

Decision 82 03 011, March 2, 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of the SOUTHERN CALIFORNIA WATER)	
COMPANY for an order authorizing)	Application 60737
it to increase the rates for)	(Filed July 15, 1981)
water service in its San Gabriel)	
Valley District.)	
_____)	

O'Melveny & Myers, by Guido R. Henry, Jr.,
 Attorney at Law, for Southern California
 Water Company, applicant.
Philip Scott Weismehl, Attorney at Law, for the
 Commission staff.

O P I N I O N

By this application Southern California Water Company (SoCal) requests authority to increase rates for water service in its San Gabriel Valley District by \$421,100, or 38.3% in 1981 over the rate in effect on April 7, 1981; by \$118,500, or 7.8% in 1982; by \$98,600, or 5.99% in 1983; and by \$71,800, or 4.1% in 1984. SoCal estimates that the proposed increases will produce rates of return on rate base of 11.54% in 1981, 11.84% in 1982, and 12.11% in 1983. These returns on rate base are based on constant returns on common equity of 16.0% for 1981, 1982, and 1983. SoCal's estimates of revenue requirements for 1984 is based on operational attrition of 0.80% and financial attrition of 0.27%.

The foregoing proposed increases exclude the effects of the Economic Recovery Tax Act of 1981 (ERTA). However, in this connection SoCal supplemented the information on this application provided in the notice of hearing mailed on October 30, 1981 to its customers as follows:

"NOTE The increase in rates requested are further increased by a total of 5.5% in 1982 and 7.0% in 1983 to reflect 'The Economic Recovery Tax Act of 1981' signed into law on August 13, 1981."

The last general rate proceeding for SoCal's San Gabriel Valley District was based on test year 1977, where rates of return of 9.25% on rate base and 13.54% on common equity were found reasonable. (Decision (D.) 88719 dated April 18, 1978 in Application (A.) 57269.)

Public hearings in this proceeding were held on a consolidated record with A.60735 and 60736 before Administrative Law Judge (ALJ) John Lemke in Los Angeles on November 16 through 19, 1981. Opportunity for public witness testimony was afforded on November 10 in Los Angeles immediately prior to commencement of the evidentiary hearings. This nonevidentiary proceeding was conducted for the purpose of receiving comments from customers in the district concerning water service and rates. No customers took advantage of this opportunity.

An informal public meeting was held at Rosemead City Hall on September 17, 1981. The meeting was conducted by Sung Han of the Commission staff (staff) and SoCal officials for the purpose of explaining the rate increase application. Seven customers attended this meeting. Five customers residing on Doolittle Avenue complained about low water pressure between 5:00 p.m. and 8:00 p.m. SoCal officials assured the staff that this problem would be investigated and remedied. Another customer had a billing dispute with SoCal, and, despite the installation of a new meter, remained unsatisfied with her water bill.

The matter was taken under submission subject to the filing of concurrent briefs by December 28, 1981.

General Information

SoCal currently owns and operates water systems in 19 separate operating districts within California. Its main office is located in Los Angeles. There, its administrative, engineering, general accounting, customer billing, data, rate and valuation, purchasing, and personnel functions are conducted. SoCal maintains a construction department in Hawthorne.

As of December 31, 1980, SoCal had an investment in utility plant of \$147,467,000, served 231,671 customers, employed 380 persons, and had gross operating revenues for 1980 of \$36,527,000. It has 1,987,636 shares of common stock outstanding. Ownership is shared by more than 5,000 individuals and institutional shareholders. SoCal has 200,400 shares of preferred stock outstanding. All preferred stock is held by institutional investors. Table 1 depicts the percentages used by SoCal to allocate common costs to its 19 operating districts based on its 1980 operations.

