

Decision No. 42070

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
WASHINGTON WATER AND LIGHT COMPANY  
for an increase in rates.

Application No. 28631

Carl E. Rodegerdts, for applicant;  
V. C. Frame, for West Sacramento  
Improvement Club, Inc.

O P I N I O N

In this proceeding Washington Water and Light Company, a corporation, engaged in the business of furnishing public utility water service in the unincorporated towns of Broderick, Bryte, West Sacramento and adjacent territory in Yolo County, asks the Commission for authority to increase rates.

The application states that the utility had extended its system to render water service to the town of Bryte and intended to install a water system in an unincorporated area known as West Sacramento and the adjacent territory, and alleges that the present rates, established in 1920, are inadequate and will not support the cost of installation and operation of a water system adequate to serve the enlarged area at present labor and material costs.

A public hearing in this proceeding was held at Sacramento before Examiner Stava.

At the hearing, applicant amended the application to include a request for the establishment of monthly minimum charges instead of readiness-to-serve charges for metered service.

Washington Water and Light Company has been engaged in operating a public utility water system in the unincorporated town of

Broderick, formerly known as Washington, Yolo County, for approximately 50 years. In Decision No. 40170, dated April 15, 1947, in Application No. 28183, the Commission granted applicant authority to furnish and supply water to the unincorporated town of Bryte and adjacent territory and established the same rates, rules and regulations for that area as were in effect in the utility's Broderick system. The Commission in its Decision No. 40334, dated May 27, 1948, in Application No. 28306, granted applicant authority to extend its system to serve an unincorporated area known as West Sacramento and adjacent territory, a large portion of which includes the same area served by the so-called West Sacramento Water Company, a public utility owned and operated by Mr. Clyde Henry. In this latter decision, applicant was authorized to charge the same rates, and operate under the same rules and regulations in effect in the other parts of applicant's system.

Pursuant to the Commission's decisions, applicant has installed, in addition to the 34,000 feet of existing distribution mains in the Broderick system, approximately 102,300 feet of new mains ranging from 12 to two inches in diameter to provide water service to the towns of Bryte and West Sacramento including service to several large motels and commercial enterprises situated along State Highway No. 40, and several adjoining areas approximately one mile west of the city of Sacramento. Applicant also has installed three additional wells equipped with electrically-driven deep-well turbine pumps with a combined capacity of approximately 3,100 G.P.M. in order to provide sufficient water to meet the steadily increasing demands of the territory served.

A 268,000-gallon steel, standpipe type, storage tank has been installed on the west side of the area served, near the town of Bryte, for use in conjunction with the 75,000-gallon elevated storage tank which has been in service on applicant's Broderick

system for many years. The Broderick, Bryte and West Sacramento distribution systems are interconnected with ten-, eight-, and six-inch mains. Additional facilities for fire protection service have been installed in the new system. At the present time there are 52 wharf-type fire hydrants in the town of Broderick and 20 hydrants at Bryte. The company has entered into an agreement with the Westgate Fire Protection District of the County of Yolo, which district provides fire protection service in the West Sacramento area, whereby 20 six-inch steamer hydrants and not less than 40 wharf-type hydrants will be installed.

The areas in which applicant is now rendering service are developing very rapidly. As of June 30, 1948, service was being rendered to approximately 1,277 consumers, 67 on metered and 1,210 on flat rate schedules. The present rates in effect, established by Decision No. 8461, dated December 20, 1920, provide for a monthly service charge of 50 cents for a 5/8 x 3/4-inch meter, 75 cents for a one-inch meter and \$1 for a 1 1/2-inch meter. The monthly quantity rates, in addition to the service charge, are 20 cents per 100 cubic feet for the first 500 cubic feet, and lesser rates for additional use reduced through four blocks to 4 1/2 cents per 100 cubic feet for use over 150,000 cubic feet. The flat rate schedule provides for a monthly charge of \$1.50 for a house of five rooms or less, \$2.75 for a house with two families and an additional rate of 1/2 cent per square yard for irrigation.

