Decision No. 92716 FEB 18 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CALIFORNIA WATER SERVICE COMPANY, a corporation, for an order authorizing it to increase rates charged for water service in the Chico-Hamilton City District.	Application No. 59661 (Filed May 16, 1980)
In the Matter of the Application of CALIFORNIA WATER SERVICE COMPANY, a corporation, for an order authorizing it to increase rates charged for water service in the Salinas District.	Application No. 59662 (Filed May 16, 1980)
In the Matter of the Application of CALIFORNIA WATER SERVICE COMPANY, a corporation, for an order authorizing it to increase rates charged for water service in the San Mateo District.	Application No. 59663 (Filed May 16, 1980)
In the Matter of the Application of CALIFORNIA WATER SERVICE COMPANY, a corporation, for an order authorizing it to increase rates charged for water service in the Visalia District.	Application No. 59665 (Filed May 16, 1980)

McCutchen, Doyle, Brown and Enersen, by A. Crawford Greene, Attorney at Law, for applicant.
Robert Cagen, Attorney at Law, Dana Gardner, and Mehdi Radpour, for the Commission staff.

INTERIM OPINION

These applications are four of six general rate applications filed by California Water Service Company (Cal-Water) on May 16, 1980 pertaining to its Bakersfield, Chico-Hamilton City, Salinas, San Mateo, Stockton, and Visalia districts. Application No. 59660 (Bakersfield District) was disposed of by Decision No. 92604, dated January 21, 1981. A proposed decision in Application No. 59664 (Stockton District) is now pending before the Commission and should also be issued today. Since additional time is likely to pass before decisions for the four remaining districts can be prepared and issued, and since the Commission's Regulatory Lag Plan contemplates that interim opinions may be issued when the time limits of this plan are exceeded, the Commission concludes that an interim order granting partial rate increases for those districts should be issued.

Public hearings before Administrative Law Judge John B. Weiss were held September 15, 16, 17, 19, and 22, 1980, in San Francisco and these matters were submitted subject to the filing of concurrent closing briefs on October 14, 1980.

Results of Operations

By its Application No. 59661 Cal-Water proposed to increase revenues for its Chico-Hamilton City District by $529,800 or 29.3 percent in 1981.[1/] This proposed revenue increase would produce a rate of return of 11.45 percent in 1981. The staff estimates[2/] that for 1981 Cal-Water's proposed rates would result in a rate of return

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1/ Cal-Water also sought step rates for 1982 and 1983 for this and its other districts. The issue of step rates will be considered in our final orders in each proceeding.

2/ See Appendix A for results of operations.

of 10.97 percent. This is higher than the rate of return (10.89 percent) we found reasonable for these districts of Cal-Water's system in Decision No. 92604 (Bakersfield District) dated January 21, 1981. Therefore, a partial rate increase, which would produce additional gross revenues of $513,100 (a 27.98 percent increase) and a rate of return of 10.89 percent on rate base, would be appropriate on an interim basis pending our final order in this proceeding.

By its Application No. 59662 Cal-Water proposed to increase revenues for its Salinas District by $455,300 or 22.5 percent in 1981. This proposed revenue increase would produce a rate of return of 11.45 percent in 1981. The staff estimates[3/] that for 1981 Cal-Water's proposed rates would result in a rate of return of 12.06 percent. This is higher than the rate of return (10.89 percent) we found reasonable for these districts in the Bakersfield decision. Therefore, a partial rate increase, which would produce additional gross revenues of $298,400 (a 13.71 percent increase) and a rate of return of 10.89 percent on rate base, would be appropriate on an interim basis pending our final order in this proceeding.

By its Application No. 59663 Cal-Water proposed to increase revenues for its San Mateo District by $344,400 or 7.7 percent in 1981. This proposed revenue increase would produce a rate of return of 11.45 percent in 1981. The staff estimates[4/] that for 1981 Cal-Water's proposed rates would result in a rate of return of 12.15 percent, higher than the 10.89 percent return we found reasonable for these districts in the Bakersfield decision. Therefore, a partial rate

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3/ See Appendix B for results of operations.

