

ORIGINAL

Decision No. 92237 SEP 16 1980

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 increase its rates for water )  
service in its DUARTE DISTRICT. )  
(NOI 13-W)

Application No. 59419  
(Filed February 4, 1980)

Lenard G. Weiss, Attorney at Law,  
for applicant.  
Virgil "Ed" Duncan, for himself,  
protestant.  
Ellen Levine, Attorney at Law, and  
Francis S. Ferraro, for the  
Commission staff.

O P I N I O N

California-American Water Company (Cal-Am) seeks authority to increase rates for water service in its Duarte District (Duarte) to produce annual revenue increases of \$208,400 (or 24.6 percent) in 1980 and an additional \$138,900 (or 13.1 percent) in 1981. The Commission staff recommends that rates be set for a three-year period in keeping with this Commission's notice to Class "A" water companies that a district of a water utility will not file for a general rate increase more often than once in three years.

After proper notice, public hearings were held on a consolidated record<sup>1/</sup> with proceedings involving two other districts of Cal-Am before Administrative Law Judge Bertram Patrick in Los Angeles on June 9 and 10, 1980, and the matter was submitted on July 11, 1980 upon receipt of concurrent briefs.

Testimony was presented on behalf of Cal-Am by its assistant director of rates and revenues, John S. Barker, by its manager of Baldwin Hills, Duarte, and San Marino districts, Lim Magoffin, and by a consulting engineer, John Housiaux. Testimony on behalf of the Commission staff was presented by its project manager, Francis S. Ferraro, and utilities engineers, Ernst G. Knolle and Terence A. Keefe.

Testimony from Customers

Protestant Virgil "Ed" Duncan testified regarding the need for conservation. He believes there should be greater emphasis on conservation with rewards and penalties being applied to utilities for innovative conservation programs, or lack thereof.

Mr. Duncan took exception to Cal-Am's notice of discontinuance of service which contains the statement, "Protect your credit rating and avoid additional costs." Mr. Duncan construes this as a threat. Cal-Am appreciates Mr. Duncan's concern and is taking steps to delete the reference to credit rating from its notice.

Apart from Mr. Duncan, no customers were present at the hearing.

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<sup>1/</sup> The consolidated proceedings are Applications Nos. 59418, 59419, and 59420 involving Baldwin Hills, Duarte, and San Marino districts, respectively.

Informal Public Meeting

Prior to the public hearing, on the evening of March 27, 1980, an informal public meeting was held in the Duarte City Council Chambers to discuss Cal-Am's application to increase rates for water service. The meeting was sponsored jointly by Cal-Am and the staff. Cal-Am notified each customer of the meeting by a postcard mailed on March 10, 1980. Notice of the meeting was also provided by news releases to the local newspaper and radio station.

Of approximately 39 customers in attendance, 19 offered comments. Although each comment was a response to an individual experience, combined they can be categorized as follows: ✓

|  | <u>Number</u>    |
|--|------------------|
| Opposition to the magnitude of the requested rate increase | 12               |
| Complaints regarding customer service                      | 6                |
| Complaints regarding water quality                         | 0                |
| Water conservation and rate increases                      | 3                |
| Concern regarding long range water supply                  | 2                |
| Concern regarding ground water deterioration               | 1                |
| Fire hydrant surcharge                                     | 1                |
| Requests for staff reports                                 | <u>9</u>         |
| Total  | <u><u>34</u></u> |

A detailed account of the public meeting is included in the staff report.

Service Area and Water System

Cal-Am, a California corporation, is a wholly owned subsidiary of the American Water Works Company, Inc. of Wilmington, Delaware, operating public utility water systems in portions of the counties of San Diego, Los Angeles, Ventura, and Monterey.

Cal-Am's Duarte District provides public utility water service to approximately 6,600 customers in a service area which lies at the northern edge of the San Gabriel Valley and extends into the foothills of the San Gabriel Mountains. Domestic water service is provided to the cities of Bradbury and Duarte, and portions of Irwindale, Monrovia, and vicinity, Los Angeles County. The domestic water system is supplied by seven wells which feed directly into the distribution pipeline system.

Elevations within the service area range from 375 feet above sea level on the southwest to 1,000 feet at the northern edge. Because of the wide variation in elevations within the service area, the system is divided into six pressure zones.

In addition to the domestic water system, irrigation water service is provided to 63 customers, mostly in the city of Bradbury. The source of supply of water for the irrigation service has historically been the diversion of surface water from the San Gabriel River and Fish Canyon. In times of extremely low river flow, water from wells has also been delivered to the irrigation customers. Raw water from the surface sources is not suitable for domestic use.

Pump Efficiency

The staff's report states that Cal-Am tested all of its 12 operating pumps during 1979. The tests show that all pumps are operating in the fair to excellent range.

Conservation

Cal-Am has continued to promote water conservation and has prepared an innovative program to educate the public regarding the need for water conservation. Cal-Am has started showing last year's consumption during the same period on customer bills.

Customer Service

The staff's review indicates that customer complaints made either directly to the district office or the Commission's Consumer Affairs Branch are resolved in a satisfactory manner. The number of complaints is relatively small and generally involves disputed charges or water leaks.

