

Decision No. 40018

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

<p>In the Matter of the Application of REDWOOD BROADCASTING COMPANY, INC., Eureka, California, for increase of water service rates of Fields Landing Water System.</p>
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Application No. 28114.

Wm. B. Smullen, for Applicant.

O P I N I O N

Redwood Broadcasting Company, Inc., a corporation, owns and operates a public utility known as Fields Landing Water System supplying water for domestic, commercial and industrial purposes in and in the vicinity of the unincorporated town of Fields Landing, in Humboldt County. The Commission is asked to establish measured rates to provide for a more adequate distribution of water and the charges therefor among the various classes of consumers and also to increase the revenues to yield a reasonable profit on its operations. The proposed schedule of meter rates provides for a minimum monthly charge of \$1.50, 47.85 cents per 1,000 gallons for the first 10,000 gallons and 29.48 cents per 1,000 gallons for quantities in excess of 10,000, and is based on the water rate schedule in effect in the City of Eureka.

A public hearing in this proceeding was held before Examiner MacKall in Eureka.

The Fields Landing Water System originally was installed about 1890 by Waterman Field and was operated by the Field family until September, 1931, when it was purchased by the Humboldt Golf and Country Club. Wm. B. Smullen, President of Redwood Broadcasting Company, Inc., acquired the country club properties as a site for a frequency modulation transmitting station and tower, and with it acquired the public utility waterworks. This transfer was authorized by the Commission in its

Decision No. 39376, dated September 3, 1946, although possession of the properties took place in November of 1944.

The water supply is obtained from several flowing springs located on land owned by the Company, lying immediately north of Fields Landing and west of Highway 101. The springs are estimated to yield in excess of 100,000 gallons per day. Water at the springs is collected in small concrete basins, flowing by gravity into a concrete settling basin and sump, from which it is boosted through 800 feet of two and six inch transmission mains into a 37,000-gallon redwood stave tank on the hill above the town. The distribution system has 13,000 feet of mains varying from one to six inches in diameter. There are 85 customers served at present, -74 being on a flat rate basis and 11 supplied through meters.

The schedule of flat rates at present in effect was filed December 21, 1931, and provides for a monthly charge of \$1.50 for a family residence. Several industrial and commercial customers using large quantities of water are served and charged under a schedule of meter rates identical to the schedule now in effect on the adjacent waterworks system owned and operated by the City of Eureka.

The evidence shows that when this waterworks was acquired by applicant the entire properties were badly worn from long deferred maintenance and neglect. The former owner, Humboldt Golf and Country Club, suffered serious financial reverses and was unable to maintain the system or service. Several new industries, including saw mills and lumber mills, fish and crab packing plants, located in the service area and demanded better water service. In the light of these conditions Mr. Smullen found it necessary to completely reconstruct the entire system. Applicant has now finished installation of 12,000 feet of new pipe lines replacing inadequate and worn-out mains. New pumping equipment and housing are in place and in operation. The old wooden spring houses and wooden collecting basins and flumes have been replaced by concrete structures, protected from surface contamination. Larger feeder mains now supply the industrial section and a highly competent operator and superintendent is in charge. This new construction has cost \$10,000 to date, with a few additional improvements to be made in the near future.

By reason of the varied demand classes of industrial, commercial, as well as distinct classes of domestic load, flat rates are no longer practical or equitable. The Company, therefore, desires to meter the system completely, with the exception possibly of a few fishing cabins occupied by single individuals. Witnesses for applicant testified that under the proposed rates with present demand, the gross revenue should be about \$5,600 per annum, with a net revenue of \$600.

Mr. C. F. Norris, one of the Commission's engineers, submitted a report covering an appraisal of the properties and an investigation of the system performance. The original cost of the properties was estimated to be \$14,559, as of January 31, 1947, with a corresponding depreciation annuity of \$189 computed by the sinking fund method at 5%. He estimated the operating expenses for the immediate future as \$2,100 per year, including depreciation. Annual revenues for 1946 were estimated to be \$2,800 with the present rates in effect, and \$3,000 under the rates proposed by applicant. The results of operation for 1946 show a net return of 4.8% and a net return of 6.18% under the rates proposed. However, in the estimates above, no allowance was made in fixed capital for the cost of installation of the 60 meters which will be required to meter the system completely.

There were several consumers present at the hearing but no protest was made against granting an increase in rates to applicant. These consumers stated that they were well satisfied with the service now rendered since the improvements were installed.