4/ See Appendix C for results of operations.

increase, which would produce additional gross revenues of $82,300 (a 1.75 percent increase) and a rate of return of 10.89 percent on rate base, would be appropriate on an interim basis pending our final order in this proceeding.

By its Application No. 59665 Cal-Water proposed to increase revenues for its Visalia District by $328,000 or 18.5 percent in 1981. This proposed revenue increase would produce a rate of return of 11.45 percent in 1981. The staff estimates[5/] that for 1981 Cal-Water's proposed rates would result in a rate of return of 12.08 percent, higher than the 10.89 percent return we found reasonable for these districts in the Bakersfield decision. Therefore, a partial rate increase, which would produce additional gross revenues of $201,000 (a 10.73 percent increase) and a rate of return of 10.89 percent on rate base, would be appropriate on an interim basis pending our final order in this proceeding.

Rate Design

The revenue increases we find reasonable for each of the districts should be reflected in rates on an equal percentage basis. The same percentage by which revenues have been increased in a district will be applied to increase each rate block and customer charge for that district. The new tariff schedules for the four districts affected are attached hereto as Appendix E.

Findings of Fact

1. According to the Regulatory Lag Plan for water utilities, the time for a decision in Applications Nos. 59661, 59662, 59663, and 59665 has been exceeded.

5/ See Appendix D for results of operations.

2. If the Regulatory Lag Plan had been adhered to in these proceedings, rate increases would have been in effect on January 1, 1981.

3. On January 21, 1981, in Decision No. 92604 in Application No. 59660 we held that a rate of return on rate base of 10.89 percent was reasonable for these districts of Cal-Water's system.

4. The staff's estimates of results of operations show that rate increases are merited in each of the four districts.

5. The increases in rates and charges authorized by this decision are just and reasonable on an interim basis pending our final order in each proceeding. The present rates and charges, insofar as they differ from those prescribed by this decision, are for the future unjust and unreasonable.

6. The increases in annual gross revenue authorized by this decision are:

District	Amount	Percent
Chico-Hamilton City	$513,100	27.89
Salinas	298,400	13.71
San Mateo	82,300	1.75
Visalia	201,000	10.73

7. These increases result in a rate of return on rate base of 10.89 percent and a return on common equity of 13.7 percent.

8. The staff's results of operations (Appendices A through D) are reasonable estimates of the results of operations for the test year 1981 and are a reasonable basis upon which to rest an interim, partial rate increase, pending our final orders in these proceedings.

9. It is reasonable to spread the revenue increases to all rate blocks and customer charges on an equal percentage basis.

Conclusions of Law

1. The applications should be granted as set forth in the following order.

2. The effective date of this order should be the date hereof because the time limits of the Regulatory Lag Plan have been exceeded.

INTERIM ORDER

IT IS ORDERED that after the effective date of this order, California Water Service Company is authorized to file the revised rate schedules attached to this order as Appendix E. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be five days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date of the revised schedules.

The effective date of this order is the date hereof.

Dated FEB 18 1981, at San Francisco, California.

President

Commissioners

APPENDIX A

California Water Service Company
Chico-Hamilton City District (A.59661)
Staff Estimates of Results of Operations
1981 Test Year

	Present Rates	Co. Proposed Rates	Interim Increase	Interim Adopted
		(Dollars in Thousands)		
Operating Rev.	$1,833.9	$2,357.8	$513.1*	$2,347.0
Operating Exp.				
Subtotal	1,517.4	1,517.4		1,517.4
Uncollectibles	6.4	8.3	1.8	8.2
Franchise Tax	-	-	-	-
Income Tax	(91.7)	175.4	261.6	169.9
Total Oper. Exp.	1,432.1	1,701.1		1,695.5
Net Revenue	401.8	656.7	249.7	651.5
Rate Base	5,982.9	5,982.9		5,982.9
Rate of Return	6.72%	10.97%		10.89%

* Percent increase - 27.98%

(Red Figure)

