economic problems and enable it to function on a reasonably sound financial basis. We will accept the staff's estimate for the purpose of this opinion rather than delay the interim relief for resolution of any final differences between the applicant and the staff. Public hearing on this application should be set as soon as possible so that the differences between the applicant and the staff can be explored in detail.

Findings and Conclusions

1. Applicant has a financial emergency and is in need of immediate additional revenue to avoid a deficit from its operations, but the interim increase proposed by applicant is excessive.

2. The interim rates and charges authorized herein are just and reasonable and will not result in an excessive rate of return.

3. The interim rates and charges authorized herein should be collected subject to refund pending public hearing and a final decision on the application.

4. Public hearing on the interim rate phase of this application is not necessary.

The Commission concludes that the application for ex parte interim rate increase should be granted in part. The Commission also concludes that the increase in rates authorized herein should be collected subject to refund.

IT IS ORDERED that:

1. After the effective date of this order, applicant Paradise Estates Water Co. is authorized to refile its present rate schedule with the following special condition:

> "Pending final disposition of Application No. 57808, bills computed under this schedule will be increased by 100 percent."

2. The rates collected under the authority granted herein shall be segregated and held subject to refund pending final disposition of Application No. 57808.

3. The filing authorized herein shall comply with General Order No. 96-A. The effective date of the revised schedule shall be five days after the date of filing. The revised schedules shall apply to service rendered on or after the effective date thereof.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 16th day of MAY, 1978.

Commissioner Robert Batinovich

President

Commissioners

CORRECTION

THIS DOCUMENT

HAS BEEN REPHOTOGRAPHED

TO ASSURE LEGIBILITY

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ORIGINAL

Decision No. 88832 MAY 16 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of David S. Adams & Sons, Inc., a California corporation, doing business as Paradise Estates Water Co., a public utility water company, for a Rate Increase Under Section 454 of the Public Utilities Code and request for emergency interim rate increase pending hearing.	Application No. 57808 (Filed January 18, 1978)

INTERIM OPINION AND ORDER

Paradise Estates Water Co. (applicant) requests interim authority to increase revenue by 200 percent pending hearing and final disposition of its request for an overall 270 percent rate increase.

Applicant estimates that present rates will produce an annual loss of $23,629. By contrast, the requested 200 percent interim increase would (1) provide an additional $21,958 of gross revenue, (2) provide a net operating deficit of only $1,671, and (3) result in a negative 2.50 percent rate of return on a depreciated rate base of $66,805.

A preliminary report of the Commission staff dated April 1978 estimates that an interim rate increase of 100 percent would provide sufficient revenues to cover applicant's cash outlay for operating expenses, taxes, and interest. Staff recommends granting interim rate relief to increase applicant's revenues by 100 percent prior to the formal hearing with the condition that it is subject to refund pending a final decision on the basic application. The recommended relief would help alleviate applicant's serious

economic problems and enable it to function on a reasonably sound financial basis. We will accept the staff's estimate for the purpose of this opinion rather than delay the interim relief for resolution of any final differences between the applicant and the staff. Public hearing on this application should be set as soon as possible so that the differences between the applicant and the staff can be explored in detail.

Findings and Conclusions

1. Applicant has a financial emergency and is in need of immediate additional revenue to avoid a deficit from its operations, but the interim increase proposed by applicant is excessive.

2. The interim rates and charges authorized herein are just and reasonable and will not result in an excessive rate of return.

3. The interim rates and charges authorized herein should be collected subject to refund pending public hearing and a final decision on the application.

4. Public hearing on the interim rate phase of this application is not necessary.

The Commission concludes that the application for ex parte interim rate increase should be granted in part. The Commission also concludes that the increase in rates authorized herein should be collected subject to refund.

IT IS ORDERED that:

1. After the effective date of this order, applicant Paradise Estates Water Co. is authorized to refile its present rate schedule with the following special condition:

> "Pending final disposition of Application No. 57808, bills computed under this schedule will be increased by 100 percent."

2. The rates collected under the authority granted herein shall be segregated and held subject to refund pending final disposition of Application No. 57808.

3. The filing authorized herein shall comply with General Order No. 96-A. The effective date of the revised schedule shall be five days after the date of filing. The revised schedules shall apply to service rendered on or after the effective date thereof.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 16th day of MAY, 1978.

Sabatain
Robert Batinich

President
William Symons, Jr.
Vernon L. Sturgeon
Leonard M. Grimes, Jr.
Claire T. Dedrick
Commissioners