

Decision No. 41789**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of August Dententer (Dententer's  
Water Service) for authority to  
increase water rates near  
Marysville, Yuba County.

Application No. 29042

August Dententer, for applicant;  
John H. Gray, for customers.

O P I N I O N

August Dententer, doing business as Dententer's Water Service, and engaged in supplying water for domestic purposes to customers residing in a subdivided area known as Yuba Gardens Tract No. 8, located one mile south of the city of Marysville, Yuba County, asks the Commission for authority to increase rates. Applicant alleges that increased rates are necessary to compensate for the expenditure made in new facilities during the year of 1947. The Commission is asked to increase the basic monthly flat rate for a residence from \$2 to \$2.50 and to increase the minimum meter charge from \$1.50 to \$2 per month. The minimum allowance of water is increased from 600 to 700 cubic feet. The charges for excess use in the proposed schedule is reduced through two blocks to ten cents per 100 cubic feet for all use over 40,000 cubic feet instead of 30,000 at the rates in effect.

A public hearing in this proceeding was held in Marysville before Examiner Stava.

The water system was installed during the year 1938 by Mr. Dententer to supply his auto camp and the residents in the adjacent area. The system was extended to meet the increasing demand for service until at present approximately 20 acres of subdivided territory are being served. Mr. Dententer was granted a certificate to operate a public utility water system in an 80-acre tract in Decision No. 39536 dated October 15, 1946.

Water is obtained from two drilled wells. Well No. 1 is ten inches in diameter and 317 feet in depth, and Well No. 2 is 12 inches in diameter and 195 feet deep. Each well is equipped with a deep well turbine pump directly connected to an electric motor. The water is pumped into ground storage tanks where the gas is removed by flowing the water over a series of baffles. One of these tanks has a capacity of 10,000 gallons and the other 15,000 gallons. The water is pumped from each tank by electrically-driven booster pumps and distributed with the aid of 650-gallon pressure tanks. The distribution system consists of approximately 12,000 feet of mains varying from 1½ to six inches in diameter. There are 140 consumers being served, 116 on a meter basis and the remainder at flat rates.

Mr. Dententer testified that his books showed an investment of \$29,888 in fixed capital as of December 31, 1947, but his revised statement showed an actual expenditure only of \$22,986. Additional capital expenditures, however, will be required in the immediate future to improve the service further. Owing to the necessity of removing gas from water, applicant was compelled to install during 1947, at a cost of \$2,287, the ground storage tanks, booster pumps, fittings and baffles. The cost of new meters, meter boxes, new and larger mains, totaled \$2,877, and resulted in an expenditure of \$5,164 for new facilities for the year. The operating revenues for the year were \$4,401, and the operating expenses totaled \$3,336. This latter item included \$1,494 for depreciation computed on a

straight line basis. The results of operation showed a net revenue of \$1,065 and produced a return of 4.65% on the undepreciated fixed capital of \$22,986. Computations showed the fixed capital less accrued depreciation as \$20,407 and the return as 5.20% on the latter basis.

Mr. Dententer stated that he had some actual cost records to substantiate his fixed capital account, but he had estimated the cost of the remaining facilities from best information available. He presented no estimate of revenues that would be produced by the requested rates but he felt that the rates should provide sufficient revenue to yield a more reasonable return on the investment. Mr. Dententer also stated that the revenues for the first three months of 1948 were \$35 per month less than for the same period during 1947 for the reason that he was installing meters on all services and the minimum monthly meter charges were less than the monthly flat rates. He claimed that this reduction would be effective for eight months of the year; and therefore, he desired to have the minimum meter rate increased. He admitted, however, that the water use would increase during the summer months and the revenues also would increase. He stated that the new installation of mains would enable the system to serve more customers and assist in developing the service area.

Mr. Clyde Norris, one of the Commission's engineers presented a report covering an investigation of the system and its operations. The report contained an appraisal of the physical properties totalling \$20,461. The costs were based on applicant's available cost records, and estimates of costs of labor and materials as of time of installation for the remaining items of fixed capital. The depreciation annuity was computed at the 5% sinking fund method and amounted to \$440. Mr. Norris showed the recorded 1947 operating revenues and operating expenses to be the same as

those presented by applicant, but the adjusted 1947 operating revenues were \$4,501 and the adjusted operating expenses were \$3,300. The sum of \$100 was included in operating revenues for water service furnished Mr. Dententer's auto court and cabins which had not been charged in the past. The adjusted operating expenses included an allowance of \$1,200 for Mr. Dententer's time managing and operating the system, not included in recorded expenses. Mr. Norris used the sum of \$440 for annual depreciation allowance. The results of operation on the adjusted basis produced a net revenue of \$1,200, yielding a return of 4.86% on the fixed capital of \$20,461 for the year. Mr. Norris estimated the revenues at the requested rates at \$5,600, the immediate future operating expenses at \$3,700, resulting in a net revenue of \$1,900, and a return of 9.29%.