A letter of protest to the rate increase was received from two customers residing on Dalbo Street, Duarte. They complained of low water pressure. The staff's investigation revealed that the pressure at the main drops below 40 psi during peak hours. The problem is further exacerbated by the customers' half-inch house lines which are approximately 30 years old. Cal-Am has agreed to connect this section to an adjacent high pressure main. In order to do this, it will be necessary to install a pressure-reducing valve and the total cost is estimated at \$3,000. Cal-Am has agreed to complete the installation by August 31, 1980.

Based on all the evidence we conclude that Cal-Am is providing a satisfactory level of service.

Issues

The only issue in this proceeding is: What is a fair and reasonable estimate of normalized water consumption per customer for calculating test year operating revenues? With this exception, Cal-Am stipulated to all other estimates prepared by the staff, since the staff estimates were based on later information and recorded data which were not available to Cal-Am at the time it prepared its application.

Rate of return is not an issue in this proceeding, since rate of return for five of Cal-Am's districts, including Duarte, was decided in D.91910 dated June 17, 1980.

Rates

Cal-Am's present tariffs for Duarte consist of schedules for general metered service, measured irrigation service, public fire hydrant service, and private fire protection.

Cal-Am proposes to increase its rates for general metered service and irrigation service. The following Table I presents a comparison of Cal-Am's present and proposed general metered service rates along with those authorized herein.

TABLE I

DUARTE DISTRICT

COMPARISON OF MONTHLY RATES

GENERAL METERED SERVICE - SCHEDULE NO. DU-1

|                                    | <u>Present Rates*</u> | <u>Proposed Rates**</u> |             | <u>Adopted Rates</u> |             |             |
|------------------------------------|-----------------------|-------------------------|-------------|----------------------|-------------|-------------|
|                                    |                       | <u>1980</u>             | <u>1981</u> | <u>1980</u>          | <u>1981</u> | <u>1982</u> |
| <u>Service Charge</u>              |                       |                         |             |                      |             |             |
| For 5/8 x 3/4-inch meter . . . . . | \$ 2.16               | \$ 2.50                 | \$ 2.60     | \$ 2.59              | \$ 2.82     | \$ 2.98     |
| For 3/4-inch meter . . . . .       | 2.47                  | 2.90                    | 3.00        | 2.95                 | 3.20        | 3.45        |
| For 1-inch meter . . . . .         | 3.65                  | 4.20                    | 4.50        | 4.35                 | 4.75        | 5.10        |
| For 1-1/2-inch meter . . . . .     | 5.30                  | 6.20                    | 6.60        | 6.30                 | 6.90        | 7.30        |
| For 2-inch meter . . . . .         | 7.40                  | 8.70                    | 9.30        | 9.00                 | 10.00       | 10.00       |
| For 3-inch meter . . . . .         | 10.80                 | 12.50                   | 13.30       | 13.00                | 14.00       | 15.00       |
| For 4-inch meter . . . . .         | 16.10                 | 18.70                   | 19.90       | 19.00                | 21.00       | 22.00       |
| For 6-inch meter . . . . .         | 25.80                 | 30.00                   | 31.80       | 31.00                | 34.00       | 36.00       |
| For 8-inch meter . . . . .         | 42.65                 | 50.00                   | 53.00       | 51.00                | 56.00       | 59.00       |
| <u>Quantity Rates</u>              |                       |                         |             |                      |             |             |
| 0-300 cu. ft., per 100 cu. ft.     | \$0.300               | \$0.370                 | \$0.390     | \$0.330              | \$0.340     | \$0.340     |
| 400-500 cu. ft., per 100 cu. ft.   | 0.300                 | 0.370                   | 0.390       | 0.478                | 0.495       | 0.495       |
| 600-2500 cu. ft., per 100 cu. ft.  | 0.437                 | 0.498                   | 0.527       | 0.478                | 0.495       | 0.495       |
| Over 2500 cu. ft., per 100 cu. ft. | 0.279                 | 0.340                   | 0.369       | 0.363                | 0.433       | 0.495       |

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.

\*From Tariff Sheet 1336-W, effective June 3, 1980  
 Includes Fire Protection Revenue Loss Surcharge, Tariff Sheet 1316-W dated January 28, 1980.

\*\*Exhibit 1

In this district, an average residential customer will use about 18 Ccf (hundreds of cubic feet) per month. The following Table II presents a comparison of monthly charges for an average commercial customer with a 5/8 x 3/4-inch meter under present rates, Cal-Am's proposed rates, and the rates authorized herein.

Operating Revenues

For purposes of computing operating revenues, Cal-Am accepts staff's estimate of customers for the test years but disagrees with staff's estimate of normalized average consumption per customer.

Residential and Commercial Consumption

As discussed in our decision on Baldwin Hills District (A.59418), we find Cal-Am's estimate for the test year to be low compared to 1979 recorded consumption normalized for weather. Accordingly, we will adopt the staff estimate of 211.0 Ccf per customer per year for the residential class and 1,096.7 Ccf per customer per year for the commercial class as shown in Exhibit 22.



