

ORIGINAL

Decision 84 C4 007

APR 4 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TEMESCAL WATER COMPANY)  
for an increase in rates for water )  
service of 4.54% to offset require- )  
ments by a State Agency for specific )  
investigation requiring additional )  
expense. )

Application 82-06-55  
(Filed June 24, 1982)

O P I N I O N

Temescal Water Company (Temescal) seeks an order from this Commission authorizing an annual increase of \$56,900 (4.23%) in general sales revenues to offset the cost of a seismic safety study of the Railroad Canyon Dam required by the Division of Safety of Dams Department of Water Resources of the State of California.

By a letter dated August 21, 1981, the California Division of Safety of Dams directed Temescal to initiate reevaluation of the Railroad Canyon Dam. Such a reevaluation is to include a detailed study of the ability of the structure and the abutment rock to withstand a probable maximum flood and the ability of the dam to withstand earthquake loadings and an investigation of the left abutment rock for signs of deterioration.

By an agreement dated October 8, 1981, Temescal retained the firm of Leeds, Hill and Jewett, Inc. to perform the required study at an estimated cost not to exceed \$170,570. Temescal proposes to recover this cost over a three-year period, or approximately \$56,900 per year.

A study by staff of this Commission's Hydraulic Branch was conducted to determine the benefit the dam provides to the customers of Temescal. It was found that two other entities, Elsinor Valley Municipal Water District (EVMWD) and Canyon Lake Property Owners Association (CLPOA), receive benefit from Railroad Canyon Dam but are not sharing in the cost of the required seismic test. Under these circumstances staff recommends that an offset increase of approximately one-third the requested amount, or \$19,000, be granted Temescal. By letter dated November 8, 1983, hereby accepted as Exhibit 1 in this proceeding, Temescal stipulated to the closing of the application by the grant of the recommended \$19,000 increase in revenues.

We are concerned about the propriety of this application. The expense for which rate relief is sought is of such small magnitude that it can hardly be said to affect, let alone threaten, the financial well-being of this utility. Test-year ratemaking is not a precise science and utilities are expected to absorb the consequences of adverse expense variations, just as they may benefit from unanticipated decreases in expenses. While we will approve the relief sought by Temescal in this case, we instruct our staff to closely scrutinize similar, future applications to ensure that such minor offsets will not be unduly sought by utilities between rate cases.

#### Findings of Fact

1. By a letter dated August 21, 1981, the California Division of Safety of Dams directed Temescal to initiate reevaluation of the Railroad Canyon Dam. Such a reevaluation is to include a detailed study of the ability of the structure and the abutment rock to withstand a probable maximum flood and the ability of the dam to withstand earthquake loadings and an investigation of the left abutment rock for signs of deterioration.

2. By an agreement dated October 8, 1981, Temescal retained the firm of Leeds, Hill and Jewett, Inc. to perform the required study at an estimated cost not to exceed \$170,570.

3. FVWWD and CLPOA derive benefits from the Railroad Canyon Dam and should share the cost of the required studies equally with Temescal.

4. It is reasonable to recover the cost of the required study of \$170,570 over a three-year period, or \$56,900 per year. Temescal's share of this cost should be \$19,000 a year.

5. The increases in rates and charges of \$19,000 a year authorized by this decision are justified, and are just and reasonable.

6. There is no need for a public hearing on this matter.

Conclusions of Law

1. A revenue increase of \$19,000 a year is reasonable.
2. The application should be granted to the extent provided by the following order.

O R D E R

IT IS ORDERED that Temescal Water Company is authorized to file the revised schedules attached to this order as Appendix A and to concurrently cancel its present schedules for such service. This filing shall comply with General Order Series 96. The effective date of the revised schedules shall be the date of filing. The revised schedules shall apply only to service rendered on and after their effective date.

This order becomes effective 30 days from today.

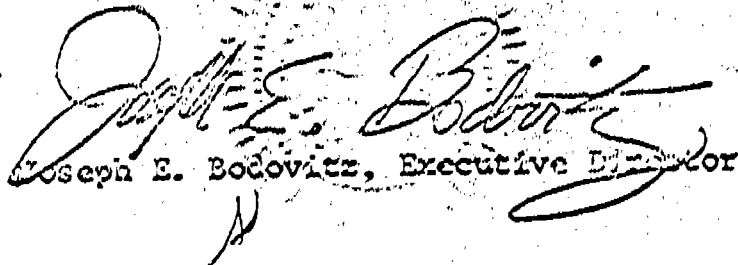
Dated APR 4 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.  
President

VICTOR CALVO  
PRISCILLA C. GREW  
DONALD VIAL  
Commissioners

Commissioner William T. Bagley  
being necessarily absent, did  
not participate.

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Bodovitz, Executive Director

## APPENDIX A

TEMESCAL WATER COMPANY  
SUMMARY OF EARNINGS  
(Test Year 1982)

Item	Adopted in Resolution No. W-3093 (Advice Letter No. 31)	Offset <sup>1/</sup> Increase	Total <sup>2/</sup>
(Dollars in Thousands)			
Operating Revenues	\$ 1,410.3	\$ 19.0	\$ 1,429.3
<u>Deductions</u>			
O&M Expenses	\$ 675.1	\$ 19.0	\$ 694.1
A&G Expenses	225.6	0	225.6
Depreciation & Amortization	57.2	0	57.2
Taxes Other Than Income	64.5	0	64.5
Income Tax - State	37.2	0	37.2
- Federal	141.1	0	141.1
Total Deductions	\$ 1,200.7	\$ 19.0	\$ 1,219.7
Net Income	\$ 209.6		\$ 209.6
Rate Base	\$ 2,095.5		\$ 2,095.5
Rate of Return	10.00%		10.00%

<sup>1/</sup>Total of \$56,900 was amortized over a three - year period.

