

**ORIGINAL**

Decision No. 41892

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA.

<p>In the Matter of the Application of FRANK GLOBIN for an order authorizing him to in- crease rates charged for water at Al Tahoe, El Dorado County, and in the vicinity of Al Tahoe.</p>	)
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Application No. 29267

Henry and Bedeau, by Grover W. Bedeau,  
for applicant.

O P I N I O N

Frank Globin, serving water for domestic and commercial purposes in the unincorporated community of Al Tahoe and vicinity, at Lake Tahoe in El Dorado County, requests authority from this Commission to file increased rates for summer seasonal service as well as a rate for all-year service. The application sets forth that an increase in rates is being requested for the purpose of providing to applicant a fair return on his investment and, further, to provide for more equitable distribution of charges between different classes of users, inasmuch as the existing rate does not differentiate between domestic and commercial customers.

A public hearing was held on this matter at Al Tahoe.

Applicant acquired this water system in 1925, the properties having been initially constructed in about 1910. Since acquisition thereof he has extended facilities to serve many new consumers and more recently has made extensive improvements to the water system, consisting primarily of the construction of a 7,000,000 gallon earth-fill reservoir together with a concrete diversion dam, an open canal about 3/4 mile in length and about 3 1/2 miles of ten-inch transmission line. The distribution system comprises approximately 21,000 feet of

pipe, ranging from one inch to nine inches in diameter. At present, all transmission and distribution mains are buried to a depth of approximately 36 inches to prevent the water from freezing, this depth being necessary to provide the all-year service contemplated in applicant's proposed rate schedule. The regular source of water supply is by diversion from Cold Creek at a point about three miles from Al Tahoe at an elevation of approximately 150 feet above the service area. Applicant also maintains a standby gasoline-driven pump, mounted on a barge on Lake Tahoe. At present, there are 69 domestic and six commercial consumers being served in addition to applicant's own hotel cottage business enterprises and other resort properties, all of which now are receiving flat rate service.

Applicant's present rates provide for the payment of \$25 a year in advance for service to a single family dwelling on a flat rate basis and an additional charge of 75 cents for each sprinkler head and outside faucet not larger than 3/4 of an inch used for irrigation. Although heretofore applicant has provided only flat rate service, there is now on file a rate for metered service. The minimum meter charge of \$25 covers the use of 2,400 cubic feet or less of water per month for the six consecutive summer months, water used in excess of this amount being charged for at the rate of 20 cents per 100 cubic feet.

The proposed schedules provide for both flat and meter rates. Applicant plans to install meters when requested and where a flat rate is not applicable. The proposed flat rate schedule is segregated between seasonal summer use, defined as the period between May 1 and November 1, and all-year service. For the basic unit of one family dwelling the proposed summer rate is \$40, payable in two installments. The all-year rate is \$70. Applicant's proposed flat rate provides for a sliding scale of charges for hotels, apartments, and motels, depending upon the number of rooms or rental units. There are specific rates for

stores, restaurants, lunch counters, barber shops, service stations and garages, available either for seasonal or all-year demand. Under the proposed flat rates, the charge for outside irrigation is increased from 75 cents to \$2.50. Applicant's proposed meter rates provide for seasonal summer service only and allow a maximum of 2,400 cubic feet per month for a seasonal charge of \$40, all additional water being charged for at 32 cents per hundred cubic feet.

The utility now receives \$500 per year for service rendered to Al Tahoe Hotel, the Highway Hotel, all cottages and outbuildings, laundry, chalet, store, service stations, and lawn and garden irrigation of all resort grounds. Applicant proposes to increase this charge to \$3,500 for all-year service.

