

Decision No. 41866

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of

THE CAMPBELL WATER COMPANY

For an order authorizing an
increase in rates for its
water system.

ORIGINAL

Application No. 29133

Orrick, Dahlquist, Neff & Herrington, by Nathan D. Rowley, for Applicant; Joseph V. Gomes, for himself and other irrigation consumers; Donald P. Severins, for Santa Clara County Water Power Users Association.

O P I N I O N

The Campbell Water Company, a corporation, engaged in the business of producing, distributing and selling water for domestic, commercial, and irrigation purposes in an area comprising approximately 960 acres in and in the vicinity of the unincorporated town of Campbell, Santa Clara County, asks the Commission for an order authorizing an increase in rates for water service. Applicant alleges that increased rates are necessary due to the increase in the cost of labor and materials for the maintenance and expansion of the water system; that the large increase in population during recent years has caused many pipe lines, wells, and the storage capacity to become inadequate, requiring that they be replaced or supplemented at the present high cost of labor and materials; and, that a falling water table also has increased operating and maintenance costs of pumping water. Applicant also alleges that the present rates, which include a service charge rather than a minimum charge, result in unusually low revenue during the winter months insufficient to meet maintenance and operating expenses.

A public hearing in this proceeding was held at Campbell before Examiner Foster.

The present rates have been in effect since April 1, 1921, and were established by the Commission in Decision No. 8842, Application No. 6145. The meter rates include service charges which vary from 50 cents for a 5/8 x 3/4-inch meter to \$15 for a six-inch meter, with quantity charges for water ranging from 25 cents per 100 cubic feet for the first 400 cubic feet through three blocks to 11 cents for all deliveries over 50,000 cubic feet per month. An hourly irrigation rate of 30 cents per 100-gallon per minute flow is measured by weirs. The only flat rate is for fire protection service. The present rates for fire hydrants owned by the Campbell Fire District, installed and maintained by the water company, are \$1.50 per month for hydrants on mains smaller than four-inch and \$2 per month for hydrants on four-inch mains. A schedule of rates for standby automatic private fire sprinkler service has been in effect since February 1, 1948, with charges which vary from \$4.50 to \$20 monthly for four-inch to ten-inch connections. Applicant requests that these latter rates remain unchanged but that other rates be added for smaller connections.

The rates proposed by applicant include monthly minimum charges varying from \$1.50 for 5/8 x 3/4-inch meters to \$60 for eight-inch meters, with quantity charges for water ranging from 37-1/2 cents per 100 cubic feet for the first 400 cubic feet through four blocks to 12 cents per 100 cubic feet for all water deliveries over 50,000 cubic feet per month. Applicant proposes to charge 50 cents per hour for a 100-gallon per minute pump flow for agricultural irrigation water and \$2.25 per month for fire hydrants on mains four inches and smaller and \$2.75 per month for hydrants on mains larger than four inches in diameter.

The water supply is pumped from four wells. Three of the pumps are driven by electric motors while the fourth well is pumped by means of a diesel engine which can be used to pump directly into

the system in case of electric power failure, or the water can be pumped to the surface storage tanks from which it must be boosted into the system. A concrete surface storage tank has become inadequate and is now being supplemented with a 50,000-gallon steel surface storage tank. Water is delivered through 115,900 feet of mains varying in size from two to 12 inches in diameter and boosted into a 75,000-gallon steel tank elevated 125 feet for the domestic and commercial use of approximately 1,200 customers. Irrigation water is delivered through 19,836 feet of concrete pipe varying in size from ten to 16 inches in diameter.

Mr. Homer H. Hyde, secretary-manager of the water company, testified that the capital invested has increased from \$189,530 on December 31, 1947, to \$224,068 as of May 31, 1948, and estimated that an additional \$18,000 will be required during 1948, making the total estimated capital as of December 31, 1948, about \$242,000. Of this amount \$3,307 is cash in a special account and \$5,000 is for the cost of piping a subdivision. The cash in the bank should not be charged to fixed capital. The cost of installing pipe lines in the subdivisions under the company's rules and regulations should be advanced by the subdividers subject to refund. These improperly allocated items should be deducted, leaving an estimated capital investment of \$234,000.

Mr. Hyde further testified that the 1947 revenue amounted to \$51,348.88 and that the proposed rates if in effect would have increased that revenue as follows:

Item	:Year 1947 at :Present Rates:	: Increase at :Proposed Rates:	:Total Est. Revenue: :at Proposed Rates:
Meter Revenue	\$ 46,961.43	\$ 2,540	\$ 49,501
Irrigation Revenue	3,079.45	1,530	4,610
Fire Hydrant Revenue	1,308.00	396	1,704
Total Revenue	51,348.88	4,466	55,815

Applicant's testimony indicated that the 1948 expenses would be increased \$650 for additional electric power and that future salary expenses will be increased \$800 to \$1,400 annually due to the anticipated necessity of wage adjustments for company employees. Total expenses were stated to be \$37,579.97 for 1947, not including depreciation. However, further testimony developed the fact that this figure includes interest on loans in the amount of \$1,696.55, not a proper expense charge for rate fixing purposes and should be deducted therefrom, leaving \$35,883.42. The expenses as shown in the company's 1947 annual report to the Commission, amounting to \$43,309.14, include depreciation expense of \$7,425.72, computed by the straight line method.

