

Decision No. 42613**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application  
of Shastina Water Service, for  
authority to change rates.

Application No. 29200

W. E. Krum, applicant, for himself.

O P I N I O N

In this application W. E. Krum and Rita Krum, his wife, and Elmer Henry Meline and Inez Mary Meline, his wife, doing business as Shastina Water Service, distributing and selling water for domestic and commercial purposes in a portion of the unincorporated town of Shastina, Siskiyou County, request authority from this Commission to file increased rates for water service. Their application states that the rates at present in effect produce only sufficient revenue to provide bare operating and maintenance expenses and do not earn any appreciable return on the fixed capital.

Since the filing of the subject application, W. E. Krum and Rita Krum, his wife, have acquired full ownership of Shastina Water Service by purchasing from Elmer Henry Meline and Inez Mary Meline, his wife, their interests in the company, as authorized by this Commission's Decision No. 41847 (Application No. 29369), dated July 14, 1948.

A public hearing was held in this matter at Weed, before Examiner Ross.

This system was installed about 1910 for the purpose of supplying water to the town of Shastina. Water is supplied from five springs, two of which are on leased property and are located at an

elevation from which the water can flow by gravity into a 28,000-gallon concrete tank supplying the upper zone of the town. Two of the remaining three springs flow by gravity into the lower zone, while water from the third spring is pumped into the 28,000-gallon tank for use in the upper zone. There are approximately 40,375 feet of mains which vary in size from one to six inches in diameter. About 360 consumers are served by the system, of which 55 are served on a flat rate basis, the remainder being served through meters. Applicants indicated at the hearing that they plan to install meters throughout the system to discourage wasteful use of water.

The present flat rates were filed with the Commission on October 23, 1925 and the present meter rates were established by this Commission's Decision No. 19929, dated April 20, 1928. The present flat rates provide various charges for 15 different classes and subclasses of consumers, ranging from \$1.25 per month for a private residence without bath and toilet facilities up to \$11 per month for so-called "large hotels." The flat rates proposed by applicants represent a uniform 20% increase in the present flat rates, with the exception of service to garages, where a slight reduction is requested.

The present meter rates comprise two schedules. The first, or basic schedule, provides for minimum monthly charges varying from \$1.50 for a 5/8 x 3/4-inch meter up through \$5 for a two-inch meter. The quantity rates are \$0.15 per hundred for the first 1,000 cubic feet per month, \$0.12 per hundred for the next 2,000, and \$0.10 per hundred thereafter. The second "optional" rate provides a uniform minimum charge of \$2 per month which includes an allowance of 2,000 cubic feet, with excess at \$0.08 per hundred. The majority of the customers are served under the "optional" rate. The meter rates proposed by applicants, as amended at the hearing, follow the same

general form as the present meter rates. The proposed basic rate reflects a uniform increase of \$0.50 per month in the present minimum charges, and an increase of \$0.05 and \$0.02 per hundred cubic feet in the first and second quantity blocks, respectively. The only change in the optional meter rate as proposed is an increase of \$0.50 in the monthly minimum charge.

The Commission's staff estimated that for the year 1948 under present rates, gross revenues would be \$10,100 with expenses of \$8,000, yielding a net operating revenue of \$2,100, which would represent a return of 2.9% on the rate base of \$72,100. This rate base was obtained by adding an allowance for working cash and for probable additions and betterments for the remainder of the year 1948 to the staff's appraisal as of the first of June, 1948. For the same period at the rates proposed by applicants, the staff estimated gross revenues at \$12,500 and expenses at \$8,500, resulting in a net operating revenue of \$4,000, which would yield a return of about 5.5% on the rate base. Applicants offered no objection to the testimony of the Commission's staff.

No complaints were registered at the hearing as to service, but objections were raised as to the level of the proposed minimum charges for metered service on the basic meter schedule. Several customers expressed themselves as in favor of a lower minimum charge with an attendant reduction in the relatively large volume of water included in the minimum charge. It was suggested also that such a rate would encourage conservation of water.

