

Decision No. 41931**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of FRANCIS LAND AND WATER COMPANY  
for Authority to Increase Rates.

Application No. 29007

Huber &amp; Goodwin, by G. E. Goodwin, for Applicant.

O P I N I O N

Francis Land and Water Company, a corporation, is engaged in the public utility water business and supplies water for domestic, commercial and industrial use in and about Ferndale, Humboldt County.

In its application the company alleges that it can no longer furnish water to the public at the rates now in effect due to increased costs of operation. It is further alleged that said rates have been in effect since the company was organized and that in order for applicant to show a normal and reasonable return upon its investment it will be necessary that the rates be increased.

A public hearing in this matter was held before Examiner Ross in Ferndale.

The water system originally was installed in 1872 by Mr. Francis Francis and was incorporated under the name of Francis Land and Water Company in 1906. In 1910 the company acquired the Cold Springs Water Company which served a few consumers residing in the eastern section of the town. The ownership of the system has remained with the Francis Estate up to the present time.

The water supply is obtained from springs, tunnels, creeks, and a well. Water procured from the springs, tunnels and stream diversions is conveyed through various size pipe lines, partially by gravity and partially by an electrically driven booster pump to two

concrete reservoirs located immediately south and above the town proper. Water from the well is pumped directly into the distribution system. The distribution system consists of approximately 44,000 feet of mains varying in size from one to ten inches in diameter. There are 429 customers served at present, 13 being on a flat rate basis and 416 being supplied through meters. Of the 416 metered customers, there are five large users which may be characterized as industrial or heavy commercial, which provided about 18% of the total revenues received by the company in 1947. One user, Golden State Company, Ltd., accounted for about 67% of the revenue from the five largest customers.

Estimates of revenues and expenses under applicant's proposed rates were submitted by both applicant and the Commission's staff. Revenues were in very close agreement at about \$16,000, representing an increase of about \$5,400 over revenues under present rates, but the staff's estimate of expenses was about \$600 lower than the company's, the former being about \$9,900 and the latter \$10,500. Differences in three expense items constituted the bulk of the over-all difference: (1) an item of \$900 was included by the company under general expense for directors' fees and was disallowed by the staff as excessive for an operation of this size and character; (2) the company estimated taxes at \$2,000, whereas the staff assigned \$2,800 to this item; and (3) the company showed depreciation expense as \$1,000, whereas the staff allowed \$670 in this category. The Commission's witness testified that existing water mains had enjoyed an unusually long life on this system and his depreciation calculations reflected that fact.

The company did not submit a detailed appraisal of its fixed capital, but placed in the record an estimate of fixed capital, undepreciated of \$58,300 which accorded reasonably well with the staff's detailed appraisal, the latter yielding a rate base of about \$64,000 including materials and supplies. The rate of return under the rates

proposed by applicant was about 9.4% using either the company's or the Commission staff's figures.

It is concluded that the rates requested by applicant would yield an excessive return, and the Order will provide for rates which will increase revenues approximately \$2,900 and will result in a rate of return of 5.8% on the estimated fixed capital introduced by the Commission's staff.

### O R D E R

Application as 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 Francis Land and Water Company, a corporation, in so far as they differ from the rates herein established, are unjust and unreasonable; that the rates herein established are just and reasonable rates to be charged for the service to be rendered, and 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 that the Francis Land and Water Company, a corporation, be and it is hereby authorized and directed to file in quadruplicate with this Commission in conformity with the Commission's General Order No. 96, within thirty (30) days from the effective date of this Order, the schedule of rates shown in Exhibit A appended, such rates to become effective on and after the first day of September, 1948.

IT IS HEREBY FURTHER ORDERED as follows;

1. That Francis Land and Water Company, a corporation, within forty (40) days from the effective date of this Order, shall file with this Commission four sets of rules and regulations governing relations with its 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 filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.
2. That Francis Land and Water Company, a corporation, within forty (40) days from the effective 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 filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

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

Dated at San Francisco, California, this 10<sup>th</sup> day of

August, 1948.

Irving S. Russell  
Harold Kula  
Benjamin L. Patton  
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Commissioners.

EXHIBIT A

Schedule No. 1

METER RATES

APPLICABILITY

Applicable to all water service furnished on a measured basis.

TERRITORY

In and about the incorporated city of Ferndale, Humboldt County.

RATES

Monthly Minimum Charge:

	Per Meter Per Month
5/8 x 3/4-inch meter . . . . .	\$ 1.35
3/4-inch meter . . . . .	2.00
1-inch meter . . . . .	3.50
1 1/2-inch meter . . . . .	7.00
2-inch meter . . . . .	10.00
3-inch meter . . . . .	20.00
4-inch meter . . . . .	40.00

The Monthly Minimum Charge will entitle the consumer to that quantity of water which the Monthly Minimum Charge will purchase at the following Monthly Quantity Rates.

Monthly Quantity Rates:

3,000 gallons or less . . . . .	\$ 1.35
Next 7,000 gallons, per 1,000 gallons . . . . .	.40
Next 10,000 gallons, per 1,000 gallons . . . . .	.35
Next 20,000 gallons, per 1,000 gallons . . . . .	.25
Next 30,000 gallons, per 1,000 gallons . . . . .	.15
Over 70,000 gallons, per 1,000 gallons . . . . .	.10

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.

Schedule No. 2

FLAT RATES

APPLICABILITY

Applicable to all unmeasured water service.

TERRITORY

In and in the vicinity of the incorporated city of Ferndale.

RATES

	Per Month
For each residence family of two persons . . . . .	\$ 1.50
For " " " " three " . . . . .	2.00
For " " " " four or more persons . . . . .	2.50
For stock per head . . . . .	.10