Mr. David L. Duncan, one of the Commission's engineers, presented the results of a study on the operations of applicant's water system, together with an appraisal, as of May 27, 1948. The historical cost of the capital investment was estimated to be \$89,000, as of May 27, 1948, including materials and supplies. Applicant, however, is carrying on his books as fixed capital, \$125,000. The Commission's engineer, excluded from expenses an item of interest improperly allocated for the year 1947, and reduced depreciation expense from the utility's book figure of \$5,500 to \$1,300, thus obtaining a total operating expense under proposed rates of \$7,612 in contrast to \$7,230, under present rates. The difference between expenses under existing and proposed rates lies entirely in taxes dependent upon income. Applicant reported operating expenses at approximately \$14,200. According to testimony, the operating revenue received for the year 1947 was \$3,043. Deducting therefrom the operating expenses of \$7,230, considered appropriate by the Commission's representative under present rates, resulted in a net operating loss of \$4,187, equivalent to minus 4.70% on the rate base of \$89,000. Sixteen and four-tenths per cent of the total revenue, \$500, was contributed by the hotel properties

belonging to applicant. Under the requested rates the total operating revenues are estimated to be \$9,051, and the operating expenses \$7,612, leaving a net operating revenue of \$1,439, which would yield a rate of return of 1.62%. The revenue from applicant's hotel properties reflected in the above total estimated revenues of \$9,051 is \$3,500, or 38.6%. The record indicates that flat rate charge to the resort properties more properly should be fixed at \$4,000 per annum.

It appears that the rates established in the following Order will correct the present operating deficit and yet will not yield an unreasonable rate of return.

In connection with the proposed all-year service it should be noted that in dedicating to the public this winter delivery of water, the utility will be legally obligated to assume the additional financial burden over and above seasonal operating costs of patrolling and keeping open and free of ice and snow the diversion works, canals, and the reservoir inlet and outlet facilities, in spite of any and all bad winter weather conditions. By reason of the rapid development of this area for winter sports and winter vacations and the open-year-around highway passing through the south end of Lake Tahoe into Nevada, the demand for winter water has made such service practically a necessity. However, the additional expense involved to maintain winter water service can be justified only if a sufficient number of consumers will avail themselves of such service.

In this proceeding, applicant requests the continuance of a rule established by Decision No. 17517, dated October 26, 1926, whereby consumers desiring metered service are required to advance the cost of the meter on a refund basis, the money so advanced to be refunded to the consumer on the basis of one-fifth (1/5th) of the annual water bill until the amount deposited is satisfied. This advance deposit is now authorized by the Commission only in extreme cases of emergency and

financial distress. No such situation or condition exists in this instance. The following Order will provide, however, that when a consumer desires metered service he will be required to continue such measured service for a period of not less than three consecutive years before flat rate service may be re-established.

Under the requested rates no provision was made for all-year metered service. In order to provide this type of service, a meter schedule will be established in the following Order:

O R D E R

Application having been filed with the Public Utilities Commission, 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 as now charged by Frank Globin 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 services rendered, that the increase in rates authorized in this decision is hereby found to be justified and based upon the foregoing findings of fact and upon the further statements of fact contained in the opinion which precedes this Order,

IT IS HEREBY ORDERED that Frank Globin be and he is hereby authorized and directed 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 twenty (20) days of the effective date of this Order the following schedule of rates to be charged for all water service to be rendered to his consumers on and after the first day of August, 1948.

Schedule No. 1

FLAT RATES  
SEASONAL SUMMER SERVICE

APPLICABILITY

Applicable to all flat rate domestic, commercial, and industrial service.

TERRITORY

In and in the vicinity of Al Tahoe, El Dorado County.

RATES

Service available from May 1, to November 1, each year. Payable in advance in two equal installments, first installment due on May 1; second installment due and payable July 1.

	<u>Per Season</u>
One family dwelling . . . . .	\$ 40.00
Two family dwelling . . . . .	75.00
Hotels, apartments and motels, first room or unit. . . . .	60.00
Next additional 3 rooms or unit, each . . . . .	30.00
Next additional 6 rooms or unit, each . . . . .	15.00
Barber shops. . . . .	50.00
Stores. . . . .	50.00
Restaurants . . . . .	100 to 200.00
Service stations. . . . .	50.00
For each sprinkler head not exceeding 3/4-inch stand pipe and used for sprinkling lawns, flowers, shrubbery and grounds, each . . . . .	2.50

Rates for commercial, industrial and special uses should be placed upon metered service connections by this utility, subject to the approval of the Public Utilities Commission. Any business service necessarily requiring temporary flat rate service not above provided may be placed upon a temporary rate filed with this Commission and subject to its approval.