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SOUTHERN CALIFORNIA WATER COMPANY

Derivation of Percentages Used to Allocate
Common Costs Based on 1980 Operations

(Dollars in Thousands)

A-60737 /ALJ/Km

Districts	Utility Plant		Customers		Expenses		Labor		Total	Average
	\$	%	Number	%	\$	%	\$	%	%	%
Arden-Cordova	5,412.3	3.73	8,552	3.42	287.4	1.17	97.6	2.32	10.64	2.66
Harstow	7,411.6	5.11	7,200	2.88	695.8	2.82	126.5	3.01	13.82	3.46
Ray	1,798.3	1.24	2,806	1.12	227.2	0.92	78.7	1.87	5.15	1.29
Big Bear	7,728.1	5.33	10,127	4.06	603.7	2.45	225.3	5.36	17.20	4.30
Calipatria-Niland	1,443.3	1.00	1,030	0.41	142.5	0.58	57.0	1.36	3.35	0.84
Clearlake	1,228.8	0.85	1,971	0.79	156.0	0.63	71.2	1.69	3.96	0.99
Cowan Heights	1,409.7	0.97	1,324	0.53	323.2	1.31	42.7	1.01	3.82	0.95
Desert	2,782.9	1.92	3,432	1.37	444.6	1.80	206.1	4.90	9.99	2.50
Los Osos	1,625.9	1.12	2,242	0.90	175.3	0.71	70.9	1.69	4.42	1.11
Metropolitan	46,624.3	32.14	87,265	34.94	8,576.2	34.77	1,347.0	32.04	133.89	33.47
Ojai	1,890.1	1.30	2,452	0.98	253.8	1.03	70.6	1.68	4.99	1.25
Orange County	21,498.2	14.82	34,584	13.85	2,849.1	11.55	411.9	9.79	50.01	12.50
Pomona Valley	7,370.8	5.08	8,595	3.44	1,432.7	5.81	201.7	4.80	19.13	4.78
San Bernardino Valley	2,078.6	1.43	3,786	1.52	374.1	1.52	90.1	2.14	6.61	1.65
San Dimas	11,009.2	7.59	22,004	8.81	1,726.8	7.00	301.9	7.18	30.58	7.65
San Gabriel Valley	4,363.7	3.01	11,040	4.42	744.9	3.02	179.8	4.28	14.73	3.68
Santa Maria	5,513.0	3.80	14,168	5.67	662.2	2.68	145.0	3.45	15.60	3.90
Simi Valley	5,198.9	3.59	9,828	3.94	1,019.7	4.13	117.7	2.80	14.46	3.61
Wrightwood	1,622.8	1.12	2,069	0.83	156.6	0.63	84.7	2.01	4.59	1.15
Total Water Districts	138,010.5	95.15	234,475	93.88	20,851.8	84.53	3,926.4	93.38	366.94	91.74
Bear Valley Electric	7,035.3	4.85	15,282	6.12	3,815.8	15.47	278.5	6.62	33.06	8.26
Total Utility	145,045.8	100.00	249,757	100.00	24,667.6	100.00	4,204.9	100.00	400.00	100.00

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San Gabriel Valley District

SoCal's San Gabriel Valley District is an amalgamation of two previously independent districts, known as South San Gabriel and South Arcadia. Those two districts were combined for accounting and operating purposes in 1962. As of December 31, 1980, SoCal maintained nine regular employees and one part-time employee in this district. The San Gabriel Valley District is located in Los Angeles County and includes two systems not physically interconnected. The South San Gabriel system serves portions of the Cities of Monterey Park, Rosemead, and San Gabriel, while the South Arcadia system serves portions of the Cities of Arcadia, El Monte, Irwindale, Monrovia, and Temple City. The district is primarily residential with small industrial and commercial areas. As of December 31, 1980, the district provided metered water service to 11,040 customers. This service included private flat rate fire protection service to 31 customers. Over 98% of SoCal's metered customers fall in the commercial classification, consisting of residential and business customers.

SoCal's water supply for its South Arcadia system is obtained from 14 company-owned wells, ranging in size from 12" to 26" in diameter and in depth to 1,000 feet. The water supply for its South San Gabriel system is obtained from seven company-owned wells and through a connection to the upper San Gabriel Valley Municipal Water District, a member of the Metropolitan Water District of Southern California. These wells range in size from 12" to 18" in diameter and in depth to 700 feet.

As of December 31, 1979, there were 528,775 feet of distribution mains within the district, ranging in size to 12" in diameter. Storage facilities consist of two steel tanks located in

the South San Gabriel system from which booster pumps deliver the water to the distribution system. Combined capacity of storage facilities is 520,000 gallons.