APPENDIX B

California Water Service Company
Salinas District (A.59662)
Staff Estimates of Results of Operations
1981 Test Year

	Present Rates	Co. Proposed Rates	Interim Increase	Interim Adopted
		(Dollars in Thousands)		
Operating Rev.	$2,176.8	$2,652.3	$298.4*	$2,475.2
Operating Exp.				
Subtotal	1,426.8	1,426.8		1,426.8
Uncollectibles	5.2	6.3	0.7	5.9
Franchise Tax	20.7	25.2	2.8	23.5
Income Tax	72.1	312.6	150.9	223.0
Total Oper. Exp.	1,524.8	1,770.9	154.4	1,679.2
Net Revenue	652.0	881.4	144.0	796.0
Rate Base	7,305.9			7,305.9
Rate of Return	8.92%	12.06%		10.89%

* Percent increase - 13.71%

APPENDIX C

California Water Service Company
San Mateo District (A.59663)
Staff Estimates of Results of Operations
1981 Test Year

	Present Rates	Co. Proposed Rates	Interim Increase	Interim Adopted
		(Dollars in Thousands)		
Operating Rev.	$ 4,712.4	$ 5,063.5	$82.3*	$ 4,794.7
Operating Exp.				
Subtotal	3,391.1	3,391.1		3,391.1
Uncollectibles	9.2	9.9	0.2	9.4
Franchise Tax	-	-	-	-
Income Tax	218.4	397.8	42.0	260.4
Total Oper. Exp.	3,618.7	3,798.7	42.2	3,660.9
Net Revenue	1,093.7	1,264.8	40.1	1,133.8
Rate Base	10,411.7	10,411.7		10,411.7
Rate of Return	10.50%	12.15%		10.89%

* Percent increase - 1.75%

APPENDIX D

California Water Service Company
Visalia District (A.59665)
Staff Estimates of Results of Operations
1981 Test Year

	Present Rates	Co. Proposed Rates	Interim Increase	Interim Adopted
		(Dollars in Thousands)		
Operating Rev.	$1,873.1	$2,203.4	$201.0*	$2,074.1
Operating Exp.				
Subtotal	1,528.2	1,528.2		1,528.2
Uncollectibles	5.0	5.8	0.5	5.5
Franchise Tax	-	-	-	-
Income Tax	(137.5)	31.1	102.5	(35.0)
Total Oper. Exp.	1,409.7	1,565.1	103.0	1,498.7
Net Revenue	477.4	638.3	98.0	575.4
Rate Base	5,283.8	5,283.8		5,283.8
Rate of Return	9.04%	12.08%		10.89%

* Percent increase - 10.73%

(Red Figure)

Schedule No. CH-1

Chico-Hamilton City Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Chico and vicinity, Butte County, and Hamilton City and vicinity, Glenn County.

RATES

	Per Meter Per Month	
Service Charge:		
For 5/8 x 3/4-inch meter	$ 3.85	(I)
For 3/4-inch meter	5.35	|
For 1-inch meter	7.30	|
For 1½-inch meter	10.20	|
For 2-inch meter	13.60	|
For 3-inch meter	24.00	|
For 4-inch meter	33.00	|
For 6-inch meter	55.00	|
For 8-inch meter	81.00	|
For 10-inch meter	101.00	(I)
Quantity Rates:		
For the first 300 cu.ft., per 100 cu.ft.	.176	(I)
For all over 300 cu.ft., per 100 cu.ft.	.238	(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.

Schedule No. CH-2

Chico-Hamilton City Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Chico and vicinity, and Hamilton City and vicinity, Glenn County.

RATES

	Per Service Connection Per Month	
For a single-family residential unit, including premises having the following areas:		
6,000 sq.ft., or less	$ 9.45	(I)
6,001 to 10,000 sq.ft.	11.00	|
10,001 to 16,000 sq.ft.	13.00	|
16,001 to 25,000 sq.ft.	16.25	|
For each additional single-family residential unit on the same premises and served from the same service connection	6.80	(I)

SPECIAL CONDITIONS:

1. The above flat rates apply to service connections not larger than one inch in diameter.

2. All service not covered by the above classifications shall be furnished only on a metered basis.

3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. CH-1, General Metered Service.