In a report prepared and presented by Mr. John D. Reader, one of the Commission's engineers, fixed capital as of December 31, 1947, amounted to \$191,970, including \$2,440 for materials and supplies. He estimated the capital at the end of the year 1948, including net additions and working cash, at \$234,574. The revenues and expenses under the present and proposed rates for the years 1947 and 1948, as shown in this report, are summarized in the following tabulation. The increase in revenue for 1947 at the proposed rates amounts to \$4,511, compared to the \$4,466 estimated by applicant.

Item	Adjusted Year 1947		Estimated Year 1948	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates
Total Revenue	\$51,349	\$55,860	\$54,222	\$58,328
Total Expenses	37,355	38,512	40,905	41,962
Net Revenue	13,994	17,348	13,317	16,366

The net revenues shown above for the year 1948 yield a return on the estimated 1948 capital of 5.68% under the present rates and 6.99% under the proposed rates.

The evidence presented in this proceeding indicates that some modification should be made in the rate pattern of the new general rate schedules. The rate structure proposed by applicant will be revised somewhat to spread the increased charges more equitably and should yield a reasonable return on the utility's increased investment.

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 The Campbell Water Company, a corporation, for water delivered to its customers in and in the vicinity of Campbell, Santa Clara 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 charges authorized by this decision is hereby found to be justified; and, basing its Order upon the foregoing findings of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that The Campbell Water Company, a corporation, be and it 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 ten (10) days from the effective date of this Order, the following schedules of

rates to be charged for all water service currently billed on and after the effective date of this Order:

Schedule No. 1

GENERAL METER RATES

APPLICABILITY

Applicable to all domestic and commercial water delivered on a measured basis.

TERRITORY

In and in the vicinity of the unincorporated town of Campbell, Santa Clara County.

RATES

Per Meter
Per Month

Minimum Monthly Charge:

For 5/8 x 3/4-inch meter	\$ 1.50
For 3/4-inch meter	2.50
For 1-inch meter	3.50
For 1 1/2-inch meter	7.00
For 2-inch meter	10.00
For 3-inch meter	16.00
For 4-inch meter	24.00
For 6-inch meter	40.00
For 8-inch meter	60.00

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

Monthly Quantity Rates:

First 500 cubic feet or less	1.50
Next 1,500 cubic feet, per 100 cubic feet25
Next 2,000 cubic feet, per 100 cubic feet20
Next 25,000 cubic feet, per 100 cubic feet15
Over 50,000 cubic feet, per 100 cubic feet12

Rgp

Schedule No. 2

IRRIGATION RATE

APPLICABILITY

Applicable for all water delivered for irrigation purposes.

TERRITORY

In and in the vicinity of the unincorporated town of Campbell, Santa Clara County.

RATES

Minimum charge per service	3.00
Hourly rate per 100-gallon per minute stream40

Schedule No. 3

FIRE HYDRANT RATES

APPLICABILITY

For hydrants owned by the Campbell Fire District and installed and maintained by the water company.

TERRITORY

In and in the vicinity of the unincorporated town of Campbell, Santa Clara County.

RATES

Per Hydrant
Per Month

On 2 to 2-1/2 inch mains	\$ 1.25
On 3 to 3-1/2 inch mains	1.75
On 4 inch mains	2.00
On mains over 4 inch	2.50

Schedule No. 4

AUTOMATIC FIRE SPRINKLER SERVICE

APPLICABILITY

Applicable only to standby private automatic fire sprinkler service facilities.

TERRITORY

In and in the vicinity of the unincorporated town of Campbell, Santa Clara County.

RATES

Per Month

2-inch connection	2.50
3-inch connection	3.50
4-inch connection	4.50
6-inch connection	7.50
8-inch connection	12.00
10-inch connection	20.00

SPECIAL CONDITIONS

1. No connection shall be made for any purpose other than fire protection.
2. Such facilities shall be regularly inspected by the Board of Fire Underwriters having jurisdiction.
3. Such facilities shall be installed according to specifications approved by the Company and maintained to the satisfaction of the Company.

Schedule No. 4

AUTOMATIC FIRE SPRINKLER SERVICE (Cont.)

SPECIAL CONDITIONS (Cont.)

4. The Company may, at its option, install in connection with any such facilities (a) a standard detector-type meter approved by the National Board of Fire Underwriters for protection against theft, leakage or waste of water, and/or (b) a standard type meter to read consumption for billing purposes.

5. The Company will charge its regular monthly rates for all water metered and used through such facilities for any purpose, except in case of fire emergency.

6. If a distribution main of a size adequate to serve such facilities, in addition to all other service by the Company to the applicant at the premises to be served, does not exist in an adjacent street or alley, a service main from the nearest existing main of adequate capacity shall be installed at the cost of the applicant for the purpose of serving such automatic fire sprinkler service facilities.

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

Dated at San Francisco, California, this 20th day of

July, 1948.

R. E. Indovina
Justin F. Chamber
Grant Powell
Harold Kula

Commissioners.