TABLE II

CALIFORNIA-AMERICAN WATER COMPANY - DUARTE DISTRICT

Comparison of Monthly Charges

Average Residential Customer Using 18 Ccf Per Month

|                                | <u>1980</u> | <u>1981</u> | <u>1982</u> |
|--------------------------------|-------------|-------------|-------------|
| At Present Rates <sup>1/</sup> | \$9.34      | \$9.34      | \$9.34      |
| At Cal-Am's Proposed Rates     | \$10.82     | \$11.40     | -           |
| Amount of Increase             | \$1.48      | \$2.06      |             |
| Percent Increase               | 15.8%       | 22.1%       |             |
| At Authorized Rates            | \$10.75     | \$11.26     | \$11.42     |
| Amount of Increase             | \$1.41      | \$1.92      | \$2.08      |
| Percent Increase               | 15.1%       | 20.6%       | 22.3%       |

<sup>1/</sup> Includes Fire Protection Revenue Loss Surcharge of \$0.16 for a 5/8" x 3/4" meter (Commission Resolution No. L-213).

Industrial Consumption

Staff's Exhibit 29-B shows that recorded industrial consumption per customer reached a peak in 1977 and declined sharply during the next three years. Cal-Am's witness Linn E. Magoffin attributed the decline in average use per customer to the addition of new customers that use less water. Since the number of new customers estimated for the test year periods is not large, it is reasonable to assume that 1979 recorded average consumption will be representative of consumption during the test years. No adjustment for weather is necessary since consumption in this class is not significantly affected by weather. Accordingly, we will adopt 1979 recorded consumption of 2,283.6 Ccf per customer per year for the test years.

Public Authority

Staff's estimate of 1,479.4 Ccf per customer per year is based on a three-year average. We will adopt staff's estimate since it is reasonably close to 1979 recorded consumption which we believe is most indicative of consumption during the next three years.

Results of Operation

The estimated results of operation for the test years are shown in Tables III and IV. Based on the adopted results, the increase in revenues required to provide a 10.19 percent rate of return, as authorized by D.91910 dated June 17, 1980 is \$168,900, or 19.5 percent, for test year 1980 and \$159,300, or 15.4 percent, for test year 1981.

TABLE III  
CALIFORNIA-AMERICAN WATER COMPANY - DUARTE DISTRICT  
Estimated Results of Operation  
Test Year 1980

| Item                          | Present Rates <sup>1/</sup> |                     |                 | Authorized:           |
|-------------------------------|-----------------------------|---------------------|-----------------|-----------------------|
|                               | <sup>2/</sup> Applicant:    | <sup>3/</sup> Staff | Adopted Results | Rates Adopted Results |
| (Dollars in Thousands)        |                             |                     |                 |                       |
|                               | (a)                         | (b)                 | (c)             | (d)                   |
| Operating Revenues            | \$ 859.0                    | \$ 880.6            | \$ 868.2        | \$1,037.1             |
| <u>Operating Expenses</u>     |                             |                     |                 |                       |
| Purchased Water <sup>4/</sup> | 76.6                        | 76.6                | 76.5            | 76.5                  |
| Purchased Power <sup>4/</sup> | 169.8                       | 169.8               | 165.5           | 165.5                 |
| Uncollectibles                | 4.3                         | 4.4                 | 4.3             | 5.2                   |
| Other O & M                   | 271.0                       | 271.0               | 271.0           | 271.0                 |
| Local Franchises              | 0                           | 0                   | 0               | 0                     |
| Other A & G                   | 109.2                       | 109.2               | 109.2           | 109.2                 |
| Gen. Off. Prorated            | 66.3                        | 66.3                | 66.3            | 66.3                  |
| Subtotal                      | 697.2                       | 697.3               | 692.8           | 693.7                 |
| Depreciation Expense          | 92.1                        | 92.1                | 92.1            | 92.1                  |
| Taxes Other Than Income       | 37.9                        | 37.9                | 37.9            | 37.9                  |
| CCFT @ 9.6%                   | (7.9)                       | (5.9)               | (6.6)           | 9.5                   |
| FIT @ 46%                     | (60.0)                      | (51.1)              | (54.4)          | 15.5                  |
| Total Oper. Exp.              | 759.3                       | 770.3               | 761.8           | 848.7                 |
| Net Operating Revenue         | 99.7                        | 110.3               | 106.4           | 188.4                 |
| Rate Base                     | 1,849.2                     | 1,849.2             | 1,849.2         | 1,849.2               |
| Rate of Return                | 5.39%                       | 5.96%               | 5.75%           | 10.19%                |

(Red Figure)

- 1/ Rates in effect June 3, 1980.  
 2/ Exhibit 33.  
 3/ Exhibit 25-A.  
 4/ Based on purchased water and power rates in effect June 1, 1980.

TABLE IV  
CALIFORNIA-AMERICAN WATER COMPANY - DUARTE DISTRICT  
Estimated Results of Operation  
Test Year 1981

