

ORIGINAL

Decision No. 82724

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Dominguez Water Corporation, a California corporation, for authorization to increase its rates for water service to offset the increased cost of purchased water, power, and water replenishment assessments.

Application No. 54518
(Filed December 17, 1973)

O P I N I O N

Dominguez Water Corporation (Dominguez) seeks authority to increase its metered water rates for its Dominguez service area \$106,854 (2.41 percent) for the test year 1973 to partially offset increased purchased water costs, increased electric power costs, and increased water replenishment assessment costs.

Dominguez, a California corporation, renders public utility water service in Los Angeles County and, through subsidiaries, to communities in Kern and Inyo Counties. The Dominguez service area comprises the territory in Los Angeles County south of 190th Street and Victoria Street, west of the Long Beach freeway, north of Lomita, Del Amo, and Sepulveda Boulevards, and east of a point west of Anza Avenue and east of Normandie Avenue.

Dominguez obtains approximately 40 percent of its water from wells located in the West Coast and Central Basins and purchases the balance of its water from the Metropolitan Water District of Southern California (MWD) through the West Basin Municipal Water District (WBMWD).

Dominguez's presently effective rates were established in Decision No. 80370 dated August 15, 1972 on Application No. 52888 for a general rate increase. This decision authorized rates which were expected to produce a 7.9 percent return on rate base for the test year 1972.

Increased Purchased Water Costs

Effective September 1, 1973 WBMWD increased the cost of water purchased by Dominguez from \$61.50 to \$68.60 per acre-foot for Colorado River water and from \$62.50 to \$73.50 per acre-foot for State Project water. Applying these rates to estimated 1973 test year purchases of 22,298 acre-feet and allowing for increased irrigation credit, the rate differences result in increased purchased water costs of \$134,936 for that year.

Increased Electric Power Costs

After Dominguez's rates were established by Decision No. 80370 the Commission granted the Southern California Edison Company (Edison) several increases including a general rate increase effective October 10, 1973 and a fuel cost adjustment of \$0.00169 per kilowatt hour effective November 1, 1973. The application of Edison's electric rates in effect on November 1, 1973 to the estimated 1973 test year electric energy consumption of 12,923,300 kilowatt hours results in increased purchased power costs of \$46,645 for that year.

Increased Water Replenishment Assessment

Dominguez must pay a water replenishment assessment (pump tax) on each acre-foot of water pumped from the underlying Central and West Hydrological Basins. Effective July 1, 1973 the pump tax was increased from \$9.00 per acre-foot to \$11.00 per acre-foot increasing Dominguez's estimated test year 1973 water replenishment assessment costs \$13,547.

Rate of Return

The adopted rate of return in Decision No. 80370 was 7.9 percent for the test year 1972. Exhibit C to the application shows that the increases in purchased water, electric power, and pump tax expenses, totaling \$195,128, reduce the adjusted 1973 test year estimated rate of return from 8.00 to 7.36 percent. Were rates

authorized to fully offset these increased costs, the resulting rate of return would exceed the 7.9 percent level authorized by Decision No. 80370. However, as set forth in Exhibit C to the application the requested increase of \$106,854 would result in the restoration of the last authorized 7.9 percent rate of return for the test year 1973. The Commission staff prepared a report dated February 22, 1974 setting forth the results of its investigation and analysis of the application. This report, received as Exhibit 1, states that the staff's independent estimate for overall increased costs of purchased power and water is substantially in agreement with Dominguez's estimate and that Exhibit C to the application reasonably states normalized 1973 test year results.

Rates

Dominguez proposes to increase its General Metered Service Schedule No. 1 and its Metered Irrigation Service Schedule No. 3M by retaining the same quantity rate and increasing the service charge rates proportionately to effect the requested revenue increase of \$106,854. The Commission staff recommends that the amount of additional revenue requested be granted but that it be obtained by increasing the quantity rates rather than the service charge on the basis that the increased costs relate directly to the quantities of water sold. Appendix A to Exhibit 1 sets forth the staff recommended rates which will be adopted. These rates will increase a typical monthly bill for 2,200 cubic feet with a 5/8 x 3/4-inch meter from \$7.69 to \$7.84 or approximately two percent.

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, increased electric costs, and increased water replenishment assessment costs.

2. Applicant's estimate that \$106,854 of increased revenue is required to partially offset the increased costs referred to herein is reasonable, and rates to produce this increase will be authorized.

3. The increases authorized herein will partially 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. 80370 dated August 15, 1972 in Application No. 52888 for a general rate increase for the Dominguez service area.

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, Dominguez Water Corporation is authorized to file the revised rate schedules attached to this order as Appendix A; and concurrently to cancel and withdraw the presently effective schedules. Such filing shall comply with General Order No. 96-A.

A.54518 NB * *

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 16th
day of APRIL, 1974.

W. H. Sturgeon President
W. H. Sturgeon
W. H. Sturgeon
W. H. Sturgeon
Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service excepting metered irrigation and combination residential and irrigation service.

TERRITORY

Portions of Carson, Los Angeles, Long Beach, Torrance, and vicinity, Los Angeles County.

RATES

Per Meter
Per Month

Service Charge:

For 5/8 x 3/4-inch meter	\$ 1.00
For 3/4-inch meter	1.50
For 1-inch meter	2.50
For 1 1/2-inch meter	5.00
For 2-inch meter	8.00
For 3-inch meter	15.00
For 4-inch meter	21.00
For 6-inch meter	35.00
For 8-inch meter	52.00
For 10-inch meter	65.00
For 12-inch meter	100.00
For 18-inch meter	150.00

Quantity Rates:

First 2,500 cu.ft., per 100 cu.ft.	\$ 0.311 (I)
Next 497,500 cu.ft., per 100 cu.ft.	0.270 (I)
Over 500,000 cu.ft., per 100 cu.ft.	0.154 (I)

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.

APPENDIX A
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Schedule No. 3M

METERED IRRIGATION SERVICEAPPLICABILITY

Applicable to all metered irrigation water service, excepting combination residential and irrigation service.

TERRITORY

Portions of Carson, Los Angeles, Long Beach, Torrance, and vicinity, Los Angeles County.

RATES

Per Meter
Per Month

Service Charge:

For 1-inch meter or smaller	\$ 2.50
For 1½-inch meter	5.00
For 2-inch meter	8.00
For 3-inch meter	15.00
For 4-inch meter	21.00
For 6-inch meter	35.00
For 8-inch meter	52.00
For 10-inch meter	65.00
For 12-inch meter	100.00
For 18-inch meter	150.00

Quantity Rates:

For all water delivered, per 100 cu.ft.	\$ 0.087 (I)
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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.

(Continued)

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Schedule No. 3M

METERED IRRIGATION SERVICE—Contd.

SPECIAL CONDITIONS

1. An application for service under this schedule shall be filed by the customer with the utility. Such application shall set forth the conditions of service requested and the proposed use of water.

2. The size of meter for the above service shall not be greater than reasonably necessary to furnish service to the area to be irrigated.