

**ORIGINAL**

Decision No. 40722

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Theodore C. Linde and Margaret C. Linde, his mother, doing business as Visitacion City Water Company, for an Order of the Public Utilities Commission authorizing the execution of a Mortgage on the Properties and Facilites of the Visitacion City Water Company, for an extension of the boundaries of its operating area and for an increase in rates.

Application No. 28005

Theodore C. Linde, for Applicants.  
 W. F. Morton, for Crocker Estate Company.  
 C. Coolidge Kreis, Attorney, for Crocker Estate Company.

O P I N I O N

Theodore C. Linde and Margaret C. Linde, his mother, operating a public utility water system under the firm name of Visitacion City Water Company, and furnishing water service for commercial and domestic purposes in and in the vicinity of the unincorporated town of Brisbane, San Mateo County, ask the Commission for authority to execute a mortgage on their properties and facilities, for permission to extend their service area boundaries, and for an order authorizing an increase in rates.

Applicants allege that since their present schedules of rates were established by the Commission in Decision No. 23400, dated February 16, 1931, new home developments in the higher elevations of the service area have made it necessary to install pumping and storage facilities, thereby increasing operating costs and requiring the installation of new equipment at a cost of \$15,392. It is alleged further that the raise in rates placed in effect by the San Francisco Water Department on September 1, 1945, increased the cost of water purchased by applicants from the said city by 18 per cent, resulting in a substantial increase in the utility's operating expenses.

In order to improve the present service, provide for future water demand and furnish ample water for fire protection purposes, applicants propose to replace approximately 6,300 feet of small steel mains with 8, 6 and 4-inch cement-lined cast iron pipe at a cost between \$12,000 and \$15,000. Applicants already have a new six-inch service connection with the San Francisco Water Department's transmission main and have replaced an existing 1½-inch service connection with a 2-inch service connection which will be used primarily as a standby connection.

The Commission also is requested to authorize the extension of applicants' service area to include any new subdivisions adjacent to or adjoining the present area of service that may be developed now or in the near future.

A public hearing in these matters was held before Examiner MacKall at Brisbane.

The water system operated by applicants is reported to have been constructed in 1917 by the Guadalupe Development Company, Inc., to provide domestic water service for real estate development purposes. The original system was designed to provide service to premises located in the lower areas of the subdivision which could be served from the existing pressures of the transmission main of the Spring Valley Water Company, predecessor of the San Francisco Water Department, from which main water is supplied to the area. In 1926, the system was taken over by Charles Linde and at his death in 1930, the ownership and operation of the system devolved upon Margaret C. Linde, his widow, and Theodore C. Linde, his son. In 1936, a new home development in the area, above the pressure limits of the San Francisco Water Department's transmission main, made it necessary for applicants to install pumps and storage facilities in order to render satisfactory service. The distribution system consists of approximately 16,500 feet of iron and steel pipe, ranging in size from 4 to 1½ inches. Storage is provided by two redwood storage tanks having a combined capacity of 42,500 gallons. The pumping equipment consists of two electrically-driven centrifugal pumps, automatically pressure controlled, and a 1,000-gallon steel pressure tank. All water used on the system is purchased from the San Francisco Water Department.

The present schedule of rates was established by this Commission in Decision No. 23400, issued February 16, 1931, and is based on a \$1.50 monthly flat rate charge for domestic service. The measured rates provide for a monthly minimum charge of \$1.50 for a 5/8-inch metered domestic and commercial service with an allowance of 300 cubic feet. Excess use is reduced through three blocks to 12¢ per 100 cubic feet.

A public utility water system owned by Mr. Clyde Henry, operated under the firm name and style of Brisbane Water Company, serves the hillside territory above applicants' service area. This system also obtains its water supply from the transmission main of the San Francisco Water Department.

By virtue of a right-of-way agreement for a transmission main, executed on July 28, 1908, between the Guadalupe Development Company, Inc., and the Spring Valley Water Company, predecessor of the San Francisco Water Department, the residents of the tract are entitled to 100,000 gallons of water daily, each 30-day month, at the rate of 15¢ per 1,000 gallons. This amount of water at reduced cost is allocated equally at 50,000 gallons daily, each 30-day month, to the Visitacion City Water Company and the Brisbane Water Company, the two public utility water systems serving the area. All water used in excess of 50,000 gallons per day is purchased at regular rates.