There are 14 cabins adjoining the industrial area, mostly all occupied by one person and at present paying a flat rate of \$1.00 per month. It was conceded that this class of customer uses very little water and it is felt that a hardship might be imposed on these present flat rate users if placed under a meter rate, charging the minimum of \$1.50. The company also very probably would have to spend more money than the service is reasonably worth to install and read the meters and compute and record the bills. A flat rate, therefore, will be established for these users. In the event of wasteful and careless use of water, or changed demand, such customers may be placed on metered service.

The record also shows that the proposed rate does not offer sufficient flexibility in charges for the current industrial demand. The spread of the proposed rate structure should be modified to provide a more liberal quantity of water in the lower brackets. The rates of the Eureka Municipal Waterworks are set up in gallons, while applicant's meters are calibrated in cubic feet. The schedule of meter rates established below, therefore, will be on the cubic foot basis but comparable in charges. The Order also will establish a schedule of flat rates to be effective for domestic service pending installation of meters and will further provide for a flat rate charge for the cabin class of water users where no outside lawn or garden irrigation is required. A rate for fire hydrants will be provided.

O R D E R

Application as entitled above having been filed with the Public Utilities Commission of the State of California, a public hearing having been held thereon, the matter having been duly submitted, and the Commission now being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Redwood Broadcasting Company, Inc., for water delivered to its customers in and in the vicinity of the unincorporated town of Fields Landing, in the County of Humboldt, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates to be charged for the service rendered; and basing its Order upon the foregoing finding of fact, and upon the future statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Redwood Broadcasting Company, Inc., be and it is hereby authorized and directed to file with the Public Utilities Commission of the State of California, within thirty (30) days from the date of this Order, the following schedule of rates to become effective for all water service rendered on and after the first day of April, 1947:

Schedule No. 1

METER RATES

Applicability:

For all water service rendered on a metered basis.

Territory:

In and in the vicinity of the Town of Fields Landing, Humboldt County.

Rates:

<u>Monthly Quantity Charges:</u>	<u>Per Meter Per Month</u>
0 to 1,000 cubic feet, or less.....	\$1.50
Next 1,600 cubic feet, per 100 cubic feet.....	.25
Next 3,000 cubic feet, per 100 cubic feet.....	.20
Next 10,000 cubic feet, per 100 cubic feet.....	.15
Next 20,000 cubic feet, per 100 cubic feet.....	.10
Over 35,000 cubic feet, per 100 cubic feet.....	.08
 <u>Monthly Minimum Charges:</u>	
5/8 x 3/4-inch meter.....	\$1.50
3/4-inch meter.....	2.50
1-inch meter.....	4.50
1 1/2-inch meter.....	7.50
2-inch meter.....	11.50

The monthly minimum charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Monthly Quantity Charge.

Schedule No. 2

FLAT RATES

Applicability:

For all water service rendered on a flat rate basis.

Territory:

In and in the vicinity of the Town of Fields Landing, Humboldt County.

Rates:

	<u>Per Month</u>
1. For each dwelling including reasonable and necessary quantities of water for an irrigated area of not over 2,500 square feet of lawns, gardens, shrubbery and trees.....	\$2.00
2. For each cabin not over two rooms or occupied by more than two people and no garden irrigation.....	1.25
3. For irrigation of grounds, planted to lawns, gardens, shrubbery and trees in excess of 2,500 feet included in the dwelling rate, and for all land irrigated by cabin occupants, per 100 square feet payable monthly and for the months of May to October, inclusive,.....	.05

Schedule No. 2 (Cont'd)
FLAT RATES

Rates (Cont'd):

4. All the other services to be charged on a measured basis.

Special Conditions:

Charges for all flat rate service are payable in advance.

Schedule No. 3
FIRE HYDRANT SERVICE

Rates:

	<u>Per Month</u>
For hydrants on 4-inch mains or larger.....	32.00
For hydrants on 2-inch and 3-inch mains.....	1.50

IT IS HEREBY FURTHER ORDERED as follows:

- (a) That Redwood Broadcasting Company, Inc., within sixty (60) days from the date of this Order, shall submit to this Commission for its approval four sets of rules and regulations governing relations with its consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereupon in distinctive markings the boundaries of its present service area and the location thereof with reference to the immediate surrounding territory; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

- (b) That Redwood Broadcasting Company, Inc., within sixty (60) days from the date of this Order, shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, upon which shall be delineated by appropriate markings the territory presently to be served. This map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the property comprising the entire utility area of service; provided, however, that such map shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

The effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco California, this 4th day of March, 1947.

James P. Kula
Justus J. Gresser
Wm. H. Powell
A. J. Morrison
Genevieve Patten
 Commissioners.