte, City of Industry, La Puente, Montebello, Monterey Park, Rosemead, San Gabriel, South El Monte, and West Covina. San Gabriel's presently effective El Monte Division rates were established by Decision No. 81706 dated July 31, 1973 on Application No. 54027 which authorized increases to offset increased water costs. The last general rate increase was authorized by Decision No. 80315 dated July 25, 1972 on Application No. 53003. In that decision rates were authorized which were expected to produce an average rate of return of 7.7 percent.

^{1/} No increase is proposed for its fire protection and flat rate services.

Increased Electric Power Costs

After rates were established by Decision No. 81706 the Commission raised the electric rates of the Southern California Edison Company (Edison) seven times. Edison supplies electricity to San Gabriel. San Gabriel states that its studies of the effect of these seven rate adjustments indicate increased electric costs of 46 percent over those in effect at the issuance of Decision No. 80315.

Increased Natural Gas Costs

The natural gas costs allowed in Decision No. 80315 were based on Southern California Gas Company's Schedule G-46 effective January 13, 1972. Decision No. 82042 effective November 2, 1973 on Southern California Gas Company's Application No. 54065 for authority to increase its rates to offset increases in the cost of purchased gas established Schedule G-45 for gas engine service and resulted in an estimated increase in San Gabriel's natural gas costs of 11 percent.

Rate of Return

San Gabriel alleges that its proposed rates applied to 25,162 bimonthly and 309 monthly customers estimated in the El Monte Division during the 1973-1974 test year will produce additional revenues of \$87,236 as set forth in Exhibit C to the application. Also set forth in Exhibit C is a summary of estimated operations for the test year 1973-1974 indicating increased electric and gas expenses of \$84,868, increased operating and maintenance expenses

of \$349 (uncollectibles), increased administrative and general expenses of \$768 (franchise tax), and increased income taxes of \$650, a total of \$86,635. The overall effect is to require an estimated increase in revenues of \$87,200 (rounded) to produce an estimated rate of return of 7.7 percent as authorized by Decision No. 81706. The Commission staff prepared a report dated December 21, 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, San Gabriel's work papers, and formal matters pertaining to the last general rate increase, concludes that San Gabriel's computations are reasonable; that the requested increase will offset increased expenses; and that 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 7.7 percent for this district.

Rates

San Gabriel 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 and that no change be made in the minimum charge. Present and proposed rates for general metered service are as follows:

Quantity Rates:		Present Per Meter Per Month	Proposed Per Meter Per Month
First	400 cu.ft. or less.....	\$ 2.50	\$ 2.50
Next	4,600 cu.ft., per 100 cu.ft....	0.164	0.174
Over	5,000 cu.ft., per 100 cu.ft....	0.156	0.166
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.

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

Findings

1. Applicant is in need of increased revenues to offset increases in electric and natural gas costs plus associated costs.
2. Applicant's estimate that \$87,200 of increased revenue is required to offset the future effect of increased costs referred to herein is reasonable, and rates to produce \$87,200 will be authorized.
3. The increases authorized herein will offset these increased costs but will not produce revenues that will result in a rate of return in excess of the rate of return found reasonable in Decision No. 80315 dated July 25, 1972 in Application No. 53003 for a general rate increase for the El Monte Division.
4. 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.

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 after the effective date of this order, San Gabriel Valley Water Company is authorized to file the revised rate schedules attached to this order as Appendix A, and concurrently to cancel and withdraw presently effective schedules for the general metered services. 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 shall be twenty days after the date hereof.

Dated at San Diego, California, this 5th
day of FEBRUARY, 1974.

Vernon L. Sturgeon
President
William J. Sympson, Jr.
[Signature]
[Signature]
Commissioners

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.174	(I)
Over 5,000 cu.ft., per 100 cu.ft.166	(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

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