| Item                          | Present Rates <sup>1/</sup> |                     |                 | Authorized:           |
|-------------------------------|-----------------------------|---------------------|-----------------|-----------------------|
|                               | <sup>2/</sup> Applicant:    | <sup>3/</sup> Staff | Adopted Results | Rates Adopted Results |
| (Dollars in Thousands)        |                             |                     |                 |                       |
|                               | (a)                         | (b)                 | (c)             | (d)                   |
| Operating Revenues            | \$ 908.7                    | \$ 933.0            | \$ 918.9        | \$1,196.4             |
| <u>Operating Expenses</u>     |                             |                     |                 |                       |
| Purchased Water <sup>4/</sup> | 76.9                        | 76.9                | 76.8            | 76.8                  |
| Purchased Power <sup>4/</sup> | 178.7                       | 178.6               | 174.0           | 174.0                 |
| Uncollectibles                | 4.5                         | 4.7                 | 4.6             | 6.0                   |
| Other O & M                   | 303.3                       | 303.3               | 303.3           | 303.3                 |
| Local Franchises              | 0                           | 0                   | 0               | 0                     |
| Other A & G                   | 117.6                       | 117.6               | 117.6           | 117.6                 |
| Gen. Off. Prorated            | 71.6                        | 71.6                | 71.6            | 71.6                  |
| Subtotal                      | 752.6                       | 752.7               | 747.9           | 749.3                 |
| Depreciation Expense          | 107.2                       | 107.2               | 107.2           | 107.2                 |
| Taxes Other Than Income       | 46.7                        | 46.7                | 46.7            | 46.7                  |
| CCFT @ 9.6%                   | (10.5)                      | (8.2)               | (9.1)           | 17.4                  |
| FIT @ 46%                     | (71.7)                      | (61.7)              | (65.5)          | 49.3                  |
| Total Oper. Exp.              | 824.3                       | 836.7               | 827.2           | 969.9                 |
| Net Operating Revenue         | 84.4                        | 96.3                | 91.7            | 226.5                 |
| Rate Base                     | 2,222.6                     | 2,222.6             | 2,222.6         | 2,222.6               |
| Rate of Return                | 3.80%                       | 4.33%               | 4.13%           | 10.19%                |

(Red Figure)

<sup>1/</sup> Rates in effect June 3, 1980.

<sup>2/</sup> Exhibit 33.

<sup>3/</sup> Exhibit 25-A.

<sup>4/</sup> Based on purchased water and power rates in effect June 1, 1980.

Attrition

Cal-Am has accepted as reasonable the staff's estimate of an annual operational attrition in the rate of return of 1.50 percent. No allowance is made for financial attrition. In keeping with our expectations that the districts of a Class "A" water utilities not file a general rate increase more often than once in three years, we will authorize a step increase for 1982 of \$68,600 to offset the 1.50 percent attrition rate. Cal-Am will be required to file an advice letter with supporting workpapers on or after November 15, 1981 to justify such an increase. Such rates result in a better matching of the consumers' interests compared to setting a high initial rate which would yield the adopted rate of return for a three-year average. The supplemental filings we will require will permit further review of achieved rates of return.

Fire Hydrant Agreements

Public Utilities Code Section 2713 prohibits, in the absence of a written agreement, a water utility from charging fire protection agencies within its service territory for any fees heretofore collected in connection with the furnishing of fire protection services. The Commission, by Resolution No. L-213 (dated December 18, 1979), authorized water utilities to recover the loss of fire protection revenues through a surcharge based on the service charge or flat rate. Cal-Am is currently recovering fire protection revenues through a surcharge (Advice Letter No. 198, effective January 28, 1980). We will require the surcharge to be included in the General Metered Service Charge beginning 1981. Cal-Am will continue to notify customers of the surcharge for fire protection through 1980 (Commission Resolution No. L-213).

Wage and Price Standards

By Resolution No. M-4704 dated January 30, 1979, the Commission ordered all utilities requesting general rate increases to submit an exhibit to show whether the requested increase complies with the Voluntary Wage and Price Standards issued by the Council on Wage and Price Stability. Cal-Am's Exhibit 2 shows that (1) wage increases granted by it and (2) the requested rate increases are within the established guidelines.

Rate Spread

Cal-Am did not take issue with staff's rate design proposals which are:

1. The staff recommends the use of a two block rate structure (0-3Ccf and greater than 3 Ccf) rather than the three block rate structure (0-5 Ccf, 6-25 Ccf, and greater than 25 Ccf) currently in use and proposed for the future by the utility. The change-over should be gradual and should be done in a manner that no rate block gets a disproportionate increase in rates.
2. Rates for lifeline should go up only after the overall rate increase for the district exceeds 25 percent over the rates in effect on January 1, 1976. Utility's current rates exceed January 1, 1976 rates by approximately 18.6 percent. ✓

The staff proposal is reasonable and should be adopted.

Findings of Fact

1. Cal-Am's water quality, conservation program, and service are satisfactory.

2. Cal-Am is in need of additional revenues, but the rates requested would produce an excessive rate of return.

3. By D.91910 dated June 17, 1980, a rate of return of 10.19 percent on adopted rate base and an 11.50 percent return on common equity were found reasonable for five of Cal-Am's districts, including Duarte.

4. The adopted results of operation show that an increase in revenues of \$168,900, or 19.5 percent, for test year 1980 and \$159,300, or 15.4 percent, for test year 1981 will allow Cal-Am to earn its authorized rate of return.

5. An allowance of 1.50 percent in rate of return to compensate for operational attrition in the year 1982 is reasonable. This will require an increase of \$68,600, or 5.7 percent, in annual revenues for 1982. This step-rate increase for 1982 should be adjusted so that the authorized 10.19 percent rate of return will not be exceeded for the 12 months ended September 30, 1981.