<sup>2/</sup>Adopted in this Decision.

(END OF APPENDIX A)

APPENDIX B  
Sheet 1 of 4

Schedule No. 1

MEASURED DOMESTIC SERVICE

APPLICABILITY

Applicable to all domestic water service furnished in the "Glen Ivy Area."

TERRITORY

The "Glen Ivy Area" is defined as portions of Section 34, Township 4 South, Range 6 West and portions of Sections 1, 2, 3, 10, 11, and 12, Township 5 South, Range 6 West, SEM, Riverside County, as delineated on the company's filed Service Area Map.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>	
First 300 cu.ft., per 100 cu.ft. ....	\$ 0.342	(I)
Over 300 cu.ft., per 100 cu.ft. ....	0.479	(I)

Service Charge:

For 5/8 x 3/4-inch meter .....	3.50
For 3/4-inch meter .....	4.00
For 1-inch meter .....	5.00
For 1 1/2-inch meter .....	7.00
For 2-inch meter .....	10.00
For 3-inch meter .....	18.00
For 4-inch meter .....	24.00
For 6-inch meter .....	40.00
For 8-inch meter .....	60.00

The Service Charge is a readiness-to-serve charge which is applicable to all general metered service and to which is to be added the monthly charge computed at the Quantity Rates.

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Schedule No. 3M

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

Corona, Temescal Canyon, and vicinity, Riverside County.

RATES

	<u>Per Miner's Inch Day</u>	
For irrigation water delivered to the Lower Area in Corona and vicinity .....	\$ 3.859	(I)
For irrigation water delivered to the Upper Area in Temescal Canyon and vicinity .....	4.051	(I)

SPECIAL CONDITIONS

1. Application for service: Written application for service under the above schedules shall be made on forms provided by the company. Applicants for service shall indicate the number of acres to be irrigated and shall notify the company of changes in irrigated acreage as they occur.
2. Service pressure: Water shall be delivered at pressures available.
3. Water potability: The water supplied under this schedule is untreated water from open ditches, canals, conduits, and flumes. The company does not represent or guarantee that any of the water delivered is potable or of a quality suitable for human consumption. Any customer who uses the water or makes it available or offers it to others for human consumption shall take all necessary precautions to make the water potable and shall assume all risks and liabilities in connection with it.
4. Delivery will be made at a constant rate of flow in integers of 24 hours and changes will require 48 hours advance notice.
5. A miner's inch day is defined as the volume resulting from a continuous flow of 1/50th of a cubic foot of water per second over a 24-hour period.

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Schedule No. T-4M

MEASURED INDUSTRIAL SERVICE

APPLICABILITY

Applicable to all nonpotable industrial service.

TERRITORY

The territory served by company's No. 5 line in Temescal Canyon, Riverside County, southerly of the north line of Sections 27 and 28, T4S, R6W, S88M.

RATES

Quantity Rate:	<u>Per Meter</u> <u>Per Month</u>
For each 100 cu.ft. ....	\$ 0.233 (I)
 Service Charge:	
For 5/8 x 3/4-inch meter .....	\$ 5.30
For 3/4-inch meter .....	6.00
For 1-inch meter .....	8.00
For 1 1/2-inch meter .....	10.00
For 2-inch meter .....	14.00
For 3-inch meter .....	27.00
For 4-inch meter .....	36.00
For 6-inch meter .....	60.00
For 8-inch meter .....	90.00
For 10-inch meter .....	110.00
For 12-inch meter .....	133.00
For 14-inch meter .....	160.00

The Service Charge is a readiness-to-serve charge which is applicable to all measured industrial service and to which is to be added the monthly charge computed at the Quantity Rate.

SPECIAL CONDITIONS

1. Water shall be delivered at available pressures.
2. The water supplied under this schedule is untreated water from open ditches, canals, conduits, and flumes. The company does not represent or guarantee that any of the water delivered is potable or of a quality suitable for human consumption. Any customer who uses the water or makes it available or offers it to others for human consumption shall take all necessary precautions to make the water potable and shall assume all risks and liabilities in connection with it.
3. Delivery will be made at a constant rate of flow in integers of 24 hours and changes require 48 hours advance notice.



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Schedule No. AA-6XZ

MEASURED EMERGENCY SERVICE

APPLICABILITY

Applicable to emergency water service furnished for resale purposes to "water purveyors" as hereinafter defined.

TERRITORY

Temescal Canyon, Corona and vicinity, Riverside County.

RATES

Quantity Rate:

Per Meter  
Per Month

For each 100 cu.ft.

\$ 0.182 (I)

DEFINITION

As used in this schedule, "water purveyors" means a public district whose principal function is the sale of water to retail customers, a water public utility, a city water department, or a mutual water company.

SPECIAL CONDITIONS

1. Service under this schedule will be made only during bona fide emergency when the water facilities or supplies of a nearby water purveyor are temporarily unable to provide necessary service to its customers or members.
2. Service under this schedule will be made only when, and as long as, in the judgement of the board of directors or the general manager of the company, the company has water available for such emergency service without interfering with its ability to provide service to all other customers under other schedules.
3. Service under this schedule will be made only to water purveyors who have made arrangements, satisfactory to the board of directors of the company, to provide to the company substantially equivalent reciprocal emergency service.

(END OF APPENDIX B)