

Decision No. 82691

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 Power)
Costs.)

Application No. 54515
(Filed December 13, 1973;
amended January 7, 1974)

O P I N I O N

San Gabriel Valley Water Company (San Gabriel) seeks authority to increase its Whittier Division metered rates^{1/} approximately \$58,739 (4.8 percent) for the year 1974 estimated 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 Whittier Division serves over 12,600 customers in portions of the cities of Whittier, Pico Rivera, Montebello, and Santa Fe Springs, and unincorporated areas in Los Angeles County. San Gabriel's presently effective Whittier Division rates were established by Decision No. 81750 dated August 14, 1973 on Application No. 54093 which authorized increases to offset increased water costs. The last general rate increase was authorized by Decision No. 75726 dated June 3, 1969 on Application No. 50659. In that decision rates were authorized which were expected to produce an average rate of return of 7.0 percent for the near future.

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

Increased Electric Power Costs

After rates were established by Decision No. 75726 the Commission authorized several increases in the electric rates of the Southern California Edison Company (Edison) who supplies electric service to San Gabriel's Whittier Division. San Gabriel's amendment to this application filed January 7, 1974 was based on Edison's advice letter filing for an additional fuel cost adjustment billing factor to become effective February 1, 1974. San Gabriel's studies indicated that these Edison rates applied to estimated 1974 test year consumption of 3,704,107 kilowatt hours of electrical energy would result in an electric power for pumping expense of \$106,128, an increase of approximately 112 percent over this expense computed at the electric rates in effect at the time Decision No. 75726 was issued.

Increased Natural Gas Costs

The natural gas costs allowed in Decision No. 75726 were based on Southern Counties Gas Company of California Schedule G-45 effective March 20, 1969.^{2/} 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 applicable for San Gabriel's Whittier Division service. San Gabriel's studies indicate that estimated test year 1974 gas costs are 41% higher than if computed at the rates in effect at the time Decision No. 75726 was issued.

Rate of Return

San Gabriel alleges that its proposed rates applied to 12,563 commercial, 39 industrial, and 58 public authority customers in its Whittier Division will produce additional revenues for the

^{2/} Decision No. 77010 dated March 31, 1970 on Application No. 51657 authorized Southern Counties Gas Company of California to merge into Southern California Gas Company.

test year 1974 of \$58,737 as set forth in Exhibit C (amended) to the application. Also set forth in Exhibit C (amended) is a summary of estimated operations for the test year 1974 indicating increased electric and gas expenses of \$58,128, increased operating and maintenance expenses of \$130 (uncollectibles), increased administrative and general expenses of \$522 (franchise tax), and increased income taxes of \$60, a total of \$58,840. The overall effect is to require an estimated increase in revenues of \$58,700 (rounded) to produce an estimated rate of return of 7.0 percent as authorized by Decision No. 75726. The Commission staff prepared a report dated February 13, 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 and San Gabriel's work papers concluded that San Gabriel's computed costs reduced by \$1,963^{3/} are acceptable, that the requested increases will offset increased expenses, and that the earnings which would be produced under the conditions set forth in the application do not exceed the previously authorized rate of return of 7.0 percent.

Rates

San Gabriel alleges that the increase in expense is related to and varies with the production of water and therefore it proposes

3/ The Commission, by Resolution E-1384 dated January 29, 1974, granted Edison a fuel cost adjustment billing factor of 0.642 cents per kilowatt hour rather than the requested factor of 0.695 cents per kilowatt hour. This lesser increment applied to test year 1974 estimated electric energy consumption results in a decrease in the purchased power expense of \$1,963 from the amount set forth in the amendment to this application.

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:	<u>Present</u>		<u>Proposed</u>	
	<u>Per Meter</u>		<u>Per Meter</u>	
	<u>Per Month</u>		<u>Per Month</u>	
First 800 cu.ft. or less	\$	3.28	\$	3.28
Next 4,200 cu.ft., per 100 cu.ft....		.235		.253
Over 5,000 cu.ft., per 100 cu.ft....		.204		.223

Minimum Charge:

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

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

The Commission staff recommends that the proposed rates be modified to reflect the previously discussed decrease in purchased power expense by reducing the rate for quantities over 5,000 cubic feet from \$0.223 to \$0.222 per 100 cubic feet. This recommendation will be adopted.

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 \$58,840 of increased revenue decreased by \$1,963 to reflect the reduction in purchased power expense, is required to offset the future effect of increased costs referred to herein is reasonable, and rates to produce approximately \$57,000 additional revenues for the test year 1974 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. 75726 dated June 3, 1969 in Application No. 50659 for a general rate increase for the Whittier 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 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 2nd
day of 1 APRIL, 1974.

Vernon L. Shuman
President
William J. Shuman Jr.
William J. Shuman Jr.
William J. Shuman Jr.
William J. Shuman Jr.
Commissioners

APPENDIX A

Schedule No. WH-1

Whittier DivisionMETERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Montebello, Pico Rivera, Santa Fe Springs, Whittier, 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.253 (I)
Over	5,000 cu.ft., per 100 cu.ft.222 (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

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