

ORIGINAL

Decision No. 41011

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
MERRILL H. BERRY, doing business as
CAZADERO WATER COMPANY, for an
increase in rates.

Application 28526

Reginald L. Vaughan, by John G. Lyons,
for Applicant.

O P I N I O N

Merrill H. Berry, doing business as Cazadero Water Company and engaged in the business of supplying water for domestic purposes in and about the unincorporated town of Cazadero, Sonoma County, asks the Commission to establish a new and increased schedule of rates.

A public hearing in this matter was held before Examiner Foster at Cazadero.

The subdivided area of Cazadero consists of approximately 200 acres and contains 1,464 lots lying on both sides of Austin Creek. About 106 customers are being served at present, most of whom are located west of Austin Creek. Only 24 customers now receive metered water service; however, the utility has on hand 45 new meters which it intends to install as soon as possible.

The water supply is obtained from four sources designated as Buckeye Spring, Hotel Spring, Elmo Creek and a dug well, twenty feet deep, located near Austin Creek. The well was dug and its pumping equipment installed in 1927 as the gravity supply from the other three sources had become inadequate. The supply from Buckeye Spring flows through more than a mile of one-inch pipe and serves three customers situated above the subdivision before it empties into two storage tanks of 20,000 and 5,000-gallon capacities which are located at an elevation approximately 300 feet above the pump. The Hotel Spring and the diversion from

Elmo Creek are at lower elevations and therefore cannot be utilized to serve all of the area at any time. However, the distribution systems are so interconnected that the supply from the well can be pumped to any portion of the service area. There are approximately 25,320 feet of distribution pipe varying in size from one to two inches in diameter. A 500-gallon tank, located east of Austin Creek, was installed in 1937 to improve the service to a small group of houses in that area. Mr. Berry stated that this area is now supplied with water during the summer only, since the pipe line laid across Austin Creek must be removed before each winter. Whenever a bridge is built across the creek, Mr. Berry testified that he would lay a pipe line on the bridge and supply all-year service to that area.

The present schedule provides for minimum annual flat rate and metered service charges of \$14.00 for four months' service and \$18.00 for twelve months' service. For water used by summer residents for more than four months, an additional charge of \$1.00 per month is made. The meter rate allows 400 cubic feet of water per month, with charges for water used in excess of that quantity at 20 cents per 100 cubic feet for the next 3,500 cubic feet of water per month and 10 cents per 100 cubic feet for all quantities over 4,000 cubic feet per month.

Mr. Berry testified that the cost of operating and maintaining the water system has increased to the point where he is unable to meet operating expenses at the present rates. The utility has not kept complete records of its operations. Mr. Berry was able to give only partial figures for the year 1946. These figures do not include any expense items for power purchased, salaries of employees, or depreciation expense, but do include interest on loans. The utility's accounts also do not properly segregate expense items and capital expenditures.

In a report introduced in evidence by Mr. J. D. Reader, one of the Commission's engineers, he estimates the reasonable annual expenses to total \$1,676, including \$960 per year for the time spent in the management, maintenance and operation of the system, \$180 per year for the cost of power and \$86.00 per year for depreciation annuity by the 5 per cent sinking fund method. In his

report the revenues are estimated to be \$1,822 in 1947 and \$1,854 in 1948 at the present rates. His appraisal of the water system; taking proper account of retirements, shows the total capital investment in 1947 to be \$9,212 and estimates the 1948 capital at \$9,300. The following tabulation of these figures indicates the rate of return as shown in the report of the Commission's engineer.

	<u>1947</u>	<u>1948</u>
Operating Revenue	\$1,822	\$1,854
Operating Expense	<u>1,676</u>	<u>1,676</u>
Net Operating Revenue	\$ 146	\$ 178
Fixed Capital (Undepreciated)	\$9,212	\$9,300
Rate of Return	1.58%	1.91%

At the hearing several consumers testified that their service has been very poor, the water being off on many occasions for hours or days at a time, and that no responsible person was available to receive complaints. Mr. Berry stated that some of these difficulties had been remedied by the recent installation of new and larger pipe lines, that a son, now a resident in Cazadero, will act for the utility, and promised to investigate the causes of the complaints and to do what is necessary to improve service conditions. Consumers also complained that service is often disrupted when pipe lines laid on or near the ground surface become stopped or even broken by freezing. Because it is difficult and expensive to bury pipe lines in this area, Mr. Berry tries to keep his pipes from freezing by bleeding them through small valves to keep the water moving in the mains. However, this is a costly procedure and all freezing weather cannot be anticipated. The testimony indicates that in some cases short sections of unburied pipe are continually causing trouble, from which it is apparent that it would be more satisfactory and economical to bury the pipe lines.

Mr. Berry did not propose any revised schedule of rates and signified his willingness to leave this matter entirely to the Commission. He made one suggestion, however, that the monthly quantity of water included under the minimum meter charge be reduced from 400 cubic feet to 200 cubic feet per month and that the quantity rates be increased to 35 or 40 cents per 100 cubic feet.

The record indicates that the service in many locations must be improved, which Mr. Berry will be expected to do and to have someone always available at Cazadero who is capable of properly operating the system and who will promptly attend to the causes of complaints by consumers. Furthermore, the utility will be required hereafter to keep adequate records of its capital expenditures and to properly account for revenues and operating and maintenance expenses.