Schedule No. CH-2L

Chico-Hamilton City Tariff Area

SCHOOLS AND PUBLIC PARK FLAT RATE SERVICE

APPLICABILITY

Applicable to all water service furnished on a flat rate basis to schools and public parks.

TERRITORY

Hamilton City and vicinity, Glenn County.

RATES

	Per Month	
For each public school or public park	$ 43.00	(I)

SPECIAL CONDITIONS:

1. Meters may be installed at option of utility or customer for above classifications in which event service thereafter will be furnished only on the basis of Schedule No. CH-1, General Metered Service.

2. Service under this schedule is limited to active services as of January 1, 1977.

Schedule No. SA-1

Salinas Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Salinas and vicinity, Monterey County.

RATES

	Per Meter Per Month	
Service Charge:		
For 5/8 x 3/4-inch meter	$ 4.00	(I)
For 3/4-inch meter	6.20	|
For 1-inch meter	8.40	|
For 1½-inch meter	11.50	|
For 2-inch meter	16.00	|
For 3-inch meter	29.00	|
For 4-inch meter	38.00	|
For 6-inch meter	63.00	|
For 8-inch meter	94.00	|
For 10-inch meter	117.00	(I)
Quantity Rates:		
First 300 cu.ft., per 100 cu.ft.	0.237	(I)
Next 29,700 cu.ft., per 100 cu.ft.	0.330	|
Over 30,000 cu.ft., per 100 cu.ft.	0.307	(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.

Schedule No. SM-1

San Mateo Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

San Mateo and vicinity, San Mateo County.

RATES

	Per Meter Per Month	
Service Charge:		
For 5/8 x 3/4-inch meter	$ 2.60	(I)
For 3/4-inch meter	3.30	|
For 1-inch meter	4.40	|
For 1½-inch meter	6.00	|
For 2-inch meter	8.00	|
For 3-inch meter	16.00	|
For 4-inch meter	22.00	|
For 6-inch meter	33.00	|
For 8-inch meter	49.00	|
For 10-inch meter	62.00	(I)
Quantity Rates:		
First 300 cu.ft., per 100 cu.ft.	0.564	
Next 29,700 cu.ft., per 100 cu.ft.	0.749	(I)
Over 30,000 cu.ft., per 100 cu.ft.	0.697	(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.

Schedule No. VS-1

Visalia Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Visalia and vicinity, Tulare County.

RATES

	Per Meter Per Month		
Service Charge:			(D)
For 5/8 x 3/4-inch meter	$ 2.75	(I)	
For 3/4-inch meter	3.70		
For 1-inch meter	5.20		
For 1½-inch meter	7.30		
For 2-inch meter	9.50		
For 3-inch meter	17.00		
For 4-inch meter	23.00		
For 6-inch meter	39.00		
For 8-inch meter	58.00		
For 10-inch meter	73.00	(I)	(D)
Quantity Rates:			
For the first 300 cu.ft., per 100 cu.ft.	0.164	(I)(T)	
For all over 300 cu.ft., per 100 cu.ft.	0.208	(I)(T)	

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.

(D)

(D)

Schedule VS-2R

Visalia Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Visalia and vicinity, Tulare County.

RATES

	Per Service Connection Per Month	
For a single-family residential unit, including premises having the following areas:		
6,000 sq.ft., or less	$ 6.30	(I)
6,001 to 10,000 sq.ft.	8.50	|
10,001 to 16,000 sq.ft.	10.40	|
16,001 to 25,000 sq.ft.	13.10	|
For each additional single-family residential unit on the same premises and served from the same service connection	5.20	(I)

SPECIAL CONDITIONS:

1. The above flat rates apply to service connections not larger than one inch in diameter.

2. All service not covered by the above classifications shall be furnished only on a metered basis.

3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. VS-1, General Metered Service.