Several consumers appeared and protested any increase in rates; alleging that the present rates in effect were fair and reasonable and produced an adequate return on the investment. They contended that the present rates were higher than the rates in effect on other systems in the general vicinity, and as they were established only two years ago, any increase due to economic conditions already had been taken care of, and therefore a further increase was not necessary at this time.

Other consumers complained of the quality of water being delivered. They stated that the water contained green scum and sand and has an unpleasant odor and taste. These witnesses admitted that they had not reported this condition to applicant. Mr. Dententer stated that water is pumped directly into the ground storage tanks which were designed especially to remove the sand. The aeration should take out the gas and remove the odors from the water. The mains were flushed at regular intervals to maintain fresh water in all pipe lines and discourage the formation of vegetable growths from still water. Mr. Dententer asked that customers immediately report poor

water quality in order that any such condition may be promptly corrected.

The record shows that the territory served by applicant is making a gradual growth. The system has been extended into sparsely settled areas to meet scattered demands for service. Under these conditions the present flat rate will be continued, but the monthly minimum meter rate will be slightly increased, together with an increase in the monthly quantity allowance of water.

Applicant finds it necessary to make continued expenditures to improve the service and no doubt there will be at the outset some reduction in revenue after all services are metered. In order to conserve water and eliminate existing carelessness in use of water, applicant asks that the present rule, which permits the consumer to choose either the flat or measured rate, be modified to permit the installation of meters at the option of the utility. As the complete metering of the system is urgently necessary the request will be granted.

#### O R D E R

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

IT IS HEREBY FOUND AS A FACT that the meter rates now charged by August Dententer, doing business as Dententer's Water Service, for water supplied to his customers in the Yuba Gardens Tract No. 8, Yuba County, and in the vicinity thereof, are unjust and unreasonable in so far as they differ from the meter rates established herein; that the rates herein established are just and reasonable rates to be charged for the service to be rendered; that the increase in meter 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 pre-  
cedes this Order.

IT IS HEREBY ORDERED that August Dententer, doing business as  
Dententer's Water Service, be and he is hereby authorized to file in  
quadruplicate with the Public Utilities Commission of the State of  
California, in conformity with the Commission's General Order No. 96,  
within thirty (30) days from the date of this Order, the following  
schedules of meter rates to be charged for all measured water deliver-  
ed to his customers in and in the vicinity of Yuba Gardens Tract No.  
8, Yuba County, on and after the effective date of this Order.

Schedule No. 2

METER RATES

APPLICABILITY

Applicable to all domestic, commercial, and industrial  
metered service.

TERRITORY

In the subdivision known as Yuba Gardens Tract No. 8, Yuba  
County.

RATES

	<u>Per Month Per Meter</u>
<u>Minimum Monthly Charges:</u>	
For 5/8 x 3/4-inch meter.....	\$1.75
For 3/4-inch meter.....	3.00
For 1-inch meter.....	5.00

The Minimum Monthly Charge will entitle the  
customer to the quantity of water which that  
minimum monthly charge will purchase at the  
following Monthly Quantity Rates:

Monthly Quantity Rates:

First 1,000 cubic feet, per 100 cubic feet.....	\$0.25
Next 2,000 cubic feet, per 100 cubic feet.....	.20
Over 3,000 cubic feet, per 100 cubic feet.....	.12

Schedule No. 2 (Continued)

METER RATES (Continued)

SPECIAL CONDITIONS

1. A meter may be installed on any service connection at the request of the consumer or at the option of the utility.

IT IS HEREBY FURTHER ORDERED that August Dententer, doing business as Dententer's Water Service, be and he is hereby authorized and directed to file in quadruplicate with this Commission, within ten (10) days from the effective date of this Order, the following provision governing the installation of meters on consumers' service connections; and the present rule, granting the consumer the option to demand a flat rate service connection, be and it is hereby cancelled:

A meter may be installed on any service connection at the request of the consumer or at the option of the utility.

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

Dated at San Francisco, California, this 29<sup>th</sup> day of June, 1948.

R. E. [Signature]  
Justice F. [Signature]  
[Signature]  
[Signature]  
[Signature]  
Commissioners.