Schedule No. 2

FLAT RATES  
ALL-YEAR SERVICE

APPLICABILITY

Applicable to all flat rate domestic, commercial, and industrial service.

TERRITORY

In and in the vicinity of Al Tahoe, El Dorado County.

RATES

Payable in advance in two installments, first installment due and payable on January 1; second installment due and payable July 1.

	<u>Per Season</u>
One family dwelling . . . . .	\$ 70
Two family dwelling . . . . .	130
Hotel, apartments and motels, first room or unit . . . . .	100
Next additional 3 rooms or unit, each . . . . .	50
Next additional 6 rooms or unit, each . . . . .	34
All over 10 rooms or unit, each . . . . .	25
Barber shops . . . . .	75
Stores . . . . .	75
Restaurants . . . . .	175 to 275
Service stations . . . . .	100
Al Tahoe Hotel, Highway Hotel, restaurant, stores, all cottages and outbuildings, laundry, chalet, service station, irri- gation and sprinkling of lawns, flowers, shrubbery and grounds . . . . .	4,000

Schedule No. 3

SEASONAL METERED SERVICE

APPLICABILITY

Applicable to all metered domestic, commercial and industrial uses.

TERRITORY

In and adjacent to Al Tahoe, El Dorado County.

Schedule No. 3

SEASONAL METERED SERVICE (Cont'd.)

RATES

Seasonal Minimum Charge Service available from May 1, to November 1, each year payable in advance in two equal installments, first installment due and payable May 1; second installment due and payable July 1.

	<u>Per Meter Per Season</u>
For 5/8 x 3/4-inch meter . . . . .	\$ 36
For 1-inch meter . . . . .	54
For 1 1/2-inch meter . . . . .	175
For 2-inch meter . . . . .	240

The Seasonal Minimum Charge will entitle the consumer to one-sixth (1/6) of that quantity of water monthly that the Seasonal Minimum Charge will purchase at the following quantity rates:

Monthly Quantity Rates:	<u>Per Meter Per Month</u>
First 1,200 cubic feet, or less . . . . .	\$ 6.00
All over 1,200 cubic feet, per 100 cubic ft. . . . .	.30

SPECIAL CONDITIONS

A meter may be installed at the option of either the utility or the customer. When service is changed from flat to metered at the customer's written request, such service must be continued for not less than 36 consecutive months at the meter rates before it may again be changed to flat rates.

Schedule No. 4

ALL-YEAR METERED SERVICE

APPLICABILITY

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

TERRITORY

In and adjacent to Al Tahoe, El Dorado County.



Schedule No. 4

ALL-YEAR METERED SERVICE (Cont'd.)

RATES

Annual Minimum Charge payable in advance in two equal installments, first installment due and payable January 1; second installment due and payable July 1.

	<u>Per Meter Per Year</u>
For 5/8 x 3/4-inch meter . . . . .	\$ 60
For 1-inch meter . . . . .	90
For 1 1/2-inch meter . . . . .	260
For 2-inch meter . . . . .	360

The all-year Minimum Charge will entitle the customer to one-twelfth (1/12) of that quantity of water monthly that the Annual Minimum Charge will purchase at the following quantity rates.

Monthly Quantity Rates:	<u>Per Meter Per Month</u>
First 1,200 cubic feet, or less . . . . .	\$ 6.00
All over 1,200 cubic feet, per 100 cubic ft. . . . .	.20

SPECIAL CONDITIONS

A meter may be installed at the option of either the utility or the customer. When service is changed from flat to metered at the customer's written request, such service must be continued for not less than 36 consecutive months at the meter rates before it may be again changed to flat rates.

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

Dated at San Francisco, California, this 27th day of July, 1948.

R. T. Anderson  
Justice J. Gallivan  
Wm. H. Galloway  
Harold H. Hill

Commissioners.