As the rate of return at the present rates is low, it is apparent that this water utility is entitled to some increase in the water rates. The schedules of rates authorized by the Order herein are estimated to render a rate of return of approximately 5 per cent on the capital investment. The minimum charges and the quantity rates have been designed to protect the utility against unnecessary waste and careless use of water and, at the same time, to equalize the charges between the permanent residents and the seasonal consumers.

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 Merrill H. Berry, doing business as the Cazadero Water Company, for water delivered to his customers in and about the unincorporated community of Cazadero, Sonoma County, are unjust and unreasonable in so far as they differ from the rates herein established; that the rates herein established are just and reasonable rates to be charged for the service to be rendered; that the increase in rates authorized by this decision is hereby found to be justified; 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:

1. That Merrill H. Berry, doing business as Cazadero Water Company, be and he is hereby authorized and directed to file in quadruplicate, in conformity with the Commission's General Order No. 96, within thirty (30) days from the date of this Order, the following schedules of rates to be charged for all water service rendered after January 1, 1948.

Schedule No. 1

GENERAL FLAT RATE SERVICE

Applicability:

Applicable to all unmeasured water service.

Territory:

All of the service area in and about the unincorporated community of Cazadero in Sonoma County.

Rates:

Per Year

Annual charge for water service for entire year, payable in advance	\$21.00
Annual charge for water service for any six consecutive months during the calendar year, payable in advance	\$16.00
For each month in addition to the six-month period, payable in advance	1.00

Special Conditions:

1. The annual charge is due and payable on January 1st of each year.
2. A meter may be installed on any service at the option of either the consumer or the utility.

Schedule No. 2

CONTINUAL METERED SERVICE

Applicability:

Applicable to all measured service, except summer resort or seasonal consumers.

Territory:

All of the service area in and about the unincorporated community of Cazadero in Sonoma County.

Rates:

	<u>Per Meter</u> <u>Per Year</u>
<u>Minimum Charge:</u>	
For 5/8 x 3/4-inch meter	\$18.00
For 3/4-inch meter	24.00
For 1-inch meter	36.00

The Minimum Charge will entitle the consumer to the monthly quantity of water which one-twelfth of that annual minimum charge will purchase at the Quantity Rates.

Quantity Rates:

	<u>Per Meter</u> <u>Per Month</u>
First 300 cubic feet or less	\$1.50
Next 1,200 cubic feet, per 100 cubic feet . . . . .	.25
Next 3,500 cubic feet, per 100 cubic feet . . . . .	.20
Next 5,000 cubic feet, per 100 cubic feet . . . . .	.15
Over 10,000 cubic feet, per 100 cubic feet . . . . .	.10

Special Conditions:

1. The minimum annual charge is due on January 1st of each year, payable in advance.
2. Charges for water used in excess of the consumer's entitlement for his minimum annual charge will be payable upon presentation of each monthly bill showing the additional amount due for such excess consumption.
3. After a permanent resident has taken service under this schedule for a full calendar year, he may thereafter pay the minimum charge in monthly installments, payable upon presentation of bills showing the monthly consumptions.

Schedule No. 3

SEASONAL METERED SERVICE

Applicability:

Applicable to measured service to summer resort or seasonal consumers.

Territory:

All of the service area in and about the unincorporated community of Cazadero in Sonoma County.

Rates:

<u>Minimum Charge:</u>	<u>Per Season of 6 Months</u>	<u>For each additional month</u>
For 5/8 x 3/4-inch meter	\$15.00	\$1.00
For 3/4-inch meter	18.00	1.50
For 1-inch meter	24.00	2.50

The Minimum Seasonal Charge will entitle the consumer to the monthly quantity of water which one-sixth of that seasonal minimum charge will purchase at the Seasonal Quantity Rates.

Seasonal Quantity Rates:

	<u>Per Meter Per Month</u>
First 500 cubic feet, or less	\$2.50
Next 1,000 cubic feet, per 100 cubic feet . . . . .	.25
Next 3,500 cubic feet, per 100 cubic feet . . . . .	.20
Next 5,000 cubic feet, per 100 cubic feet . . . . .	.15
Over 10,000 cubic feet, per 100 cubic feet . . . . .	.10

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

Additional Quantity Rates:

	<u>Per Meter Per Month</u>
First 300 cubic feet, or less	\$1.00
Next 1,200 cubic feet, per 100 cubic feet . . . . .	.25
Next 3,500 cubic feet, per 100 cubic feet . . . . .	.20
Next 5,000 cubic feet, per 100 cubic feet . . . . .	.15
Over 10,000 cubic feet, per 100 cubic feet . . . . .	.10

Special Conditions:

1. The seasonal minimum charge is due on January 1st of each year, payable in advance.
2. The minimum charge for additional monthly water service is payable monthly in advance.
3. The charge for water used in excess of the consumer's entitlement for his minimum monthly charge will be payable upon presentation of each monthly bill showing the additional amount due for such excess consumption.

2. That Merrill H. Berry, doing business as Cazadero Water Company, 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 his 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.

3. That Merrill H. Berry, doing business as Cazadero Water Company, within ninety (90) 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 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.

For all other purposes, the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California; this 17th day of December, 1947

Harold H. Hull
Justice J. G. Cooney
Leas F. F. F. F.
R. J. D. D. D. D.

Commissioners.