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Decision No. 92645

JAN 21 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

Application of PACIFIC GAS AND ELECTRIC )  
 COMPANY for authority, among other things, )  
 to increase its rates and charges for )  
 water service provided by the Placer )  
 Water System. )  
 (Water) )

Application No. 58632  
 (Filed January 25, 1979)

ORDER MODIFYING DECISION NO. 92298  
AND DENYING REHEARING

Petitions for rehearing of Decision No. 92298 have been filed by Pacific Gas and Electric Company (PG&E) and by Lorenzo Moffett, Et Al., a group of owners of agricultural land. We have carefully reviewed each and every allegation in said petitions and are of the opinion that good cause for granting rehearing has not been shown. However, as discussed more fully below, Decision No. 92298 should be modified so that the formulation of the "four factor" ratios, for purposes of determining the level of the administrative and general (A&G) indirect expense and common utility plant, reflects the operation and maintenance (O&M) payroll expense found reasonable by the Commission. Also, in the course of modifying the decision, a clerical-type error is corrected.

1) Four Factor Modifications

The re-formulation of the four factor ratios so that they reflect the \$167,300 O&M payroll expenses adopted in Decision No. 92298, besides changing A&G indirect expense and the common utility plant figure, also changes a number of other figures in the body of the decision. These latter resultants will be noted, following a setting forth of the new allocations based on the revised four factor ratios.

As Decision No. 92298 explains, in order to determine indirect A&G expenses for the Placer Water System, it is necessary to determine PG&E's General Office expense on a total company basis. Then a percentage of such expense is allocated to PG&E's water

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system operations, after which a percentage is allocated to the individual water systems such as Placer. The revised adopted allocations are 0.31 percent to water operations, and 15.47 percent to Placer (cf. D. 92298, Pg. 39). Using these revised percentages, the result of revised four factor calculations, the adopted figure for A&G indirect expense is \$89,800. The effect of the new allocations on the adopted utility plant figure (of which common utility plant is a component) is to change it to \$4,144,500.

In the order of their appearance in the body of the decision, the changed items and their new values (at adopted rates) are as follows: Additional Revenues, \$359,700; Uncollectibles, \$1000; Total O&M Expenses, \$315,700; General Office Prorated Expense: A&G Indirect - \$89,800, Ad Valorem Taxes - \$1700, Total Prorated Expense - \$102,300; Taxes Based on Income: California Corporate Franchise Tax - \$1000, Federal Income Tax - (\$6300),<sup>\*</sup>/ Total Income Tax - (\$5300); Utility Plant, \$4,144,500; Depreciation Expense, \$36,200; Depreciation Reserve, \$2,721,300; Total Weighted Average Plant, \$4,144,500; Average Depreciated Rate Base, \$1,447,500; Weighted Average Additions to Placer System Plant-in-Service for Test Year 1980, \$53,900; Weighted Average Plant, \$4,144,500.

2) Clerical Error

In the second sentence of the final paragraph on Page 45, reference is made to an "end-of-year" plant estimate. Actually the plant estimates are for "weighted average" plant.

3) Rate Change

Due to modifications included herein, the Quantity Rates set forth on Pages 1 and 2 of Appendix A for usage for the period "After Dec. 31, 1981" are changed. Also, the rate for general irrigation service for the period "After December 31, 1981" is increased on Page 3 of Appendix A.

IT IS HEREBY ORDERED that Decision No. 92298 is modified as follows:

1. The paragraph beginning at the bottom of Page 38, mimeo, is amended to read as follows:

\*/ Parenthesis indicates minus number.

(a) There is a difference between the PG&E and staff estimates of indirect A&G expenses. To determine indirect A&G expenses, it is necessary to determine the company total and allocate an appropriate amount to the water department. The amount allocated to the water department is further allocated to each of the districts. These allocations are based on the "four-factor" ratios. PG&E's allocation to the water department is 0.35 percent, of which 15.86 percent is allocated to the Placer System. The corresponding staff ratios are 0.26 percent and 13.93 percent. The Commission will adopt ratios of 0.31 percent and 15.47 percent as more reasonable.

2. The sentence in the second paragraph on Page 39 which begins: "Since the total amount of A&G expenses ...", should be deleted.

3. The second sentence of the final paragraph on Page 45 is amended to read as follows:

The estimated weighted average plant is \$4,144,500.

4. Findings of Fact Nos. 20,24,25,29,30,31,32 and 35 are amended to read as follows:

20. The sum of \$631,100 is a reasonable estimate of the total operating revenues for the test year 1980 at authorized rates.

24. The following total O&M expenses for the test year 1980 are reasonable.

<u>Item</u>	<u>Adopted</u> (Thousands of Dollars)
<u>At Present Rates</u>	
Purchased Power	\$ 33.1
Purchased Chemicals	6.9
Town Payroll	42.3
Ditch Payroll	125.0
Town Other	13.4
Ditch Other	94.0
Uncollectibles	.4
Total O&M Expenses	315.1
<u>At Adopted Rates</u>	
Uncollectibles	1.0
Total O&M Expenses	315.7

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25. The sum of \$102,300 for general office prorated expenses for the test year 1980 is reasonable.
29. The estimate of (\$5300) for total income taxes for the test year 1980 is reasonable.
30. The sum of \$4,144,500 is reasonable for utility plant for the test year 1980.
31. The staff estimates for depreciation expense and for depreciation reserve as modified are more reasonable than those of PG&E because they are based on more reliable data. The following are reasonable for the test year 1980:

Depreciation Expense	\$36,200
Depreciation Reserve	\$2,721,300

32. The sum of \$1,447,500 is a reasonable estimate for average depreciated rate base for the test year 1980.
35. The total amount of the <sup>631,100</sup> gross revenues authorized by this decision is ~~\$359,700~~; the rate of return on rate base is 9 percent; the return on common equity is 11.49 percent.