Customer Service and Conservation

The small number of customer complaints at the public meeting and absence of customer participation at the public witness testimony hearing suggests that service in the district is generally satisfactory. In the lead decision of this series issued in A.60735, there is a comprehensive discussion of SoCal's ongoing customer conservation program which appears to be adequate.

Rate Increase Request to
Amortize Balancing Account

Evidence was offered by SoCal (Exhibit 25) concerning net undercollections of \$130,531 in its balancing accounts for supply costs and tax initiatives. This net amount is due to undercollections of \$148,677 in supply costs and overcollections of \$18,146 due to tax initiatives.

SoCal proposes to amortize the net amount during 1982 by applying an increase of 4.6 cents per Ccf to all metered sales. SoCal is using staff-estimated sales during 1982 of 2,855,200 Ccf ($\$130,531 \div 2,855,200 = 4.61$ cents per Ccf).

The assessment would constitute an increase of about 7.8% in revenue during 1982 over that proposed in A.60737. Notice of the balancing account offset request was published on January 6, 1982 in newspapers distributed in SoCal's San Gabriel Valley District service area. The staff concurs with SoCal's cost and rate development and with the inclusion for consideration of this special request in our decision in A.60737.

Rate of Return

SoCal and the staff presented different recommendations concerning costs of capital. SoCal requests a constant return on equity of 16.0% for the years covered in this request. The staff recommends a range of 14.50% to 15.0%.

In our soon-to-be-issued decision in A.60735, pertaining to operations in SoCal's Big Bear District, we will authorize a constant return on common equity of 15.0%. This is due principally to our directive that SoCal undertake an extensive main replacement program in that district over the next three years. However, SoCal will not be confronted with those same large capital expenditures in this district.

Authorization of a return on common equity of 14.5% during 1982-1984 will, in our opinion, provide SoCal opportunity to earn a reasonable rate of return in this district and will give due consideration to the following factors:

1. SoCal is a regulated public utility engaged in a business which affects the public interest and must provide service at reasonable rates.
2. Fair and reasonable rates must balance the interests of both the ratepayers as well as investors.
3. Interest coverage requirements.
4. Capital requirements.
5. SoCal's capital structure, capital costs, and financial history.
6. Economic conditions - the effect of continued inflation and increases in embedded costs of capital.

Table 2 portrays our adopted capitalization ratios, cost factors, weighted costs, after tax interest coverages, and authorized rates of return for SoCal during test years 1982 and 1983 and for attrition year 1984.

TABLE 2

Component	Capital Ratios	Cost Factors	Weighted Cost Totals
Average Year 1982			
Long-Term Debt	44.00%	7.86%	3.46%
Bank Loans	2.00	17.00	.34
Term Note	5.00	17.25	.86
Preferred Stock	12.00	7.85	.94
Common Stock Equity	<u>37.00</u>	14.50	<u>5.37</u>
Total	100.00%		10.97%
			2.35*
Average Year 1983			
Long-Term Debt	44.00%	8.95%	3.94%
Bank Loans	2.00	15.00	.30
Term Note	5.00	15.38	.77
Preferred Stock	12.00	7.86	.94
Common Stock Equity	<u>37.00</u>	14.50	<u>5.37</u>
Total	100.00%		11.32%
			2.26*
Average Year 1984			
Long-Term Debt	44.00%	9.71%	4.27%
Bank Loans	2.00	14.50	.29
Term Note	5.00	15.00	.75
Preferred Stock	12.00	8.38	1.01
Common Stock Equity	<u>37.00</u>	14.50	<u>5.37</u>
Total	100.00%		11.69%
			2.20*

*Implicit after-tax interest coverage.

Federal Income Taxes

Since this matter was submitted, we issued D.93848 dated December 15, 1981 in Order Instituting Investigation (OII) 24. Basically, that decision gives effect to the Economic Recovery Tax Act of 1981 (ERTA). This new law causes an increase in federal income tax expenses for ratemaking purposes due to elimination of the full flow-through to ratepayers of accelerated depreciation and investment tax credit on utility plant additions placed in service after December 31, 1980.