It is concluded that the objections to the level of the minimum charge on the proposed basic metered schedule are meritorious. Accordingly, the Order will provide for a minimum monthly charge of \$1.75 for 700 cubic feet under the basic meter rate for a 5/8 x 3/4-inch meter instead of the \$2 minimum charge for 1,000 cubic feet

requested by applicants. The meter rates to be ordered, although differing in certain details from those proposed by applicants, it is estimated will yield essentially the same revenue to applicants as the meter rates proposed by them. The flat rates to be provided for in the Order are identical with those requested by applicants. These rates, coupled with the metered rates ordered, will increase gross revenues by \$2,400 a year and will yield a net revenue of \$4,000 and rate of return of about 5.5% on the investment. It is concluded these rates are proper rates.

O R D E R

Application as above having been filed with the Public Utilities Commission of the State of California, 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 W. E. Krum and Rita Krum, his wife, doing business as Shastina Water Service, in so far as they differ from the rates set forth in Exhibit A, hereto attached, are unjust and unreasonable; that the rates herein are just and reasonable rates to be charged for the service to be rendered; that the increases in rates authorized by this decision are hereby found to be justified; and basing its Order on the foregoing findings of fact and upon further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that W. E. Krum and Rita Krum, his wife, be and they are 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 day of this Order, the schedule of rates shown in Exhibit A appended, such rates to become effective on and after the first day of October, 1948.

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

Dated at San Francisco, California, this 3rd day of September, 1948.

R. B. Johnson  
Justin J. Calver  
Samuel H. Patten

Commissioners.

EXHIBIT A

Schedule No. 1

METER RATE

APPLICABILITY

Applicable to water service rendered on a metered basis.

TERRITORY

In and about the town of Shastina, Siskiyou County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Minimum Charges:	
5/8 x 3/4-inch meter . . . . .	\$ 1.75
3/4-inch meter . . . . .	2.00
1-inch meter . . . . .	3.00
1 1/2-inch meter . . . . .	4.50
2-inch meter . . . . .	7.00
Quantity Charges:	
0 to 700 cu. ft. included in min. chg. . . . .	1.75
700 to 3000 cu. ft. per 100 cu. ft. . . . .	.15
Over 3000 cu. ft. per 100 cu. ft. . . . .	.10

Schedule No. 2

OPTIONAL METER RATE

APPLICABILITY

Applicable to all water users electing to use this schedule.

TERRITORY

In and about the town of Shastina, Siskiyou County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Minimum Charges:	
5/8 x 3/4-inch meter . . . . .	\$ 2.50
3/4-inch meter . . . . .	3.00
1-inch meter . . . . .	4.00
1 1/2-inch meter . . . . .	6.00
2-inch meter . . . . .	10.00
Quantity Charges:	
0 to 2000 cu. ft. included in min. chg. . . . .	\$ 2.50
Over 2000 cu. ft. per 100 cu. ft. . . . .	.08

EXHIBIT A

Schedule No. 3

FLAT RATE SERVICE

APPLICABILITY

Applicable to all water service rendered on a flat rate basis.

TERRITORY

In and about the town of Shastina, Siskiyou County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Large Hotel . . . . .	\$ 13.20
Small Hotel . . . . .	4.50
Meat Markets . . . . .	10.20
Meat Markets Small . . . . .	6.00
Barber Shops. . . . .	4.20
Private Residence . . . . .	1.50
Extra for Bath . . . . .	.30
Extra for Toilet . . . . .	.60
Pool Rooms . . . . .	3.60
Garages . . . . .	3.15
Gen. Mdse. Store . . . . .	3.60
Confectionary Store . . . . .	2.10
Restaurant . . . . .	4.80
China Laundry . . . . .	6.00
Jewelry Store . . . . .	1.50