The requested flat rates include a monthly charge of \$2.50 for a house of five rooms or less, \$4.50 for a house with two families, and \$2.50 for extra garden water and adjoining lots. The establishment of a monthly fire hydrant rate of \$1.50 also is requested. The amended application asks for the establishment of a

schedule of meter rates approximately 50% higher than the existing rates, eliminating the readiness-to-serve charge and incorporating a monthly minimum charge with suitable quantity rates.

Witnesses for applicant testified concerning the extensive construction program which had required large capital expenditures during 1947 and 1948. The facilities and base grid of water mains now installed are considered adequate to serve the entire area for many years in the future. Applicant's witnesses also stated that the recent rapid expansion of business now requires the establishment of an office in the area for the transaction of business and for public convenience. To cover the increase in management, clerical expense, and operating personnel, applicant estimated that there will be an increase of \$14,000 in the annual operating expenses. Applicant asked that these factors be given consideration in the establishment of increased rate schedules.

Heretofore this utility has received no revenue from service rendered for fire protection. Westgate Fire Protection District, serving the general area known as West Sacramento, formerly used fire hydrants on the system of West Sacramento Water Company, which prove inadequate and unsatisfactory. Therefore, Westgate Fire Protection District has now entered into an agreement with applicant whereby service will be rendered through hydrants on applicant's system, in return for which said applicant will receive compensation in the amount of \$2,640 per year. No such arrangement exists with Washington Fire Protection District serving Broderick and vicinity. In lieu thereof applicant has requested that a monthly rate of \$1.50 per hydrant be established. It is only fair that all portions of the applicant's service area should pay equitably for the fire protection service afforded. Therefore, a rate schedule will be established for

fire protection service rendered through hydrants on applicant's system, giving consideration to the effectiveness of hydrants of varying type and size.

A report was submitted in evidence by Mr. D. L. Duncan, one of the Commission's engineers, covering the results of operation and including an appraisal of the utility property as of March 31, 1948. Supplementary figures were obtained to bring Mr. Duncan's report up to date as of June 30, 1948. The following condensed table shows the results of operation, based on the evidence submitted:

	Actual Data		Estimated Data		
	from		for year 1948		
	Annual Reports		As of March 31	June 30	
	At Present Rates		At	At	At
	Year	Year	Present	Requested	Requested
	1946	1947	Rates	Rates	Rates
Number of Customers	399	853	881	881	1,277
Operating Revenues	\$15,176	\$24,202	\$25,376	\$42,765	\$51,400
Operating Expenses	14,635	21,233	21,949	26,698	32,500
Net Operating Rev.	541	2,969	3,427	16,067	18,900
Fixed Capital	68,966	148,890	275,535	275,353	291,186
Rate of Return	0.78%	1.99%	1.24%	5.83%	6.5%

Mr. Walter C. Frame, representing West Sacramento Improvement Club, stated that the water service now being rendered by applicants is satisfactory and that the Improvement Club offers no objection to a reasonable increase in rates.

A petition signed by 111 residents of the town of Bryte, protesting an increase in rates, was presented at the hearing. Witnesses for the petitioners claim that some two years ago when service was extended to the Bryte area, applicant promised the residents a \$1.50 monthly flat rate charge for all water delivered to their homes.

The evidence clearly shows that this utility has expended a large sum of money to provide adequate water service within its certificated territory; that this territory's development has long

been retarded by the poor and inadequate water service rendered by West Sacramento Water Company; that applicant has installed distribution mains with sufficient capacity to provide for present and future development of the territory and also to provide water for fire protection purposes; that it has developed three additional deep wells which provide a very satisfactory water, both in quantity and quality. The evidence also shows that applicant is financially capable of extending its mains and facilities to provide service to many new home-sites and subdivisions now being developed in this area.