SoCal had offered evidence showing the effect of ERTA. The staff chose not to address this issue until our decision in OII 24. The staff has now developed information reflecting our adoption of the conventional normalization method for purposes of applying ERTA. SoCal concurs with the staff development. Federal income taxes calculated in Appendix C and included in Table 4 are based on ERTA. The incremental increased revenue requirement effect of ERTA for test year 1982 is \$87,600.

SoCal will be directed to mail the bill insert shown in Appendix D to its customers notifying them of this increased revenue requirement.

Results of Operations

SoCal has provided recorded revenues and expenses for the years 1976 through 1980, and from this information has projected revenues and expenses for 1981 and for test years 1982 and 1983. Staff concurs with SoCal's projections.

Summary of Earnings

The information shown in Tables 3 and 4 reflect the effect of adopted revenues and expenses for test years 1982 and 1983.

TABLE 3

Southern California Water Company
San Gabriel Valley District

COMPARISON STAFF AND UTILITY SUMMARY OF EARNINGS

Item	Test Year 1982		Test Year 1983	
	Staff	Utility	Staff	Utility
(Dollars in Thousands)				
<u>Present Rates</u>				
Operating Revenues	\$1,130.9	\$1,101.2	\$1,133.6	\$1,103.6
<u>Operating Expenses</u>				
Purchased Water	136.8	145.5	139.8	148.4
Purchased Power	244.9	241.1	244.9	241.1
Pump Tax	69.1	80.4	69.1	80.4
Payroll	160.2	188.4	174.1	218.0
Purchased Services	60.5	64.1	66.6	72.9
Other O&M Expenses	71.4	77.5	77.2	86.7
A&G Expenses	68.6	74.7	75.0	84.6
G.O. Allocation	56.7	59.3	61.2	67.1
Depreciation Expense	87.5	78.9	92.6	84.9
Taxes Other Than Income	89.2	93.3	94.0	103.0
Subtotal	1,044.9	1,103.2	1,094.5	1,187.1
Uncollectibles	4.8	6.6	4.8	6.6
Local Franchise Tax	17.3	18.4	17.4	18.4
CCFT	(12.0)	(19.5)	(18.8)	(29.7)
FIT before ITC	(40.3)	(67.0)	(64.8)	(107.3)
ITC	-	-	-	-
FIT	(40.3)	(67.0)	(64.8)	(107.3)
Total Operating Expenses	1,014.7	1,041.7	1,033.1	1,075.1
Net Operating Revenues	116.2	59.5	100.5	28.5
Rate Base	3,038.4	3,019.8	3,140.6	3,144.7
Rate of Return	3.82%	1.97%	3.20%	0.91%
<u>Proposed Rates</u>				
Operating Revenues ^{1/}	\$1,762.6	\$1,722.1	\$1,856.2	\$1,839.5
<u>Operating Expenses</u>				
Subtotal	1,044.9	1,103.2	1,094.5	1,187.1
Uncollectibles	7.5	9.2	7.9	9.7
Local Franchise	27.0	28.0	28.5	29.7
CCFT	47.5	38.7	49.2	39.6
FIT before ITC	217.2	186.1	229.8	192.7
ITC	-	-	-	-
FIT	217.2	186.1	229.8	192.7
Total Operating Expenses	1,344.1	1,365.2	1,409.9	1,458.8
Net Operating Revenues	418.5	356.9	446.3	380.7
Rate Base	3,038.4	3,019.8	3,140.6	3,144.7
Rate of Return	13.77%	11.81%	14.21%	12.11%

(Negative Figure)

^{1/} Include additional revenue requirements due to Economic Recovery Tax Act of 1981.