6. The staff's rate spread proposal is reasonable.

7. The increase authorized herein is in compliance with the President's guidelines on Wage and Price Stability.

8. The increases in rates and charges authorized herein are justified; the rates and charges authorized herein are reasonable; and the present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

9. Appendix B contains information regarding adopted data for this proceeding.

Conclusions of Law

1. The application should be granted to the extent provided by the following order.

2. Because of the immediate need for the increased revenues, the effective date of this order should be the date hereof.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicant California-American Water Company (Cal-Am) is authorized to file for its Duarte District the revised rate schedule for 1980 shown in attached Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be four days after the date of filing. The revised schedule shall apply only to service rendered on and after the effective date thereof.

2. On or after November 15, 1980, Cal-Am is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increases for 1981 shown in attached Appendix A or to file a lesser increase which includes a uniform cents per hundred cubic feet of water adjustment based on Appendix B in the event that the Duarte District rate of return on rate base, adjusted to reflect the rates then in effect and normal rate-making adjustments for the twelve months ended September 30, 1980, exceeds the lower of (a) the rate of return found reasonable by the Commission for applicant during the corresponding period in the then most recent rate decision or (b) 10.19 percent. Such filing shall comply with General Order No. 96-A. The requested step rates shall be reviewed by the staff and, if appropriate, approved by the Commission prior to becoming effective. The

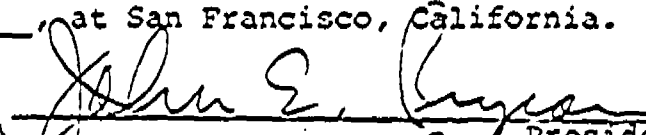
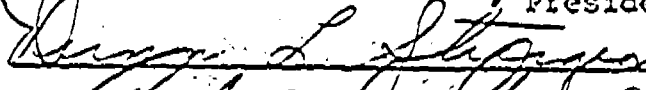


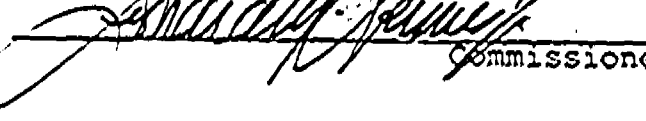


effective date of the revised schedule shall be no sooner than January 1, 1981, or thirty days after the filing of the step rates, whichever comes later. The revised schedule shall apply to service rendered on and after the effective date thereof.

3. On or after November 15, 1981, Cal-Am is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increases for 1982 shown in attached Appendix A or to file a lesser increase which includes a uniform cents per hundred cubic feet of water adjustment based on Appendix B in the event that the Duarte District rate of return on rate base, adjusted to reflect the rates then in effect and normal rate-making adjustments for the twelve months ended September 30, 1981, exceeds the lower of (a) the rate of return found reasonable by the Commission for Cal-Am during the corresponding period in the then most recent rate decision or (b) 10.19 percent. Such filing shall comply with General Order No. 96-A. The requested step rates shall be reviewed by the staff and, if appropriate, approved by the Commission prior to becoming effective. The effective date of the revised schedule shall be no sooner than January 1, 1982, or thirty days after the filing of the step rates, whichever comes later. The revised schedule shall apply only to service rendered on and after the effective date thereof.

The effective date of this order is the date hereof.

Dated SEP 16 1980 at San Francisco, California.

  
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President  
  
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Commissioners

APPENDIX A  
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SCHEDULE NO. DU-1  
DUARTE DISTRICT TARIFF AREA  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all general metered water service.

TERRITORY

Bradbury, Duarte, portions of Irwindale, Monrovia, and vicinity,  
Los Angeles County.

RATES

| Quantity Rates:                   | Per Meter Per Month |             |             |
|-----------------------------------|---------------------|-------------|-------------|
|                                   | <u>1980</u>         | <u>1981</u> | <u>1982</u> |
| First 300 cu.ft., per 100 cu.ft.  | \$ .330             | \$ .340     | \$ .340     |
| Next 200 cu.ft., per 100 cu.ft.   | .478                | .495        | .495        |
| Next 2,000 cu.ft., per 100 cu.ft. | .478                | .495        | .495        |
| Over 2,500 cu.ft., per 100 cu.ft. | .363                | .433        | .495        |

Service Charge:

|                                |         |         |         |
|--------------------------------|---------|---------|---------|
| For 5/8 x 3/4-inch meter ..... | \$ 2.59 | \$ 2.82 | \$ 2.98 |
| For 3/4-inch meter .....       | 2.95    | 3.20    | 3.45    |
| For 1-inch meter .....         | 4.35    | 4.75    | 5.10    |
| For 1½-inch meter .....        | 6.30    | 6.90    | 7.30    |
| For 2-inch meter .....         | 9.00    | 10.00   | 10.00   |
| For 3-inch meter .....         | 13.00   | 14.00   | 15.00   |
| For 4-inch meter .....         | 19.00   | 21.00   | 22.00   |
| For 6-inch meter .....         | 31.00   | 34.00   | 36.00   |
| For 8-inch meter .....         | 51.00   | 56.00   | 59.00   |

The Service Charge is applicable to all 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. DU-3M  
DUARTE DISTRICT TARIFF AREA  
MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured service for irrigation purposes as defined in the special conditions below. Applicable only to premises serviced under Schedule No. DU-3M on a continuous basis on and after January 1, 1969.

TERRITORY

Bradbury, Duarte, portions of Irwindale, Monrovia, and vicinity, Los Angeles County.