Based upon the number of consumers actually served as of July 1, 1948, it is estimated that the rates requested by applicant will yield an excessive annual rate of return, especially when the rapid development of the area served is recognized. Giving consideration to the active competition presently existing in this territory and the present development stage of this enlarged system, it is concluded that a schedule of rates designed to yield a somewhat lower gross revenue is sufficient to produce a reasonable return on the investment. Accordingly, the Order will provide for revised rate schedules, estimated to yield a gross revenue of \$43,800, resulting in an estimated net operating revenues of \$11,300 which will yield a rate of return of approximately 3.9% on the investment. As more customers are added it is expected the rate of return will increase accordingly.

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 being now fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates as now charged by Washington Water and Light Company, a corporation, for water delivered to its consumers residing in the unincorporated towns of Broderick, Bryte, and West Sacramento, and adjacent areas in Yolo County, are unjust and unreasonable in so far as they differ from the rates herein established; that the rates herein established are just and reasonable rates to be charged for the service 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 the further statement of facts contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Washington Water and Light Company, a corporation, be and it is hereby authorized to file in quadruplicate with the Public Utilities Commission of the State of California, in conformity with this 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 hereto, such rates to become effective for all water service rendered on and after the 1st day of November, 1948.

IT IS HEREBY FURTHER ORDERED as follows:

1. That Washington Water and Light 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 Washington Water and Light 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 21<sup>st</sup> of September, 1948.

R. F. Johnson  
Justice F. Greener  
George H. Lowell  
Harold P. Hills  
Kenneth P. Foster  
Commissioners.



EXHIBIT A

Schedule No. 1

FLAT RATES

APPLICABILITY

Applicable to all domestic water use.

TERRITORY

In the unincorporated towns of Broderick, Bryte, and West Sacramento, and adjacent rural territories, in Yolo County.

RATES

	<u>Per Month</u>
For single family dwelling of 5 rooms or less, to include the irrigation of 2,500 square feet of garden . . . . .	\$ 2.00
For each additional room . . . . .	.10
For each additional family residing in a two or three-family dwelling, located on the same lot and served through a single service connection . . . . .	1.50
For area irrigated in excess of 2,500 square feet, per 100 square feet . . . . .	.05
For each air cooler, with circulating system, additional charge during months of use . . . . .	.20
For each air cooler, without circulating system, additional charge during months of use . . . . .	.40

SPECIAL CONDITIONS

1. A meter may be installed at the option of either the utility or the consumer.

EXHIBIT A

Schedule No. 2

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water service furnished on a measured basis.

TERRITORY

In the unincorporated towns of Broderick, Bryte, and West Sacramento, and adjacent territory, in Yolo County.

RATES

Minimum Charges:	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter . . . . .	\$1.75
For 3/4-inch meter . . . . .	2.25
For 1-inch meter . . . . .	3.25
For 1 1/2-inch meter . . . . .	5.25
For 2-inch meter . . . . .	9.00
For 3-inch meter . . . . .	16.50
For 4-inch meter . . . . .	30.00
For 6-inch meter . . . . .	55.00

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

Quantity Rates:

First 700 cu. ft. or less. . . . .	1.75
Next 1,300 cu. ft., per 100 cu. ft. . . . .	.20
Next 28,000 cu. ft., per 100 cu. ft. . . . .	.15
Next 120,000 cu. ft., per 100 cu. ft. . . . .	.10
Over 150,000 cu. ft., per 100 cu. ft. . . . .	.075

EXHIBIT A  
Schedule No. 3  
FIRE HYDRANT CHARGES

APPLICABILITY

Applicable to public fire protection service.

TERRITORY

In the unincorporated towns of Broderick, Bryte, and West Sacramento, and adjacent territory, in Yolo County.

RATES

	<u>Per Hydrant Per Month</u>
For wharf-type hydrants, with 2½-inch diameter riser, or smaller . . . . .	\$1.25
For any type of hydrant, with 3-inch diameter riser, or larger. . . . .	1.50

SPECIAL CONDITIONS

Charges under this schedule are not applicable where the Company has entered into a contract with the fire protection district or other public body providing fire protection service to any portion of the service area.