TABLE 4

Southern California Water Company
San Gabriel Valley District
ADOPTED SUMMARY OF EARNINGS

Item	Test Year 1982	Test Year 1983
(Dollars in Thousands)		
<u>Present Rates</u>		
Operating Revenues	\$1,130.9	\$1,133.6
<u>Operating Expenses</u>		
Purchased Water	136.8	139.8
Purchased Power	244.9	244.9
Pump Tax	69.1	69.1
Payroll	160.2	174.1
Purchased Services	60.5	66.6
Other O&M Expenses	71.4	77.2
A&G Expenses	68.6	75.0
G.O. Allocations	56.7	61.2
Depreciation Expenses	87.5	92.6
Taxes Other Than Income	89.2	94.0
Subtotal	1,044.9	1,094.5
Uncollectibles	4.8	4.8
Local Franchise Tax	17.3	17.4
CCFT	(12.0)	(18.2)
FIT before ITC	(40.3)	(64.5)
ITC	-	-
FIT	(40.3)	(64.8)
Total Operating Expenses	1,014.7	1,033.1
Net Operating Revenues	116.2	100.5
Rate Base	3,038.4	3,140.6
Rate of Return	3.82%	3.20%
<u>Proposed Rates</u>		
Operating Revenues	\$1,584.5	\$1,666.4
<u>Operating Expenses</u>		
Subtotal	1,044.9	1,094.5
Uncollectibles	6.7	7.1
Local Franchise	24.3	25.6
CCFT	30.7	31.3
FIT before ITC	144.6	152.4
ITC	-	-
FIT	144.6	152.4
Total Operating Expenses	1,251.2	1,310.9
Net Operating Revenues	333.3	355.5
Rate Base	3,038.4	3,140.6
Rate of Return	10.97%	11.32%

(Negative Figure)

Rate Design

Metered revenues account for about 99% of SoCal's revenues in the district, with flat rate charges providing the remaining 1%. Variable expenses related to water production and supply account for 44% of total operating expenses, excluding income taxes and return. Net plant investment related to production and supply of water amounts to 15% of net depreciated plant in the district. At present, service charges provide 30% and commodity rates 70% of the revenues from the metered service. Because of the high cost of obtaining water for sale, staff believes that the current ratio of revenues from service charges and quantity rates is reasonable. It believes, therefore, that increases in revenue requirements should be spread evenly between service charges and commodity rates.

SoCal's present and proposed quantity rates consist of two blocks, with the first block of 300 cubic feet constituting the lifeline allowance, and the next block providing rates for over 300 cubic feet. Staff concurs that no special third block rate is necessary because the rate for the second block is not high enough to force the large users to look for alternative sources of water supply. The staff recommends, therefore, that the present two-block rate structure be maintained, and since the lifeline 25% differential has been met, staff suggests that all revenue increases be applied on a uniform percentage basis.

We believe the present structure is a proper design for commercial customers in this district since it will afford both a reasonably cost-oriented service charge and lower rates for lesser usage, thereby encouraging conservation among commercial users.

In its application SoCal proposes to modify its Public Fire Hydrant Service Schedule SG-5 by deleting the monthly charges of \$2.00 per hydrant. This proposal is consistent with Public Utilities Code § 2713 and Commission Resolution L-213 dated December 18, 1979. Staff

declares that most water utilities in Los Angeles County have entered into a uniform fire hydrant service agreement with the Los Angeles County Consolidated Fire Protection District under Resolution L-213. Since submission, SoCal has made an advice letter filing regarding uniform fire hydrant service agreements; but, to our knowledge, has not yet entered into an agreement for its San Gabriel District. At such time as such agreement is entered into, cancellation of Schedule SG-5 will be appropriate.

Findings of Fact

1. SoCal's service in its San Gabriel Valley District is generally satisfactory.
2. SoCal's conservation program is satisfactory.
3. SoCal requires additional revenues, but the rates it proposes would produce an unjustified rate of return.
4. Estimates of operating revenues and operating expenses during 1982 and 1983, set forth in Tables 3 and 4, reasonably reflect the estimated results of SoCal's operations in its San Gabriel Valley District.
5. Capitalization ratios set forth in Table 2, together with cost factors, weighted costs, and after tax interest coverages, fairly portray estimated debt and equity costs which SoCal will experience during the period 1982-1984.
6. A constant rate of return on common equity of 14.5% will afford SoCal opportunity to earn returns on rate base of 10.97%, 11.32%, and 11.69% during 1982, 1983, and 1984, respectively. ✓
✓
✓
7. Information shown in Table 4 properly reflects the consequences of ERTA and of our decision in OII 24.
8. The adopted rate design, consisting of a reasonably cost-oriented service charge and a two-block lifeline structure, will encourage conservation.