RATES

| Quantity Rates:                                       | Per Meter Per Month |         |         |
|---|---------------------|---------|---------|
|   | 1980                | 1981    | 1982    |
| A. Pressure service all water,<br>per 100 cu.ft. .... | \$ .202             | \$ .220 | \$ .233 |
| B. Gravity service all water,<br>per 100 cu.ft. ....  | .137                | .150    | .158    |

Service Charge:

|                                |         |         |         |
|--------------------------------|---------|---------|---------|
| For 5/8 x 3/4-inch meter ..... | \$ 5.60 | \$ 6.10 | \$ 6.50 |
| For 3/4-inch meter .....       | 7.00    | 7.70    | 8.10    |
| For 1-inch meter .....         | 11.20   | 12.20   | 12.90   |
| For 1½-inch meter .....        | 17.00   | 18.00   | 19.00   |
| For 2-inch meter .....         | 23.00   | 25.00   | 26.00   |
| For 3-inch meter .....         | 32.00   | 35.00   | 37.00   |
| For 4-inch meter .....         | 50.00   | 55.00   | 58.00   |
| For 6-inch meter .....         | 69.00   | 76.00   | 80.00   |
| For 8-inch meter .....         | 108.00  | 117.00  | 124.00  |

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

APPENDIX B

TABLE I ..... REQUESTED AND AUTHORIZED INCREASES  
TABLE II ..... COMPARISON OF MONTHLY RATES  
TABLE III ..... ADOPTED QUANTITIES  
TABLE IV ..... ADOPTED TAX CALCULATION

TABLE I

California-American Water Company  
Duarte District  
REQUESTED AND AUTHORIZED INCREASES

| Item                                     | Utility's Application |          | Authorized |           |           |
|--|-----------------------|----------|------------|-----------|-----------|
|  | 1980                  | 1981     | 1980       | 1981      | 1982      |
| <b>Total Operating Revenues</b>          |                       |          |            |           |           |
| ⊙ Present Rates (\$ x 1000)              | \$ 848.5              | \$ 904.5 | \$ 868.2   | \$ 918.9  | \$ 918.9  |
| ⊙ Proposed Rates (\$ x 1000)             | 1,056.9*              | 1,195.8* | 1,037.1**  | 1,196.4** | 1,265.0** |
| % Increase Over Present Rates            | 24.56%                | 32.21%   | 19.45%     | 30.20%    | 37.66%    |
| % Step Rate Increase                     | -                     | 13.14    | -          | 15.36     | 5.73      |
| <b>Typical Residential Bill (18 Ccf)</b> |                       |          |            |           |           |
| ⊙ Present Rates                          | \$ 9.34               | \$ 9.34  | \$ 9.34    | \$ 9.34   | \$ 9.34   |
| ⊙ Proposed Rates                         | 10.82*                | 11.40*   | 10.75**    | 11.26**   | 11.42**   |
| % Increase Over Present Rates            | 15.85%                | 22.06%   | 15.10%     | 20.56%    | 22.27%    |
| % Step Rate Increase                     | -                     | 5.36     | -          | 4.74      | 1.42      |
| Rate of Return on Rate Base              | 11.19%                | 11.19%   | 10.19%     | 10.19%    | 10.19%    |
| Return on Equity                         | 13.50%                | 13.50%   | 11.50%     | 11.50%    | 11.50%    |

\* At utility's proposed rates.  
\*\* At new rates authorized in this decision.

TABLE II

California-American Water Company  
Duarte District

## COMPARISON OF MONTHLY RATES

GENERAL METERED SERVICE - SCHEDULE NO. DU-1

|                                    | <u>Present Rates*</u> | <u>Proposed Rates**</u> |             | <u>Adopted Rates</u> |             |             |
|------------------------------------|-----------------------|-------------------------|-------------|----------------------|-------------|-------------|
|                                    |                       | <u>1980</u>             | <u>1981</u> | <u>1980</u>          | <u>1981</u> | <u>1982</u> |
| <u>Service Charge</u>              |                       |                         |             |                      |             |             |
| For 5/8 x 3/4-inch meter . . . . . | \$ 2.16               | \$ 2.50                 | \$ 2.60     | \$ 2.59              | \$ 2.82     | \$ 2.98     |
| For 3/4-inch meter . . . . .       | 2.47                  | 2.90                    | 3.00        | 2.95                 | 3.20        | 3.45        |
| For 1-inch meter . . . . .         | 3.65                  | 4.20                    | 4.50        | 4.35                 | 4.75        | 5.10        |
| For 1-1/2-inch meter . . . . .     | 5.30                  | 6.20                    | 6.60        | 6.30                 | 6.90        | 7.30        |
| For 2-inch meter . . . . .         | 7.40                  | 8.70                    | 9.30        | 9.00                 | 10.00       | 10.00       |
| For 3-inch meter . . . . .         | 10.80                 | 12.50                   | 13.30       | 13.00                | 14.00       | 15.00       |
| For 4-inch meter . . . . .         | 16.10                 | 18.70                   | 19.90       | 19.00                | 21.00       | 22.00       |
| For 6-inch meter . . . . .         | 25.80                 | 30.00                   | 31.80       | 31.00                | 34.00       | 36.00       |
| For 8-inch meter . . . . .         | 42.65                 | 50.00                   | 53.00       | 51.00                | 56.00       | 59.00       |
| <u>Quantity Rates</u>              |                       |                         |             |                      |             |             |
| 0-300 cu. ft., per 100 cu. ft.     | \$0.300               | \$0.370                 | \$0.390     | \$0.330              | \$0.340     | \$0.340     |
| 400-500 cu. ft., per 100 cu. ft.   | 0.300                 | 0.370                   | 0.390       | 0.478                | 0.495       | 0.495       |
| 600-2500 cu. ft., per 100 cu. ft.  | 0.437                 | 0.498                   | 0.527       | 0.478                | 0.495       | 0.495       |
| Over 2500 cu. ft., per 100 cu. ft. | 0.279                 | 0.340                   | 0.369       | 0.363                | 0.433       | 0.495       |

