

Decision No. 82973

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA-AMERICAN WATER COMPANY
for an order authorizing it to in-
crease the rates for water service
in its San Marino District to off-
set increases in the cost of
purchased water.

Application No. 54568
(Filed January 10, 1974;
amended April 19, 1974)

O P I N I O N

By this amended application, California-American Water Company (applicant), a California corporation, seeks authority to increase water rates for general metered service by 9.39 percent in its San Marino District to yield an additional \$109,700 in annual gross revenues. Applicant alleges that such revenue increase will offset increased purchased water costs.

The present rates for general metered service in applicant's San Marino District were authorized by Decision No. 76279 dated October 15, 1969 in Application No. 50842 filed January 28, 1969. Applicant's San Marino District service area is located in Los Angeles County and provides water service to the city of San Marino, portions of the cities of San Gabriel, Rosemead, Temple City, and El Monte, as well as unincorporated territory of Los Angeles County.

Applicant's Request

The amended application alleges that applicant's San Marino District will be required to pay a \$30-per-acre-foot ground water assessment on water produced from the San Gabriel Basin in excess of its adjudicated pumping rights. The assessment stems from an agreement with respect to production of water

from the San Gabriel Basin. Briefly stated, applicant entered into a stipulation and agreement for judgment in Los Angeles Superior Court Case No. 924128 after authorization was granted by the Commission to do so by Decision No. 80272 dated July 18, 1972. Based upon its rights and obligations pursuant to the agreement applicant alleges that the 1974 normalized water production for the San Marino District will result in increased operating expenses above those utilized by the Commission in Decision No. 76279.

The amended application sets forth the effect of the replacement water assessment on the Summary of Earnings of the San Marino District for the year 1973. Based upon the normalized results of operation for the year 1973, applicant concludes that the rate of return of 7.25 percent last found reasonable will not be exceeded.

Staff Report

The staff reviewed the amended application and concluded that applicant's computations are reasonable except for two recommended adjustments. The staff recommended adjustments reduce the offset requirement by \$69,000. The staff found that the San Marino District will receive 2,299 acre-feet of water from the Raymond Water Basin which is not subject to the \$30-per-acre-foot assessment. The reduced revenue requirement of the staff utilizes a state income tax rate of 9 percent instead of the 8.3 percent rate used by the applicant.

Adopted Offset Increase

The staff report dated May 1, 1974 sets forth an adjusted summary of earnings as follows:

San Marino DistrictSummary of Earnings

Item	Year 1973			
	Recorded	Normalized	Offset Adjustment	Authorized Offset Increase
(Thousands of Dollars)				
Operating Revenues	\$1,108.7	\$1,163.9	\$1,163.9	\$1,204.6
<u>Operating Expenses</u>				
Oper. & Maintenance	545.4	552.7	552.7	552.7
Replacement Assessment	36.0	22.6	63.3	63.3
Depreciation	131.1	131.1	131.1	131.1
Taxes - Other Than on Income	147.8	147.8	147.8	147.8
Taxes on Income	8.6	62.8	41.4	62.8
Total Expenses	\$ 868.9	\$ 917.0	\$ 936.3	\$ 957.7
Net Revenues	\$ 239.8	\$ 246.9	\$ 227.6	\$ 246.9
Rate Base	\$3,916.4	\$3,916.4	\$3,916.4	\$3,916.4
Rate of Return	6.12%	6.30%	5.81%	6.30%

The staff adjustments will be adopted. The revenue increase required to offset the increased replacement water assessment, based upon the normalized 1973 recorded results of operation, is \$40,700.

Findings

1. Applicant California-American Water Company's present rates for its San Marino District were authorized by Decision No. 76279. Based upon the findings in that decision, a reasonable rate of return for applicant's San Marino District is 7.25 percent.

2. Applicant will pay \$30-per-acre-foot ground water assessments on water produced from the San Gabriel Basin in excess of its adjudicated pumping rights. This assessment is an increase in operating expenses above that utilized by the Commission in Decision No. 76279

3. Based upon normalized 1973 recorded results of operation, the increase in purchased water costs will be offset by an additional \$40,700 in revenues.

4. A public hearing is not necessary.

O R D E R

IT IS ORDERED that after the effective date of this order California-American Water Company is authorized to file the revised rate schedule attached to this order as Appendix A and to cancel its present Schedule No. SM-1. Such filing shall comply with the Commission's General Order No. 96-Series. The effective date of the revised schedule shall be five days after

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the date of filing. The revised schedule shall apply only to service rendered on and after the effective date thereof.

The effective date of this order shall be five days after the date hereof.

Dated at San Francisco, California,
this 5TH day of JUNE, 1974.

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

APPENDIX A

Schedule No. SM-1

San Marino District Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

San Marino, Rosemead, portions of San Gabriel, Temple City, and vicinity, Los Angeles County.

RATES

		Per Meter Per Month	
		Lower System	Upper System
Quantity Rates:			
First	800 cu.-ft. or less	\$ 2.20	\$ 2.20
Next	1,700 cu.-ft., per 100 cu.-ft.20	.23 (I)
Next	7,500 cu.-ft., per 100 cu.-ft.17	.20 (I)
Over	10,000 cu.-ft., per 100 cu.-ft.14	.15 (I)

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 2.20	\$ 2.20
For	3/4-inch meter	3.00	3.00
For	1-inch meter	4.60	4.60
For	1 1/2-inch meter	8.00	8.00
For	2-inch meter	12.00	12.00
For	3-inch meter	24.00	24.00
For	4-inch meter	36.00	36.00
For	6-inch meter	65.00	65.00
For	8-inch meter	100.00	100.00
For	10-inch meter	130.00	130.00
For	12-inch meter	175.00	175.00

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