

Decision No. 42001**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SMITHSON SPRINGS WATER COMPANY,
a corporation, for a Certificate of
Public Convenience and Necessity
covering additional territory, enter
into an agreement to sell surplus
water, and to increase rates.

Application No. 28795.

Everett L. Clark, for applicant;
Nelson A. Frazar, representing
Desert Springs Chamber of Commerce.

O P I N I O N

Smithson Springs Water Company, engaged in the business of distributing and selling water in an area located some five miles west of Phelan, San Bernardino County, asks the Commission in the above-numbered application as amended:

1. To increase rates for water service.
2. Authorize applicant to enter into an agreement to sell a portion of its surplus water to Juniper Water Company, a corporation.
3. Grant applicant a certificate of public convenience and necessity to serve additional territory.
4. Authorize applicant to file revised rules covering extension of mains.

In a public hearing in these matters, held before Examiner Stava on May 5, 1948 at Phelan, it developed that consumers had not been notified of the request for an increase in rates. Therefore, no evidence was received at that time on this issue.

The matters were submitted on all other issues, and the Commission, by its Interim Order in Decision No. 41727, dated June 15, 1948, denied applicant's request for a certificate of public convenience and necessity to serve additional territory and to enter into an agreement to sell surplus water to the Juniper Water Company. In the interim opinion of that decision it was stated that revised extension rules should be filed in accordance with this Commission's General Order No. 96, and that no formal order would be required for such a filing.

As to applicant's request to increase rates for water service, a public hearing was held before Examiner Thompson on June 30, 1948 at Thelan, at which time evidence was adduced and the matter submitted for decision.

The present rates in effect were authorized by the Commission in its Decision No. 36430, dated June 8, 1943, Application No. 25322, and provide for a quantity rate varying from 20 cents per 100 cubic feet for the first 500 cubic feet in the first block, to eight cents per 100 cubic feet for use over 2,000 cubic feet. There is also provided a rate for off-peak sales for storage at eight cents per 100 cubic feet. In addition a rate for haulage service is established at \$12 per year for 6,000 cubic feet or less, with excess quantities at 15 cents per 100 cubic feet.

Applicant proposes a higher set of rates which provide for an annual minimum charge of \$24 per year for general metered service, with the quantity rate varying from 30 cents per 100 cubic feet for the first 8,000 cubic feet in the first block, to eight cents per 100 cubic feet for use over 100,000 cubic feet. The proposed rates for off-peak sales for storage are 12 cents per 100 cubic feet for the first 2,000 cubic feet, with excess use at ten cents per 100 cubic feet. The proposed haulage service rate is \$15

per year for 36,000 gallons or less, with excess quantities at ten cents per 100 gallons.

For haulage service the proposed rate is equivalent to 4.17 cents per 100 gallons for the first 36,000 gallons. A rate of ten cents per 100 gallons for additional use appears to be excessive. Based on the record we are of the opinion that this rate should not exceed four cents per 100 gallons.

It was testified at the hearing by applicant's witness that the gross operating revenue received from the sale of water for the year 1947 amounted to \$1,211, including \$954 for metered sales, and \$257 for off-peak and haulage sales.

Under the proposed rates applicant estimates gross revenues from metered sales at \$1,409, from haulage sales \$321, and from new customers during the current year \$240, or a total of \$1,970, which results in an estimated increase in gross revenue of \$759 a year.

According to Exhibit "F" attached to the application, the total fixed capital in service for the Smithson Springs Water Company, as of December 31, 1947, was \$26,381. It was testified at the hearing by applicant's witness that the operating expenses before depreciation, for the calendar year 1947, were \$5,724. It was estimated by applicant, in accordance with Exhibit "I" attached to the application, that operating expenses before depreciation, for the year 1948, would be \$6,110.

The evidence shows that applicant's recorded operating expenses for the year 1947 contain certain items which should be properly charged to capital accounts. From testimony it appeared that some \$1,800 of capital costs were improperly charged to operating expense. Other items, such as \$562 for law expense, and \$550 for directors' meetings, were objected to on the record as being an improper operating expense in the amounts shown.