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.

\*From Tariff Sheet 1336-W, effective June 3, 1980  
Includes Fire Protection Revenue Loss Surcharge, Tariff Sheet 1316-W  
dated January 28, 1980.

\*\*Exhibit 1

TABLE III  
ADOPTED QUANTITIES

Name of Company: California-American Water District: Duarte  
Company

Application No.: 59419 Decision No.: \_\_\_\_\_ Date: \_\_\_\_\_

Prepared By: D. K. Fukutome

|                          | <u>Name</u>                       | <u>Initials</u>        |
|--------------------------|-----------------------------------|------------------------|
| Project Manager          | <u>F. S. Ferraro</u>              | <u>FSF</u>             |
| Witnesses 1.             | <u>T. A. Keefe</u>                | <u>TAK</u>             |
| 2.                       | <u>E. G. Knolle</u>               | <u>EGK</u>             |
| 3.                       | _____                             | _____                  |
| Net-to-Gross             | <u>2.0588</u>                     | <u>Special Remarks</u> |
| Federal Tax Rate         | <u>46%</u>                        |                        |
| State Tax Rate           | <u>9.6% (for both test years)</u> |                        |
| Local Franchise Tax Rate | <u>-</u>                          |                        |
| Business License         | <u>-</u>                          |                        |
| Uncollectibles Rate      | <u>0.50%</u>                      |                        |

| <u>Offset Items</u>                       | <u>Test Years</u> |               |
|---|-------------------|---------------|
|   | <u>1980</u>       | <u>1981</u>   |
| 1. Purchased Power: Witness <u>EGK</u>    |                   |               |
| Total Production - Ccf                    | 2,165,800 Ccf     | 2,277,600 Ccf |
| Acre-Feet                                 | 4,972.0 A.F.      | 5,228.7 A.F.  |
| Electric:                                 |                   |               |
| <u>Southern California Edison Company</u> |                   |               |
| Total Cost                                | \$ 165,500        | \$ 174,000    |
| kWh                                       | 2,356,080         | 2,478,048     |
| Eff. Sch. Date                            | 5/20/80           | 5/20/80       |
| \$/kWh Used                               | \$ .07023         | \$ .07023     |
|   | <u>\$/kWh</u>     |               |
| In Effect on                              | 5/20/80           |               |
| ECAC                                      | .04960            |               |
| Fuel Bal. Act                             | - .00107          |               |
| CLMAC                                     | .00003            |               |
| State Energy Tax                          | .00015            |               |
| 2. Purchased Water: Witness <u>-</u>      |                   |               |
| No Purchased Water                        |                   |               |

TABLE III  
ADOPTED QUANTITIESName of Company: California-American Water Company District: Duarte3. Pump Tax - Replenishment Tax: Witness ECK

|                                   | Test Years   |              |
|-----------------------------------|--------------|--------------|
|                                   | <u>1980</u>  | <u>1981</u>  |
| <u>Main San Gabriel Basin</u>     |              |              |
| Total Production                  | 4,972.0 A.F. | 5,228.7 A.F. |
| Entitlement                       | 4,246.6 A.F. | 4,246.6 A.F. |
| Subject to Administrative Assess. | 4,972.0 A.F. | 5,228.7 A.F. |
| Administrative Assess. Rate       | \$1.10/A.F.  | \$1.10/A.F.  |
| Subject to Make-Up Assess.        | 5,918.6 A.F. | 5,918.6 A.F. |
| Make-Up Assess. Rate              | \$12.00/A.F. | \$12.00/A.F. |
| Subject to Replenishment Assess.  | 0 A.F.       | 0 A.F.       |
| Replenishment Rate                | \$60.00/A.F. | \$60.00/A.F. |
| Total Assessment                  | \$76,500     | \$76,800     |

4. Expense Payroll: Witness ECK

|                            |                |                |
|----------------------------|----------------|----------------|
| Operation & Maintenance    | \$129,500      | \$150,100      |
| Administrative & General   | 38,700         | 42,400         |
| Total                      | <u>168,200</u> | <u>192,500</u> |
| Expensed Payroll Taxes     | 11,900         | 14,400         |
| Composite Payroll Tax Rate | 7.07%          | 7.48%          |

5. Employee Benefits: Witness ECK

|                    |           |           |
|--------------------|-----------|-----------|
| Pension & Benefits | \$ 33,300 | \$ 38,800 |
|--------------------|-----------|-----------|