9. The revenues authorized by provisions of Commission Resolution L-213 incorporate the present public fire protection surcharges offsetting loss of fire hydrant revenues. No refund is necessary.

Conclusions of Law

1. Revenue increases of \$453,600 or 40.1% in 1982, \$78,100 or 4.9% in 1983, and \$64,300 or 3.8% in 1984 are justified and reasonable based upon adopted results of operations for SoCal's San Gabriel Valley District. ✓

2. SoCal should be authorized to file the rate schedules attached as Appendixes A and B, subject to the conditions set forth in Conclusion 5. ✓

3. The adopted rate design recommended by SoCal and the staff is reasonable.

4. The increases in rates and charges authorized by this decision are just and reasonable, and present rates and charges, insofar as they differ from those authorized, are for the future unjust and unreasonable.

5. The further increases authorized in Appendix B should be appropriately modified in the event the rates of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the 12 months ending September 30, 1982, and/or September 30, 1983, exceed the lower of (a) the rate of return found reasonable by the Commission for SoCal during the corresponding periods in the most recent rate decision, or (b) 10.97% for 1982 and 11.32% for 1983. ✓

6. Because of the imminent need for additional revenue, the following order and rates should be effective the date of signature. ✓

O R D E R

IT IS ORDERED that:

1. Southern California Water Company (SoCal) is authorized to file for its San Gabriel Valley District, effective today, the revised rate schedules in Appendix A. The filing shall apply only to services rendered on and after their effective date.

2. On or after November 15, 1982, SoCal is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increases attached to this order as Appendix B, or to file a lesser increase which includes a uniform cents-per-hundred cubic feet of water adjustment from Appendix B in the event that the San Gabriel Valley District rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the 12 months ending September 30, 1982, exceeds the lower of (a) the rate of return found reasonable by the Commission for SoCal during the corresponding period in the then most recent rate decision, or (b) 10.97%. Such filing shall comply with General Order 96-A. The requested step rates shall be reviewed by the staff to determine their conformity with this order and shall go into effect upon the staff's determination of conformity. But the staff shall inform the Commission if it finds that the proposed step rates are not in accord with this decision, and the Commission may then modify the increase. The effective date of the revised schedule shall be no earlier than January 1, 1982, or 30 days after the filing of the step rate, whichever is later. The revised schedule shall apply only to service rendered on and after the effective date.

3. On or after November 15, 1983, SoCal is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increases attached to this order as Appendix B, or to file a lesser increase which includes a uniform cents-per-hundred cubic

fect of water adjustment from Appendix B in the event that the San Gabriel Valley District rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the 12 months ending September 30, 1983, exceeds the lower of (a) the rate of return found reasonable by the Commission for SoCal during the corresponding period in the then most recent rate decision, or (b) 11.32%. Such filing shall comply with General Order 96-A. The requested step rates shall be reviewed by the staff to determine their conformity with this order and shall go into effect upon the staff's determination of conformity. But the staff shall inform the Commission if it finds that the proposed step rates are not in accord with this decision, and the Commission may then modify the increase. The effective date of the revised schedule shall be no earlier than January 1, 1984, or 30 days after the filing of the step rates, whichever is later.

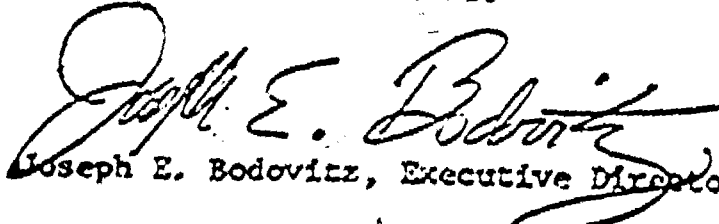
4. By April 1, 1982, SoCal shall mail to all its customers in its San Gabriel Valley District a bill insert notice as shown in Appendix D.

This order is effective today.

