

Decision No. 42130

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 SAN GERONIMO VALLEY WATER COMPANY
 to increase rates.

Application No. 29381

ORIGINAL

Brobeck, Phleger and Harrison, by
 George D. Rives, for applicant;
 Mrs. Violet Allan, for Worthwhile
 Club; Mrs. Ralph Bean, representing
 a group of seven customers.

O P I N I O N

The San Geronimo Valley Water Company, a corporation, is a public utility engaged in distributing and selling water for domestic and commercial purposes in the unincorporated communities of Woodacre, San Geronimo, Forest Knolls and Lagunitas, in Marin County. In this application the company requests authorization from this Commission to increase rates and charges for water service, stating that for the year 1947 and many years prior, an operating deficit was sustained. The application contains a specific schedule of rates which the company desires to have placed in effect.

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

San Geronimo Valley Water Company was incorporated in December, 1914 under the laws of California and pursuant to this Commission's Decision No. 2273 (Application No. 1551), dated April 1, 1915, acquired the water system originally installed by the Maillard Estate in Marin County prior to 1912.

Applicant serves about 820 domestic and commercial customers and 24 municipal hydrants. About 470 of these customers are all-year residents, the remaining 350 being summer residents only. Applicant's principal water facilities comprise seven spring sites, four pumps, 22 water storage tanks with an aggregate capacity of about 510,000 gallons, and about 200,000 feet of pipe ranging from 3/4 inch to five inches in diameter. In addition to the spring sites, water is also secured from a diversion on Lagunitas Creek at certain times of the year.

The rates now charged by applicant have been in effect since January 1, 1935. The rates requested by applicant reflect, for the permanent residents, an increase from \$1.50 to \$1.75 in the monthly minimum charge for a 5/8-inch meter, with a reduction from 500 cubic feet to 300 in the volume included for such minimum charge. The requested quantity rates beyond 500 cubic feet are from 20% to 30% higher than the present schedule. For the summer resort residents, applicant requests an increase in the annual minimum charge from \$15 to \$18, together with a reduction from 500 cubic feet to 300 in the volume provided thereunder during the months of April through September. The increases in quantity rates requested for summer residents for quantities in excess of 500 cubic feet range from 20% to 30%.

At the hearing, applicant asked to amend its application to request a further increase in rates as might be deemed appropriate by this Commission, for the purpose of offsetting a material increase in county taxes not contemplated at the time of filing the application.

Applicant presented detailed historical data on revenues, expenses, sales volumes, customers and other statistics starting as far back as 1934 in some cases and extending through the first six months of 1948. Applicant estimated that for the year 1948,

under present rates, gross revenues of \$17,600 would be received whereas under the rates originally requested \$23,750 would be received. It was testified that the County of Marin had reassessed the company's property and thereupon rendered a tax bill for \$1,972 applicable to operations for the year 1948, whereas the bill for 1947 was \$537, reflecting an increase in this item of \$1,435 or 267%. Some increase in ad valorem tax had been anticipated, but the increase represented was much greater than contemplated at the time of filing the application. Applicant estimated that the rates originally requested would now result in a net loss of \$1,100 and accordingly asked that a further increase be authorized to compensate for the heavy rise in taxes.

It was testified that fixed capital as of December 31, 1947 was \$151,687.43, but that capital expenditures since then had increased this figure to an estimated \$170,000 at the time of the hearing. It was further estimated that an additional \$5,000 would be invested before the close of 1948, delivery of certain piping already ordered permitting.

The Commission's engineer, Mr. Ed F. Catey, testified on the results of a study on the recorded and estimated operations of this company prepared by the staff. The staff estimated that for the year 1948 under present rates gross revenues of \$17,670 would be realized, and that under the rates originally requested by applicant \$23,520 would be received, yielding respectively a net loss of \$5,360 and a net revenue of \$490. The Commission's engineer acknowledged that a larger allowance should be made for ad valorem taxes than that used by the staff for these estimates, due to the recent receipt of the new tax bill from Marin County. The staff having used \$1,100 for this item, \$872 was added to reflect the tax bill of \$1,972. It was also brought out that the

more recent customer count presented by applicant indicated that the Commission staff's estimate of average number of customers for 1948 was low by 25 and, accordingly, the staff's revenue estimates should be increased by the corresponding additional revenue, plus \$26 for additional hydrant revenue not anticipated by the staff, making for an upward adjustment in revenues of \$591 under present rates and \$776 under rates originally requested by applicant. The resulting revised figures yielded a net operating loss of about \$5,640 under present rates and a net operating revenue of \$390 under rates originally requested. The staff's rate base estimated for the year 1948 was \$161,650, including allowances for materials and supplies and working cash and giving consideration to probable capital additions. This rate base was determined from an analysis of the company's capital records made by the Commission's staff, wherein minor adjustments were made, including an increase in the landed capital account, to reflect the present value of lands. The opinion was expressed by the staff that at least a portion of the working cash allowance of \$3,040 should be eliminated due to the collecting of annual minimum charges in advance from summer resort customers. The staff's opinion in this respect is believed to be supported by the evidence, and the full working cash allowance will be deleted, leaving a rate base of approximately \$159,000, which is considered reasonable for the purpose of testing earnings.

Particular objections were raised at the hearing to applicant's proposal of reducing the monthly volume of water included in the minimum charge from 500 to 300 cubic feet on the permanent resident schedule and on the summer resort rate for the months April through September.