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5. Conclusions of Law Nos. 1 and 3 are amended to read as follows:

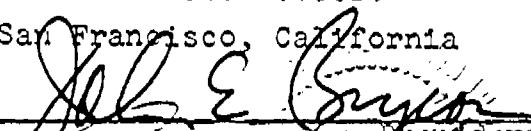
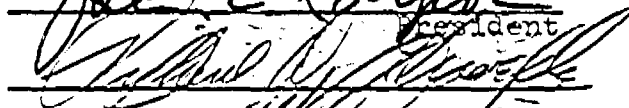
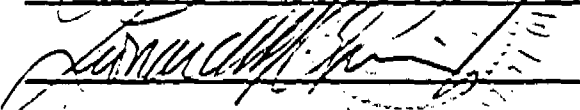
1. The following results of operations should be adopted for the test year 1980 and utilized in establishing the rates authorized herein:

<u>Item</u>	<u>Adopted</u> (Thousands of Dollars)
<u>Operating Revenues</u>	
Sales Revenue	\$ 631.1
Total Operating Revenues	631.1
<u>Operating Expenses</u>	
Operation & Maintenance	315.7
Administrative & General	0.3
General Office Prorated	102.3
Subtotal	<u>418.3</u>
Depreciation Expense	36.2
Taxes Other Than Income	51.6
State Corp. Franchise Tax	1.0
Federal Income Tax	(6.3)
Total Operating Expense	<u>500.8</u>
Net Operating Revenues	130.3
Rate Base	1,447.5
Rate of Return	9.0%

3. PG&E should be authorized to file for the Placer System the revised water rates set forth in Appendix A which are designed to yield \$359,700 in additional revenues based on the adopted results of operations for the test year 1980.

6. The first three pages of Appendix A are canceled and are replaced by the corresponding revised tariff pages attached hereto. Rehearing of Decision No. 92298, as modified herein, is denied. The effective date of this order is the date hereof.

Dated JAN 21 1981, at San Francisco, California

  
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 President  
  
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Commissioners

APPENDIX A  
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Pacific Gas and Electric Company

Schedule No. P-1

Placer Tariff Area

GENERAL METERED SERVICE - TREATED WATER

APPLICABILITY

Applicable to all treated water service on a metered basis.

TERRITORY

In the territory in Placer County as shown on the Colfax, Alta, and Monte Vista Water Service Area Maps of the Placer Water System.

RATES

	<u>Per Meter Per Month</u>		
	<u>Before</u>	<u>After</u>	
	<u>Jan. 1</u>	<u>Dec. 31,</u>	
	<u>1982</u>	<u>1981</u>	
Service Charge:			
For 5/8 x 3/4-inch meter .....	\$ 3.50	\$ 6.50	(2) (N)
For 3/4-inch meter .....	4.00	7.80	
For 1-inch meter .....	5.50	10.40	
For 1 1/4-inch meter .....	7.00	13.00	
For 2-inch meter .....	11.00	20.00	
For 3-inch meter .....	20.00	39.00	
For 4-inch meter .....	35.00	60.00	
For 6-inch meter .....	45.00	85.00	
For 8-inch meter .....	70.00	120.00	
Quantity Rates:			
First 300 cu.ft., per 100 cu.ft. ....	.220	.450	(2) (N)
For all over 300 cu.ft., per 100 cu.ft. ....	.260	.536	

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

APPENDIX A  
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Pacific Gas and Electric Company

Schedule No. P-11

Placer Tariff Area

GENERAL METERED SERVICE - UNTREATED WATER

APPLICABILITY

Applicable to untreated water service furnished from the ditch system.

TERRITORY

Within the territory served by the Placer Ditch System as shown on the Placer Ditch System Service Area Map.

RATES

	<u>Per Meter Per Month</u>		
	<u>Before</u>	<u>After</u>	
	Jan. 1	Dec. 31,	
	<u>1982</u>	<u>1981</u>	
Service Charge:			
For 5/8 x 3/4-inch meter .....	\$ 2.50	\$ 4.55	(2) (N)
For 3/4-inch meter .....	3.00	5.50	
For 1-inch meter .....	4.00	7.30	
For 1 1/4-inch meter .....	5.00	9.00	
For 2-inch meter .....	8.00	14.00	
For 3-inch meter .....	14.00	27.00	
For 4-inch meter .....	25.00	42.00	
For 6-inch meter .....	32.00	60.00	
For 8-inch meter .....	50.00	64.00	
Quantity Rates:			
First 3,000 cu. ft., per 100 cu. ft. ....	.14	.36	(1)(N)
Next 7,000 cu. ft., per 100 cu. ft. ....	.18	.42	
Over 10,000 cu. ft., per 100 cu. ft. ....	.16	.38	

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

SCHEDULE NO. P-12

GENERAL IRRIGATION SERVICE

APPLICABILITY

Applicable to untreated water for irrigation purposes from the Utility's Ditch System.

TERRITORY

Within the territory served by the Placer Ditch System as shown on the Placer Ditch System Service Area Map.

RATES

Per Month	
Before	After
Jan. 1, 1982	Dec. 31, 1981

- A. Irrigation season, 5-month period May 1 through September 30 inclusive.

For service of a continuous flow of water through a master box on regular delivery outlet for the irrigation season, per miners inch days.....

\$ 27.00	\$ 41.00
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(I)

(X)

- B. Non-irrigation season, 7-month period October 1 through April 30 inclusive
  - 1st 15 miners inch days, or less.....
  - Over 15 miners inch days, per miners inch days.....

7.00	11.00
.90	1.00

(I)

(N)