Dated March 2, 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. GREW
Commissioners

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


Joseph E. Bodovitz, Executive Director

APPENDIX A
Page 1

Southern California Water Company
San Gabriel Valley District

Schedule No. SG-1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the cities of Arcadia, El Monte, Irwindale, Monrovia, Monterey Park, Rosemead, San Gabriel, Temple City and vicinity, Los Angeles County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 3.25	(I)
For 3/4-inch meter	3.40	
For 1-inch meter	4.90	
For 1 1/2-inch meter	6.50	
For 2-inch meter	10.00	
For 3-inch meter	18.00	
For 4-inch meter	24.00	
For 6-inch meter	44.00	
For 8-inch meter	62.00	
For 10-inch meter	120.00	

Quantity Rates:

For the first 300 cu.ft., per 100 cu.ft.	0.330	
For all over 300 cu.ft., per 100 cu.ft.	0.453	(I)

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

The rates for quantities of water used include an amount per 100 cu.ft. granted as offset rates as shown below.

Advice Letter No.	Date Rate Effective	Offset Increase
616-W	3/2/82	4.6¢

APPENDIX A
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Southern California Water Company
San Gabriel Valley District

Schedule No. SG-2

FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Within the area formerly served by the Mission Gardens Mutual Water Company and bounded on the north by Garvey Avenue, on the east by Walnut Grove Avenue, on the south by Fern Avenue and on the west by Delta Avenue within the City of Rosemead.

RATES

	<u>Per Service Connection Per Month</u>
For a single unit of occupancy	\$5.75 (I)
a. For each additional unit of occupancy on the same premises and served from the same service connection	5.75 (I)

SOUTHERN CALIFORNIA WATER COMPANY

Schedule No. SG-5

San Gabriel Valley District

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, organized fire districts and other political subdivisions of the State.

TERRITORY

Within the established San Gabriel Valley District.

RATE

PER MONTH

For each hydrant No Charge

(END OF APPENDIX A)

APPENDIX B

Page 1

Southern California Water Company
San Gabriel Valley District

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds or subtracts the appropriate increase or decrease to the rate which would otherwise be in effect on that date.

SG-1 General Metered Service

Services Charges:

	<u>Effective Dates</u>	
	<u>1-1-83</u>	<u>1-1-84</u>
For 5/8 x 3/4-inch meter	\$ 0.15	\$ 0.15
For 3/4-inch meter	0.20	0.15
For 1-inch meter	0.20	0.20
For 1 1/2-inch meter	0.30	0.30
For 2-inch meter	0.50	0.50
For 3-inch meter	1.00	1.00
For 4-inch meter	1.00	1.00
For 6-inch meter	2.00	2.00
For 8-inch meter	2.00	2.00
For 10-inch meter	2.00	2.00

Quantity Rates:

For the first 300 cu.ft., per 100 cu.ft.	-0.030	0.018 ✓
For all over 300 cu.ft., per 100 cu.ft.	-0.025	0.017 ✓

SG-2 Flat Rate Service

For a single unit of occupancy	0.25	0.25
For each additional unit	0.25	0.25

(END OF APPENDIX B)

ADOPTED QUANTITIES

Company: Southern California Water Co.
 District: San Gabriel Valley District

	1982	1983
1. <u>Water Production:</u> Ccf(1000)	2,980.3	2,986.8
Wells:	2,672.1	2,672.1
Purchased Water:	308.2	314.7
2. <u>Purchased Power</u>		
Electric Cost:	Supplier: SCE	Date: 9-1-1981
Kwh:	2,948,733	2,948,733
\$ per Kwh:	\$ 0.060433	\$ 0.060433
Quantity Cost:	\$ 178,200	\$ 178,200
Fixed Cost:	\$ 18,400	\$ 18,400
Total Electric Cost:	\$ 196,600	\$ 196,600
So. Cal. Gas Co.		Date: 9-1-1981
Therms:	137,267	137,267
\$ per Therm :	\$ 0.35060	\$ 0.35060
Quantity Cost:	\$ 48,100	\$ 48,100
Service Charge:	\$ 200	\$ 200
Total Gas Cost:	\$ 48,300	\$ 48,300
Total Power Cost:	\$ 244,900	\$ 244,900
3. <u>Purchased Water Expenses:</u>		
Upper San Gabriel V.W.D.		Date: 7-1-1981
Acre-Feet:	25	25
\$ per AF:	\$ 122.21	\$ 122.21
Cost:	\$ 3,055	\$ 3,055
City of Arcadia		Date: 1-1-1980
Ccf:	297,310	303,810
\$ per Ccf:	\$ 0.45	\$ 0.45
Cost:	\$ 133,790	\$ 136,714
Total Purchased Water Cost:	\$ 136,800	\$ 139,800
4. <u>Pump Tax</u>		
Main San Gabriel Watermaster		Date: 7-1-81
Acre-Feet:	6,134.21	6,134.21
\$ per AF:	\$ 11.27	\$ 11.27
Cost:	69,100	69,100
5. <u>Ad Valorem Taxes:</u>	\$ 76,400	\$ 80,200
Tax Rate:	4.76%	4.76%