After taking into account the above corrections to operating expense for the year 1947, the cost of operations are still in excess of the gross revenues received for that period.

After full consideration of the evidence presented herein, the Commission is of the opinion that an increase in rates is necessary to provide additional revenue for meeting expenses of operation and depreciation and that such increase is justified to the extent set forth in the schedule contained in the Order herein.

O R D E R

Application as above entitled having been filed, a public hearing having been held thereon, the matter having been submitted, the Commission being fully advised in the premises, and hereby finding that an increase in rates to the extent hereinafter set forth is justified and should be authorized, therefore,

IT IS HEREBY ORDERED that applicant, Smithson Springs Water Company, is authorized to file, on or after the effective date of this Order, the schedules of rates set forth in Exhibit A attached hereto, said schedules to be applicable to and charged for all water service rendered on and after October 1, 1948.

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

Dated at San Francisco, California, this 31st day of August, 1948.

R. F. Duggan

Frank Russell

Samuel Foster

Commissioners.

EXHIBIT A

Schedule No. 1

ANNUAL METERED RATES

APPLICABILITY

Applicable to all water service for household residential and domestic purposes.

TERRITORY

Entire area of service within Sections 7, 18 and 19, T.4 N., R. 7 W., S.B.B. & M., San Bernardino County, as shown on the map included in the tariff schedules of Company.

RATES

<u>Annual Minimum Charges:</u>	<u>Per Meter</u>
For 5/8 x 3/4-inch meter.....	\$24.00
For 1-inch meter.....	32.00
For 1 1/2-inch meter.....	36.00
For 2-inch meter.....	42.00

Annual Quantity Rates:

First 8,000 cubic feet, or less.....	\$24.00
Next 12,000 cubic feet, per 100 cubic feet.....	.20
Next 80,000 cubic feet, per 100 cubic feet.....	.10
Over 100,000 cubic feet, per 100 cubic feet.....	.08

The Annual Minimum Charge will entitle the customer to the quantity of water which that minimum annual charge will purchase at the Annual Quantity Rates.

SPECIAL CONDITIONS

1. The annual minimum charge per meter for each year, January 1 to December 31, shall be due and payable on or before January 10, and shall become delinquent on February 1 of that year.

2. Meters will be read about the last day of March, June, September, and December, and within ten (10) days thereafter each customer having used water in excess of that quantity which his annual minimum charge will purchase, will be rendered a statement, payable upon presentation, which will show the meter readings and the charges then due at the annual quantity rates.

3. A separate meter and service connection is required for each single family residence, commercial or retail establishment, regardless of the customer's single ownership or control of the premises served or to be served under this schedule.

EXHIBIT A

Schedule No. 2

OFF-PEAK STORAGE AND HAULAGE SERVICE

APPLICABILITY

Applicable to all off-peak sales for storage purposes and to haulage service in customer's own containers.

TERRITORY

Entire area of service within Sections 7, 18 and 19, T.4 N., R. 7 W., S.B.B. & M., San Bernardino County, as shown on the map included in the tariff schedules of Company.

RATES

Off-peak Sales for Storage:

Off-peak deliveries will be made to the customer's own storage facilities of not less than 5,000 gallons capacity, where a metered service connection exists, at the following quantity rates:

	<u>Per Month</u>
First 2,000 cubic feet, or less.....	\$2.40
Over 2,000 cubic feet, per 100 cubic feet.....	.10

Haulage Service:

Fifteen (15) dollars per year payable in advance will entitle a customer to haul water in his own containers from a place provided for the purpose and to accumulate the quantities so hauled to 36,000 gallons at any time during the successive twelve months following date of payment, and to purchase any additional quantities in excess of 36,000 gallons at four (4) cents per 100 gallons.

SPECIAL CONDITIONS:

1. Deliveries to a customer's own storage facilities on off-peak sales and to haulage service customers shall be regulated by the company when necessary to insure the equal distribution of water to all users.