

ORIGINAL

Decision No. 42012

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
L. R. VANONI, an individual doing  
business under the firm name and style  
of COAST SPRINGS WATER CO. for an  
order authorizing the installation  
of meters for an increase in rates  
and for an order prohibiting consumers  
use of open hoses or open pipes

Application No. 29249

Martinelli, Gardiner & Riede, by Samuel W.  
Gardiner, for applicant.

O P I N I O N

L. R. Vanoni, doing business as Coast Springs Water Co.,  
is engaged in selling and distributing water as a public utility  
in the town of Dillon Beach, Marin County.

In his application, L. R. Vanoni asks this Commission  
for authorization to install meters and to file rates for metered  
water service, with the further request that the Commission ascer-  
tain and set such meter rates as may be considered proper and  
which will increase revenue and encourage conservation. Applicant  
alleges that the water properties cannot be operated without sus-  
taining a severe loss unless substantial increases in water rates  
are allowed. Applicant also requests that he be authorized to  
file a rule and regulation prohibiting the use of faucets or hoses  
on open flow without nozzles or other restraining devices.

A public hearing was held on this matter at Dillon Beach  
before Examiner Ross.

This water system was installed originally in 1905.  
Applicant acquired title to the system on July 9, 1947 as authorized  
by this Commission's Decision No. 40344 (Application No. 28376),

dated June 3, 1947, and since that time has been its sole owner. A total of 102 customers are supplied flat rate service, 101 domestic customers being charged \$15 per year and one hotel being charged \$75 per year, with all such annual charges being payable in advance. In addition, \$24 per year is collected for rental of fire hydrants. The system comprises one shallow well about 400 feet from the center of distribution and three deep wells from 3,500 to 4,000 feet distant, together with pumps, a concrete-lined two million-gallon reservoir, two smaller storage tanks, and approximately 6,900 feet of mains, ranging from one to four inches in diameter. Since March of 1948, applicant has installed 98 meters in anticipation of being authorized to render metered service under this application, and regular meter readings have been taken since that time although billings have not been based thereon.

As a result of applicant's having taken over this water system, a large number of badly-needed improvements have been added which have eliminated essentially all of the former service complaints. Applicant has invested about \$12,000 deepening the shallow well, drilling two new deep wells, cleaning and enlarging the capacity of the concrete reservoir by 500,000 gallons, connecting 98 meters, and installing the additional piping to effectuate the new facilities. No outage of water was experienced in 1948, in contrast to regular weekend shortage of water during the summer season in previous years before the above improvements were made. No complaints on service were registered at the hearing, although the productivity of the two new wells was questioned. Applicant admitted that the performance of these wells was somewhat disappointing.

At the hearing Mr. Vanoni asked that his application be deemed amended to exclude the request for a rule and regulation

prohibiting the use of faucets or hoses on open flow. The opinion was expressed that metering would tend to provide a solution to this pressure problem.

The Commission's staff presented the results of a study on this water system which indicated for the estimated year 1948 a net operating loss of about \$400 under present rates, reflecting operating revenues of approximately \$1,650, and operating expenses of about \$2,050, the latter including an allowance of \$100 per month for the owner's time and labor. The rate base was found to be about \$28,400.

Applicant entered figures on revenues and expenses as experienced since acquisition of the system, including a depreciation allowance on the straight line basis. Applicant did not object to any of the staff's estimates for the year 1948 except for the item of county taxes on operative property, which the staff had included at \$20, based upon past years' experience. Applicant produced a recent tax bill for about \$290 rendered by the County of Marin on the water properties for the 1948-1949 fiscal year, whereupon the Commission's staff agreed that its estimate of expenses and net loss theretofore given should each be increased by the difference, or \$270, yielding a net loss for the estimated year 1948 of \$670.

Clearly, applicant is entitled to relief, and, pursuant to his request, the Order will provide for meter rates. Although these rates will yield only approximately 1½% on the rate base and will result in an increase in gross revenue of about \$1,100 per year, it is felt that any higher rates at this time would not be in the public interest and would actually work to the detriment of the utility by holding back further development in the area. Applicant's contention that the annual minimum charge should be collected in

advance, due to the resort characteristics of his service territory, is concluded to be meritorious, and the rates ordered will include such a provision.

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 L. R. Vanoni, is 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; 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 L. R. Vanoni, be and he 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 January, 1949 and concurrently therewith to cancel presently effective annual flat rate Schedule No. 1.

IT IS HEREBY FURTHER ORDERED AS FOLLOWS

1. That L. R. Vanoni within thirty (30) days from the effective date of this Order, shall file with this Commission four copies of 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 his 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 L. R. Vanoni within thirty (30) 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 3<sup>rd</sup> day of September, 1948.

*R. J. Anderson*  
*Justice J. Calver*  
*Harold Potter*

Commissioners.

EXHIBIT A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all domestic and commercial metered water service.

TERRITORY

In and in the vicinity of Dillon Beach, Marin County.

RATES

Minimum Annual Charge:		<u>Per Meter</u> <u>Per Year</u>
For	5/8 x 3/4-inch meter . . . . .	\$21.00
For	3/4-inch meter . . . . .	27.00
For	1-inch meter . . . . .	36.00
For	1 1/2-inch meter . . . . .	60.00
For	2-inch meter . . . . .	90.00

  

Monthly Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
First	200 cubic feet or less . . . . .	\$ 1.75
Next	300 cubic feet, per 100 cubic feet . . . . .	.50
Next	500 cubic feet, per 100 cubic feet . . . . .	.40
Next	1,000 cubic feet, per 100 cubic feet . . . . .	.30
Next	3,000 cubic feet, per 100 cubic feet . . . . .	.20
Over	5,000 cubic feet, per 100 cubic feet . . . . .	.15

The Minimum Charge will entitle the consumer to the quantity of water each month which 1/12 of that annual minimum charge will purchase at the quantity rates.

SPECIAL CONDITIONS

The foregoing minimum annual charge shall be due and payable in advance on January 1 of each year. Charges for water used in excess of the minimum amounts allowed may be billed monthly, bimonthly or quarterly, at the option of the utility.