6. Ad Valorem Taxes: Witness TAK

|                | <u>1979-80</u> | <u>1980-81</u> | <u>1981-82</u> |
|----------------|----------------|----------------|----------------|
| Tax Rate       | 1.296%         | 1.296%         | 1.296%         |
| Assessed Value | \$1,724,940    | \$2,175,340    | \$2,711,240    |

Metered Water Sales Used to Design Rates Witness: TAK

|             | <u>Range - Ccf</u> | <u>Usage - Ccf</u> |                |          |
|-------------|--------------------|--------------------|----------------|----------|
|             |                    | <u>1980</u>        | <u>1981</u>    |          |
| Block 1     | 0-3                | 205,323            | 220,005        | Lifeline |
| Block 2     | 4-5                | 129,075            | 138,683        |          |
| Block 3     | 6-25               | 702,141            | 753,626        |          |
| Block 4     | > 25               | <u>775,814</u>     | <u>803,839</u> |          |
| Total Usage |                    | 1,812,353          | 1,916,153      |          |



TABLE III

## ADOPTED QUANTITIES

Name of Company: California-American Water CompanyDistrict: DuarteMetered Customers

|                         | No.          |              | Usage - Ccf      |                  | Avg. Usage - Ccf/Yr |             |
|-------------------------|--------------|--------------|------------------|------------------|---------------------|-------------|
|                         | <u>1980</u>  | <u>1981</u>  | <u>1980</u>      | <u>1981</u>      | <u>1980</u>         | <u>1981</u> |
| Residential             | 5,378        | 5,796        | 1,134,800        | 1,223,000        | 211.0               | 211.0       |
| Business                | 487          | 497          | 534,100          | 545,100          | 1,096.7             | 1,096.7     |
| Public Authority        | 80           | 80           | 118,400          | 118,400          | 1,479.4             | 1,479.4     |
| Industrial              | 11           | 13           | 25,100           | 29,700           | 2,283.6             | 2,283.6     |
| Irrigation              | 63           | 63           | 189,000          | 189,000          | 3,000.0             | 3,000.0     |
| Other                   | -            | -            | 2,000            | 2,000            | -                   | -           |
| Subtotal                | <u>6,019</u> | <u>6,449</u> | <u>2,003,400</u> | <u>2,107,200</u> |                     |             |
| Private Fire Protection | 43           | 46           |                  |                  |                     |             |
| Public Fire Protection  | <u>545</u>   | <u>570</u>   |                  |                  |                     |             |
| Subtotal                | <u>588</u>   | <u>616</u>   |                  |                  |                     |             |
| Total                   | 6,607        | 7,065        | 2,003,400        | 2,107,200        |                     |             |
| Water Loss at 7.5%      |              |              | <u>162,400</u>   | <u>170,400</u>   |                     |             |
| Total Water Produced    |              |              | 2,165,800        | 2,277,600        |                     |             |

TABLE IV  
California-American Water Company  
Duarte District

ADOPTED TAX CALCULATION

| Line No.                        | Item                      | Test Year 1980 |               | Test Year 1981 |               |
|---------------------------------|---------------------------|----------------|---------------|----------------|---------------|
|                                 |                           | CCFT           | FIT           | CCFT           | FIT           |
| (Dollars in Thousands)          |                           |                |               |                |               |
| 1                               | Operating Revenue         | \$1,037.1      | \$1,037.1     | \$1,196.4      | \$1,196.4     |
| EXPENSES                        |                           |                |               |                |               |
| 2                               | Operation & Maintenance   | 518.2          | 518.2         | 560.1          | 560.1         |
| 3                               | Administrative & General  | 109.2          | 109.2         | 117.6          | 117.6         |
| 4                               | General Office            | 66.3           | 66.3          | 71.6           | 71.6          |
| 5                               | Taxes Other               | 37.9           | 37.9          | 46.7           | 46.7          |
| 6                               | CCFT                      | ----           | 9.5           | ----           | 17.4          |
| 7                               | Subtotal                  | 731.6          | 741.1         | 796.0          | 813.4         |
| Deductions from Taxable Income: |                           |                |               |                |               |
| 8                               | Tax Depreciation          | 102.8          | 108.8         | 117.9          | 124.9         |
| 9                               | Debt Expense              | 0.8            | 0.8           | 0.8            | 0.8           |
| 10                              | Capitalized Overhead      | 6.1            | 6.1           | 3.6            | 3.6           |
| 11                              | Interest                  | <u>96.8</u>    | <u>96.8</u>   | <u>96.8</u>    | <u>96.8</u>   |
| 12                              | Subtotal Deductions       | 206.5          | 212.5         | 219.1          | 226.1         |
| 13                              | Net Taxable Income (CCFT) | <u>99.0</u>    |               | <u>181.3</u>   |               |
| 14                              | CCFT @ 9.6%               | 9.5            |               | 17.4           |               |
| 15                              | Net Taxable Income (FIT)  |                | 83.5          |                | 156.9         |
| 16                              | FIT @ 46%                 |                | 38.4          |                | 72.2          |
| 17                              | Less Grad. Tax Adj.       |                | (1.3)         |                | (1.3)         |
| 18                              | ITC                       |                | <u>(21.6)</u> |                | <u>(21.6)</u> |
| 19                              | Net FIT                   |                | 15.5          |                | 49.3          |

(Red Figure)