APPENDIX C
Page 2:

ADOPTED QUANTITIES

6. <u>Number of Services-Meter Size:</u>	<u>1982</u>	<u>1983</u>
5/8 x 3/4	9,932	9,957
3/4	49	49
1	679	679
1 1/2	72	72
2	150	150
3	19	19
4	2	2
6	2	2
8		
	<u>10,905</u>	<u>10,930</u>

7. <u>Metered Water Sales</u>	<u>1982</u>	<u>1983</u>
<u>Range Ccf</u>	<u>Usage-Ccf</u>	<u>Usage-Ccf</u>
0 - 3	511,730	512,930
Over 3	2,342,389	2,347,489
Total	2,854,119	2,860,419

8. <u>Number of Service</u>	<u>No. of Services</u>		<u>Usage-KCcf</u>		<u>Avg. Usage-Ccf/yr.</u>	
	<u>1982</u>	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>	<u>1983</u>
Comm.-Metered	10,800	10,825	2,720.3	2,726.6	251.9	251.9
Public Authority	95	95	15.6	15.6	1,244.5	1,244.5
Industrial	9	9	118.2	118.2	1,732.4	1,732.4
Other	1	1	1.1	1.1		
subtotal	10,905	10,930	2,855.2	2,861.5		
Comm.-Flat*	139	139				
Private Fire Prot.	33	33				
Total	11,077	11,102				
Water Loss: 3.0%			89.4	89.6		
Total Water Produced			2,944.6	2,951.1		

*Flat Rate Service: Additional units 117 for 1982 & 1983

APPENDIX C
Page 3INCOME TAX CALCULATION

Item	1962	1963
	(Dollars in Thousands)	
Operating Revenues	\$1,584.5	\$1,666.4
Operating Expenses		
Subtotal	1,044.9	1,094.5
Uncollectibles @ 0.423%	6.8	7.2
Local Franchise @ 1.54%	24.5	25.8
Total Expenses Excluding Income Taxes	1,076.2	1,127.4
Net Before Income Taxes	519.8	550.9
Plus: Depreciation - Book	87.5	92.6
Less: Interest Deduction	140.8	159.7
Net Before Tax Depreciation	466.5	483.8
<u>State Corporate Franchise Tax</u>		
Less: State Tax Depreciation	135.0	145.4
State Taxable Income	320.3	326.7
CCFT at 9.6%	30.7	31.3
<u>Federal Income Tax</u>		
Less: CCFT	30.7	31.3
Federal Tax Depreciation	108.4	107.6
Preferred Stock Dividend Credits	0.4	0.4
Federal Taxable Income	315.8	332.8
FIT at 46%	145.3	153.1
Grad. Tax. Adj.	(0.7)	(0.7)
ITC	-	-
Total FIT	144.6	152.4

(Negative Figure)

Net to Gross Multiplier: 2.08953

(END OF APPENDIX C)

APPENDIX D

Bill Insert for SoCal Customers
(San Gabriel Valley District)

One item of expense included in the rate increase recently granted to SoCal for its San Gabriel Valley District by the Public Utilities Commission, amounting to \$87,600, was attributable to President Reagan's Economic Recovery Tax Act of 1981, which requires the Public Utilities Commission to charge ratepayers for the expense of taxes which are not now being paid to the Federal Government and which may never be paid. This expense may increase in the future as a percent of your bill.

(END OF APPENDIX D)