

Decision No. 42045**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION
OF JULIA E. WILSON, DOING BUSINESS
AS WILSON WATER SYSTEM, FOR
AUTHORITY TO INCREASE RATES.

Application No. 29147

Julia E. Wilson, applicant, for herself.

O P I N I O N

Julia E. Wilson, doing business as Wilson Water System, owns and operates a public utility water system distributing and selling water in and about the unincorporated town of Earlimart, Tulare County. In this application she requests authorization from this Commission to file a schedule of increased charges for a portion of her system. The application alleges that present rates are inadequate and do not provide a fair and just return on applicant's investment.

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

Applicant's water system comprises two wells with pumps, two pressure tanks with a combined capacity of 3,700 gallons, and approximately 7,300 feet of mains running in size from one to four inches in diameter. This system serves 204 domestic and commercial customers on a flat rate basis. Applicant's present system comprises facilities which she originally installed in 1937 and operated as Wilson Water System, together with facilities installed in 1946 by G. O. Souder, doing business as Souder Water Company, as well as facilities installed subsequently. Applicant recently acquired the Souder Water Company properties, pursuant to this Commission's Decision No. 41909 (Application No. 29525), dated July 27, 1948. Applicant now operates both

systems under the common business title of Wilson Water System. Of the 204 customers presently served, 86 are located in applicant's original service territory and the remaining 118 are located in the former Souder Water Company service territory.

Applicant's present rates in the original Wilson Water System area were established by this Commission's Decision No. 30990 (Application No. 21900), dated June 20, 1938, and differ from those charged in the former Souder Water Company area, the latter having been established by this Commission's Decision No. 40816 (Application No. 28592), dated October 10, 1947. The rates in the original Wilson area comprise both flat and meter schedules, although the meter rates never have been used. The flat rates provide for a charge of \$2.50 per month for each lot 60 feet wide or less during the six months April to September, inclusive, and \$1.50 per month for the remaining six months of the year. The meter rates provide monthly minimum charges varying from \$1.50 for a 5/8 x 3/4-inch meter up to \$5 for a 1 1/2-inch meter. These minimum charges entitle the customer to the volume of water which such charge will purchase at quantity rates of: "First 500 cubic feet or less . . . \$1.50," "Next 500 cubic feet, per 100 cubic feet . . . \$0.20," and "All over 1,000 cubic feet, per 100 cubic feet . . . \$0.10." The rates presently charged in the Souder area likewise consist of both flat and meter schedules, although flat rates have been used exclusively. The flat rates provide a schedule of charges specifying a basic \$2 per month for a single family dwelling, including the irrigation of 2,500 square feet of garden, together with various other charges for house trailers and tents without irrigation (\$1), additional houses or apartments through a single service (\$1), for additional rooms without plumbing, when occupied (\$0.50), for water coolers, with circulating system (\$0.25) and without circulating system (\$0.50), and for excess

irrigated area (\$0.06 per 100 square feet). The present meter rates in the Souder area provide the same minimum charges as those applicable in the original Wilson area, except that \$8 per month is specified for a two-inch meter, which size is not covered in the original Wilson area meter rate. The quantity rates are: "First 500 cubic feet or less . . . \$1.50," "Next 500 cubic feet, per 100 cubic feet . . . \$0.25," "Next 2,000 cubic feet, per 100 cubic feet . . . \$0.20," "Next 3,000 cubic feet, per 100 cubic feet . . . \$0.15," "Over 6,000 cubic feet, per 100 cubic feet . . . \$0.10."

Applicant desires to file rates for the original Wilson area identical with those which are presently in effect in the Souder area, thereby making the same rates effective throughout her entire present system and increasing revenues.

The Commission's staff presented estimates of revenue and expense for the year 1948, both under present rates and under the rates requested. Under present rates, revenues for the year were estimated at \$4,850 with expenses at \$4,360, leaving a net operating revenue of \$490 which yielded 2.4% on the fixed capital of \$20,500. Under the rates requested, revenues were estimated at \$5,620, expenses at \$4,510, and net operating revenue at \$1,110, giving a return of 5.4% on the same fixed capital. The staff proposed a schedule of flat rates applicable to applicant's entire service territory which would give recognition to the difference in water requirements between homes with and those without inside running water. This latter schedule was estimated to give revenues of \$5,425, and expenses of \$4,460 for the year 1948, leaving a net operating revenue of \$965, or a return of 4.7% on the fixed capital of \$20,500.