Complaints were registered at the hearing as to pressure in certain sections of the service territory. In answer to these

complaints, the company outlined its plans for improvements in some detail. It was testified that two booster pumps were scheduled for the Woodacre area, one of which was being installed, the other already having been ordered. At Forest Knolls, a 25,000-gallon balancing tank is likewise scheduled, together with from 2,500 to 3,000 feet of three-inch pipe. On this latter project, the pipe has been ordered and negotiations are under way for the tank site. A second balancing tank is planned for this same locality after the completion of the first such project. Several other relatively less important items, such as reinforcement of distribution mains, were referred to, which, together with the major improvements, would, in the opinion of the company, materially improve service.

The Commission's engineer concurred with the company as to the desirability of the projects planned to improve service. He indicated that the company's mains are relatively small for the extent of the system, but that the numerous balancing tanks offset this deficiency to a large extent; however, he expressed the opinion that upon any replacement of the existing smaller mains, serious consideration should be given to installing larger diameter pipe. He also was of the opinion that turbidity and coloring in the water distributed from the Lagunitas Creek source could be kept to a minimum by exercising care and good judgment in deciding when water should be taken from this source and the quantities that should be introduced into the system.

It is believed that applicant's program of improvements will eliminate all serious service complaints, and the record indicates that applicant intends to maintain satisfactory standards of service.

The record clearly shows that applicant is entitled to rate relief beyond that requested at the time of filing the application,

and, accordingly, in line with applicant's further request at the hearing, the Order will provide for a schedule of rates which will result in an increase in gross revenue of \$6,840 and will provide a net revenue of \$1,200. Although these rates will yield only 0.8% on the estimated rate base of \$159,000, they will produce essentially the same net revenue that would have been realized from the rates initially requested had the ad valorem taxes remained at their previous level. The rates to be ordered reflect consideration of the request made by several interested parties at the hearing to the effect that the new rates retain the 500 cubic feet monthly included in the minimum charge in the present permanent resident schedule and in the present summer resort rate for the months April through September, rather than reduce this volume to 300 cubic feet as requested by applicant.

O R D E R

Good cause appearing, IT IS HEREBY FOUND AS A FACT that the rates now charged by San Geronimo Valley Water Company, a corporation, 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; and 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 San Geronimo Valley Water Company, a corporation, be and it is hereby authorized to file in quadruplicate with this Commission in conformity with the Commission's General Order No. 96, within thirty (30) days after the effective date of this order, the schedule of rates shown in Exhibit A appended, such

EXHIBIT A

Schedule No. 1

GENERAL METERED SERVICE
PERMANENT RESIDENTS

APPLICABILITY

Applicable to all water service for bona fide permanent residents and year-round commercial enterprises.

TERRITORY

In and about the unincorporated towns of Woodacre, San Geronimo, Forest Knolls, and Lagunitas, Marin County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 500 cu. ft. or less	\$ 2.00
Next 1,000 cu. ft., per 100 cu. ft. . . . .	.35
Next 1,500 cu. ft., per 100 cu. ft. . . . .	.30
Next 2,000 cu. ft., per 100 cu. ft. . . . .	.25
Over 5,000 cu. ft., per 100 cu. ft. . . . .	.20
Minimum Charge:	
For 5/8x3/4-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.

EXHIBIT A

Schedule No. 2

GENERAL METERED SERVICE
TEMPORARY RESIDENTS

APPLICABILITY

Applicable to all water service for summer resort or seasonal residents and commercial enterprises.

TERRITORY

In and about the unincorporated towns of Woodacre, San Geronimo, Forest Knolls, and Lagunitas, Marin County.

RATES

Monthly Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
April through September		
First	500 cu. ft. or less	\$ 1.75
Next	1,000 cu. ft., per 100 cu. ft. . . . .	.35
Next	1,500 cu. ft., per 100 cu. ft. . . . .	.30
Next	2,000 cu. ft., per 100 cu. ft. . . . .	.25
Over	5,000 cu. ft., per 100 cu. ft. . . . .	.20
October through March		
First	100 cu. ft. or less	1.75
Next	400 cu. ft., per 100 cu. ft. . . . .	.40
Next	500 cu. ft., per 100 cu. ft. . . . .	.35
Next	1,000 cu. ft., per 100 cu. ft. . . . .	.30
Next	1,500 cu. ft., per 100 cu. ft. . . . .	.25
Over	5,000 cu. ft., per 100 cu. ft. . . . .	.20
Annual Minimum Charge:		<u>Per Meter</u> <u>Per Year</u>
For	5/8x3/4-inch meter	21.00
For	3/4-inch meter	24.00
For	1-inch meter	36.00
For	1 1/2-inch meter	60.00
For	2-inch meter	100.00

The Annual 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 Monthly Quantity Rates.

SPECIAL CONDITIONS

The Annual Minimum Charge shall be due and payable in advance on January 1 of each year, but may, at the option of the consumer, be paid in two equal installments, one-half on or before January 1, and the remainder on or before July 1 of each year.

Charges for water used in excess of the amounts allowed under the Minimum Annual Charge may be billed monthly, semi-annually or annually at the option of the utility.

rates to become effective on and after the first day of December, 1948.

IT IS HEREBY FURTHER ORDERED that San Geronimo Valley Water Company, a corporation, within forty (40) days after 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 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.

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

RP
Dated at ^{Ros Angeles,} ~~San Francisco,~~ California, this 19th day of October, 1948.

R. J. Anderson
Justin F. Casner
Harold A. Huls
Kenneth Cottrell

Commissioners.