The schedule of rates of the San Francisco Water Department for use outside the city is, in part, as follows:

ALL METERED SERVICE

Applicable Outside Limits of the City and County of San Francisco  
(Effective September 1, 1945)

<u>Monthly Service Charge, based on size of meters:</u>	<u>Per Month</u>
5/8 inch meter . . . . .	\$ 0.80
3/4 inch meter . . . . .	1.30
1 inch meter . . . . .	1.90
1 1/2 inch meter . . . . .	3.20
2 inch meter . . . . .	5.70
3 inch meter . . . . .	10.20
4 inch meter . . . . .	15.90
6 inch meter . . . . .	31.80

For water delivered, based on monthly readings:

For the first 3,300 cubic feet, per 100 cubic feet . . . . .	30.5 cents
For the next 30,000 cubic feet, per 100 cubic feet . . . . .	26.7 cents
For the next 300,000 cubic feet, per 100 cubic feet . . . . .	21.2 cents
All over 333,000 cubic feet, per 100 cubic feet . . . . .	11.8 cents

Mr. Theodore C. Linde testified that the capital investment in the water system, as of December 31, 1946, was \$20,586, and the assets \$28,011. Revenues for the year 1946 amounted to \$9,125 and the operating expenses \$10,179. There were 381 consumers being served, as of December 31, 1946, all metered, except 15 or 20 who are being charged temporarily on the established monthly flat rate charge of \$1.50, because of the lack of meters at the present time. Mr. Linde further testified that it is necessary to pump the water furnished to 150 of the 381 consumers served as they reside in elevations too high to obtain satisfactory service from the existing pressures of the San Francisco main. Power costs for pumping for the year 1946 amounted to \$232. Pumping was not required when the present rates were established in 1931. Applicant stated that since the San Francisco Water Department increased rates to all of its consumers on September 1, 1945, the cost of the purchased water has increased 18 per cent.

Mr. L. H. Terry, Chief of the Brisbane Fire District, testified that he has been working with Mr. Linde since 1936 on a proposed installation of larger mains to provide adequate water for fire protection purposes in the Brisbane business district. If the proposed main installation is made, as now approved by Fire Chief Terry, the Brisbane Fire District proposes to install 18 4-inch cast iron barrel-type fire hydrants. The location and size of the proposed main is shown on a map marked Exhibit No. 2 in this proceeding. Mr. Linde estimated that the installation of cast iron mains, installed with necessary valves and fittings, will cost between \$12,000 and \$15,000. D. L. Duncan, one of the Commission's engineers, estimated that the proposed main installation will cost approximately \$16,500. Mr. Linde stated that he has not as yet made arrangements for a loan necessary to finance the proposed work but that the directors of the Fire District have verbally agreed to install the hydrants at the expense of said district.

Mr. W. F. Morton, Assistant General Manager of the Crocker Estate Company, appeared at the hearing and protested the inclusion of any part of the Crocker Estate Company's lands within applicants' area of service. Mr. Morton stated that in the near future his company intends to develop the 3,600 acres of

land, immediately adjoining the territory served by the Linde system, for industrial, commercial and possibly residential purposes. The estate company has tentative plans for the installation and operation of an extensive industrial water system to serve its own project. However, Mr. Morton also stated that a small portion of the properties lying adjacent to applicants' northerly service area boundary may be subdivided for residential purposes and that it might be more advantageously served by the public utility. Under these circumstances and the statement of Mr. Linde that he would not care to enter the industrial water business, it would appear proper to defer the matter of the service area extension until the final plans are determined.

Mr. Duncan submitted a report covering an appraisalment of the utility's properties and a study of its operations. This report, together with Mr. Duncan's testimony, is summarized partly as follows:

Estimated original cost, as of March 13, 1947	\$24,775
Accrued depreciation, 5% sinking fund	7,342
Revenues - 1946	9,272
Expenses	9,620
Net Revenue	(348)

(Red Figures)

An analysis of the water company's books and records disclosed that several items, properly chargeable to capital accounts for improvements and replacements, had been allocated to operating expenses. The report on the system's operations disclosed the fact that during the year 1946 applicants purchased 2,914,000 cubic feet of water from the San Francisco Water Department at a total cost of \$4,166. Of this amount 2,415,800 cubic feet was purchased at a cost of \$2,717 under the contract rate, and 499,100 cubic feet delivered under regular rates at a cost of \$1,449. The water company's daily deliveries have now exceeded the 50,000-gallon daily contract limit which shows that the increasing demand will require additional expenses for purchased water at the established rates of the San Francisco Water Department.