The staff recommended that meters be installed for applicant's commercial customers because of their widely varying water usage. It was indicated that meters would not be practicable for

domestic customers because well water in that area was characterized by fine sand which, although it was not otherwise particularly objectionable, damaged meters. The cost of providing sand traps for the entire output would be out of proportion to the benefits that would be derived from metering all consumers. The meters suggested for commercial customers should be provided with individual sand traps, but there would be only a few such meters, and the investment required would not be great. The staff estimates did not include any slight additional revenue which would arise from applying meter rates to applicant's commercial customers.

Applicant did not offer any objections to the staff's estimates, but indicated that in her opinion the rates proposed by the staff would complicate her billing procedures, would necessitate periodic inspection of premises to ascertain whether or not water was being piped inside houses, and although equitable to customers, such rates would not justify the extra difficulties their administration would entail.

Undoubtedly the staff's flat rate proposal would entail additional effort on the part of applicant, but it is concluded that the public benefit that would arise justifies the differentiation provided for in such rates. The Order will provide for the flat rates proposed by the Commission's staff. The resulting return of 4.7% is not considered unreasonable and will be enhanced in the future to the extent that commercial customers are provided with meters and billed on the meter schedule. The commercial meter rates to be established are judged to be just and reasonable in comparison with the domestic flat rates.

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 Julia E. Wilson, 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, 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 Julia E. Wilson, be and she 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 November, 1948.

IT IS HEREBY FURTHER ORDERED AS FOLLOWS:

That Julia E. Wilson, 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 her 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.

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

Dated at San Francisco, California, this 21st day of

September, 1948.

R. Z. Anderson
Justice J. C. Quinn
Dr. J. H. Farrell
Harold P. Kilo
Samuel P. Potter
Commissioners.

EXHIBIT A

Schedule No. 2

COMMERCIAL METERED SERVICE

APPLICABILITY

Applicable to all commercial water service.

TERRITORY

Blocks "F" and "G" at the southerly end of the unincorporated town of Earlimart, Tulare County, and Tracts Nos. 35, 58, and 120 adjacent thereto.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Charge:	
First 600 cu.ft. or less	\$ 2.00
Next 900 cu.ft.; per 100 cu. ft.25
Next 1,500 cu.ft.; per 100 cu. ft.20
Next 3,000 cu.ft.; per 100 cu. ft.15
Over 6,000 cu.ft., per 100 cu. ft.10
Minimum Charge:	
For 5/8 x 3/4-inch meter.	2.00
For 3/4-inch meter.	2.25
For 1-inch meter.	3.50
For 1 1/2-inch meter.	6.00
For 2-inch meter.	10.00

The Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.

SPECIAL CONDITIONS

If a commercial user consistently uses less than the amount included in the minimum charge, the utility may remove the meter and charge the user said minimum charge each month.

EXHIBIT A

Schedule No. 1

DOMESTIC FLAT RATE SERVICE

APPLICABILITY

Applicable to all domestic water service

TERRITORY

Blocks "F" and "G" at the southerly end of the unincorporated town of Earlimart, Tulare County, and Tracts Nos. 35, 58, and 120 adjacent thereto.

RATES

For single family dwelling, with plumbing, and including 2,500 square feet of garden	\$ 2.00
For single family dwelling, without plumbing, and including 2,500 square feet of garden	1.75
For single temporary dwelling, house trailer or tent, including no irrigation	1.00
For each additional dwelling, with plumbing, when served through a single service	1.00
For each additional dwelling, without plumbing, when served through a single service75
For each additional temporary dwelling, house trailer or tent, when served through single service75
For each non-circulating water cooler, during months used50
For each circulating water cooler, during months used25
For area irrigated, not included in above rates, during the months of May to October, inclusive, per 100 square feet06