

ORIGINAL

Decision No. 82577

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)

CALIFORNIA CITIES WATER COMPANY,
a California corporation,

For authorization to increase rates
and charges for water service in its
Cowan Heights District to offset
increases in the cost of purchased
water and power.

Application No. 54516
(Filed December 14, 1973;
amended January 15, 1974)

O P I N I O N

California Cities Water Company (CCWC) seeks authority to increase its Cowan Heights District metered rates^{1/} approximately \$7,210 (4.25 percent) to offset increased purchased water and electric power costs.

CCWC is a wholly owned subsidiary of Consolidated Water Company whose general office is located in Miami, Florida. CCWC operates water systems throughout California which are organized into six operating districts. The Cowan Heights District is located adjacent to the city of Tustin in Orange County. The other operating districts are located in Los Angeles, Santa Barbara, San Luis Obispo, Lake, and San Bernardino Counties. As of September 30, 1973 the recorded utility plant in CCWC's Cowan Heights District was \$898,734 with an accrued depreciation reserve of \$141,396.

CCWC's presently effective Cowan Heights District rates were established by Decision No. 79669 dated February 1, 1972 on Application No. 52176 for a general rate increase to the Cowan

^{1/} No increase is proposed for its public fire hydrant service and construction flat rate service rates.

Heights District. This decision authorized rates which were expected to produce a 7.6 percent return on rate base for the test year 1971.

CCWC purchases all of its water for the Cowan Heights District from the Red Hill Water Company, a California mutual water company.

Increased Purchased Water Costs

The Red Hill Water Company increased its rates from 90 cents to 95 cents per thousand cubic feet, effective November 1, 1973. This 5 cents per Mcf increase applied to 1971 test year purchased water quantities results in an increase in purchased water costs of \$2,350 over the amount allowed in Decision No. 79669.

Increased Electric Power Costs

After CCWC's rates were established by Decision No. 79669 the Commission authorized several increases in the electric rates of the Southern California Edison Company (Edison) who supplies electric service to CCWC's Cowan Heights District. The application of Edison's rates in effect on November 1, 1973 to 1971 test year purchased power quantities results in an increase in this expense of \$4,860 over the amount allowed in Decision No. 79669.

Rate of Return

CCWC alleges that its proposed rates applied to the 1971 test year summary of earnings adopted in Decision No. 79669 will produce additional revenues of \$7,210 as set forth in revised Exhibit B to the amended application. This \$7,210 estimated increase in revenues exactly offsets the estimated \$4,860 increase in the cost of purchased power and \$2,350 increase in the cost of purchased water resulting in the maintenance of the 7.6 percent rate of return authorized by Decision No. 79669. The Commission staff prepared a report dated January 25, 1974 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, the amended application, and the related exhibits and after preparing its own independent work papers, concludes that CCWC's computations are reasonable; that the requested increase will offset increased expenses resulting from an increase in the cost of purchased electric power and an increase in the cost of purchased water; and that the earnings which would be produced under the conditions set forth in the application and the amended application would not result in a rate of return in excess of that authorized by Decision No. 79669.

Rates

CCWC's Cowan Heights District present and proposed rates for general metered service are as follows:

Quantity Rates:	Present Per Meter Per Month	Proposed Per Meter Per Month
First 700 cu. ft. or less	\$ 5.00	\$ 5.21
Next 19,300 cu. ft., per 100 cu. ft.	0.29	0.302
Next 30,000 cu. ft., per 100 cu. ft.	0.23	0.240
Over 50,000 cu. ft., per 100 cu. ft.	0.20	0.209
Minimum Charge:		
For 5/8 x 3/4-inch meter	\$ 5.00	5.21
For 3/4-inch meter	6.50	6.80
For 1-inch meter	9.50	9.90
For 1-1/2-inch meter	15.50	16.15
For 2-inch meter	22.50	23.45
For 3-inch meter	45.00	46.90
For 4-inch meter	75.00	78.20

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 purchased water and electric costs plus associated costs.

2. Applicant's estimate that \$7,210 of increased revenue is required to offset the increased costs referred to herein is reasonable, and rates to produce \$7,210 will be authorized.

3. The increases authorized herein will offset 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. 79669 dated February 1, 1972 in Application No. 52176 for a general rate increase for the Cowan Heights District.

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, California Cities 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 is the date hereof.

Dated at San Francisco, California, this 12th
day of MARCH, 1974.

Vernon L. Sturgeon
President
William J. ...
[Signature]
[Signature]
Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

Schedule No. CH-1

Cowan Heights Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Cowan Ranch, Peacock Hills and vicinity, located two miles northeast of Tustin, Orange County.

RATES

Quantity Rates:

		Per Meter Per Month	
First	700 cu.ft. or less	\$ 5.21	(I)
Next	19,300 cu.ft., per 100 cu.ft.302	
Next	30,000 cu.ft., per 100 cu.ft.240	
Over	50,000 cu.ft., per 100 cu.ft.209	(I)

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 5.21	(I)
For	3/4-inch meter	6.80	
For	1-inch meter	9.90	
For	1-1/2-inch meter	16.15	
For	2-inch meter	23.75	
For	3-inch meter	46.90	
For	4-inch meter	78.20	(I)

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