The annual operating expenses for the immediate future, including taxes and depreciation, are estimated by the Commission's engineer to be \$10,065, as compared with \$9,620 for the year 1946. The 1946 revenues amounted to \$9,272.

It is clear from the record in this proceeding that the applicants are entitled to an adjustment in rates. The entire rate structure, as proposed, will be redesigned to spread the charges more equitably in view of changed conditions. The rates established in the following order should yield a net return of approximately 6 per cent.

Applicants seek to improve the pressures and line capacities and, in fact, must do so immediately to provide satisfactory service for domestic demand as well as for the new fire hydrant service. Approximately 6,300 feet of small steel mains will be replaced with cast iron pipe of greater capacity. The installation of these improvements will require the borrowing of the necessary funds.

#### O R D E R

Application having been filed as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission now being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Margaret C. Linde and Theodore C. Linde, operating a public utility water system in the unincorporated town of Brisbane, San Mateo County, under the firm name of Visitation City Water Company, 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 to be rendered, and basing its Order upon the foregoing findings of fact and upon further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Margaret C. Linde and Theodore C. Linde, operating under the firm name of Visitation City Water Company, be and they are hereby authorized and directed to file in quadruplicate with this Commission, within thirty (30) days from the date of this Order, in conformity with the Commission's

General Order No. 96, the following schedule of rates to be charged for all water service rendered to their consumers on and after the first day of October, 1947, which schedule of rates is hereby found to be just and reasonable for the service to be rendered:

Schedule No. 1

GENERAL METERED RATES

Applicability:

Applicable to all water service rendered on a metered basis.

Territory:

In and in the vicinity of the unincorporated town of Brisbane, San Mateo County.

Rates:

	<u>Per Meter</u> <u>Per Month</u>
<u>Monthly Minimum Charges:</u>	
For 5/8 x 3/4 inch meters . . . . .	\$2.00
For 3/4 inch meters . . . . .	2.00
For 1 inch meters . . . . .	3.25
For 1 1/2 inch meters . . . . .	5.00
For 2 inch meters . . . . .	8.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to that quantity of water which the monthly minimum charge will purchase at the following "Monthly Quantity Rates:"

<u>Monthly Quantity Rates:</u>	
First 600 cubic feet, or less . . . . .	\$2.00
Next 1,400 cubic feet, per 100 cubic feet . . . . .	.30
Next 2,000 cubic feet, per 100 cubic feet . . . . .	.28
Over 4,000 cubic feet, per 100 cubic feet . . . . .	.26

Special Conditions:

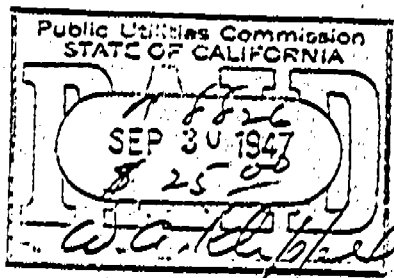
1. When meters are not available, service will be rendered on an unmetered basis at the minimum monthly charge.

IT IS HEREBY FURTHER ORDERED as follows:

1. That Margaret C. Linde and Theodore C. Linde, operating a public utility water system at Brisbane, San Mateo County, after the effective date hereof, and on or before March 31, 1948, may issue their promissory note for the sum not exceeding \$15,000, payable on or before five years after the date of issue with interest at not exceeding 6 per cent per annum, for the purpose of financing the cost of improvements referred to herein, it being the opinion of the Commission that the money, property or labor to be procured or paid for through the issue of such note is reasonably required for the purpose specified herein which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. The Commission will give further consideration to applicants' request to execute a mortgage or deed of trust when they have filed a copy of the proposed instrument with the Commission.
2. That Margaret C. Linde and Theodore C. Linde shall file a report, or reports, of the issue of the note and the disposition of the proceeds as required by General Order No. 24-A, which order, in so far as applicable, is made a part of this Order.
3. That the request of Margaret C. Linde and Theodore C. Linde for authority to extend their service area boundaries be and it is hereby denied without prejudice.

The authority herein granted to issue a note will become effective when applicants have paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.00. In all other respects the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 16<sup>th</sup> day of September, 1947.



Harold Hale  
Justice F. Tracy  
Leah Powell  
A. B. ...  
Commissioners.