

**ORIGINAL**Decision No. 42155

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 JAMES J. DOWNEY, (Rio Dell Water  
 Company), for authority to adjust  
 and simplify its rate structure.

Application No. 29352  
 Amended

Karl Brooks, for applicant.

O P I N I O N

James J. Downey, doing business under the fictitious firm name of Rio Dell Water Company and engaged in distributing and selling water for domestic and commercial purposes in the vicinity of Rio Dell in Sonoma County, asks the Commission for authority to increase the rates to be charged for water service rendered to his customers.

Applicant alleges that the existing rates do not provide sufficient revenue to cover operating costs and to maintain the system properly. The schedule proposed by applicant for metered service to permanent residents provides for a minimum monthly charge of \$2.25, entitling the consumer to 400 cubic feet of water, with quantity rates for additional water reduced through three blocks to 20 cents per 100 cubic feet for all use over 2,000 cubic feet per month. For summer and vacation customers it is proposed that a seasonal rate of \$18 be established entitling the consumer to 300 cubic feet of water in each of the months from May to October, inclusive; for water service in any of the remaining months the minimum charge under this schedule is proposed to be \$2.25 per month for not over 300 cubic feet of water; and quantity rates for additional water reduced through four blocks to 20 cents per 100 cubic feet for all use over 2,000 cubic feet per month. Applicant also requested authority to charge a flat

rate of \$27 per dwelling per year for permanent residents, and for summer residents flat rates of \$18 for the six-month period from May to October, inclusive, and \$2.25 per month additional for each other month during which water is used.

A public hearing in this matter was held in Sebastopol before Examiner Foster.

The principal source of supply for the system is a cased well 30 feet deep near the bank of the Russian River. Sometimes during the winter and spring months, the flow from a spring in a high part of the service area is also utilized. Water pumped from the well and conducted from the spring, when used, is delivered into two 10,000-gallon storage tanks from which it is distributed by gravity to the customers. The distribution system comprises approximately 12,000 feet of mains varying in size from one to four inches in diameter. At the end of 1947, the total number of customers being supplied was 57, of which 42 were metered and the other 15 were served at flat rates. In that year, 43 customers were charged at the minimum seasonal rate of \$12, and 14 residents were charged at the \$18 annual rate. The total number of customers has now increased to approximately 108.

Testimony pertaining to the results of operation of the system was presented by applicant, James J. Downey, and by Verner R. Muth, one of the Commission's engineers. However, the latter's estimates of revenues were based on the schedules of proposed rates prior to the last amendment of the application, which was filed at the time of the hearing. By making the appropriate revision of estimated revenue, the following tabulation shows a comparison of the two sets of figures, based on 108 consumers in 1948:

J. J. Downey : V. R. Muth

Estimated Expenses

Pumping	\$ 904	\$ 840
Trans. and Distrib.	609	485
Commercial	455	455
General	550	460
Taxes	193	120
Depreciation	150	210
Total	<u>2,861</u>	<u>2,570</u>

Estimated Revenue

27 Consumers @ \$27	729	729
81 Consumers @ 18	1,458	1,458
Summer resort, flat rate	200	200
Additional metered use	123	200
Total	<u>2,510</u>	<u>2,587</u>

To the above amount of estimated revenues, Mr. Downey added a sum of \$851 for possible further increases for usage over the minimum allowances, which would make a total of \$3,361, or an estimated net revenue of \$500. A careful review of the evidence submitted indicates that this additional revenue is highly problematical and that the only real expectation of increased revenue to render any return on the investment must come from added customers in the future.

The evidence submitted by the Commission's engineer included a rate basis determined as follows:

Commission's appraisal as of June 2, 1941, in Application No. 24989.....	\$ 3,602
Net additions and betterments.....	7,518
Total installed cost as of September 10, 1948.	<u>11,120</u>
Materials and Supplies.....	200
	<u>11,320</u>
Less Customers' Advances.....	2,800
Total Rate Base.....	<u>8,520</u>

Several customers appeared at the hearing to protest any increase in the rates, and they also complained of sediment in the water and lack of adequate pressure in some portions of the service area. In reply to these complaints Mr. Downey stated that steps will be taken to cross-connect certain pipe lines to deliver a larger supply in the areas where the pressure is alleged to be too low.

Also he outlined methods to be put into effect to clarify the supply during high turbidity caused by flooding of the well from the Russian River during periods of heavy runoff.

Applicant will be expected to carry out his proposed program to remedy these conditions and to make such other improvements as are necessary for the furnishing of adequate water service throughout the service area. Before any water from the spring is again introduced into the system, applicant should adopt such measures as are necessary to protect this source of supply against possible contamination.

It is apparent from the record in this proceeding that the proposed rates will produce little if any return on the investment in the system for some time to come, and that applicant is entitled to an increase in rates to maintain adequate service. However, it is concluded that the requested reductions in the quantity of water allowed for the minimum meter charge are not fully justified. Accordingly, the proposed schedules will be adjusted in some respects to conform to those which are established in the following order.

#### O R D E R

Application as entitled 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 James J. Downey, doing business as Rio Dell Water Company, for water delivered to his customers in the vicinity of Rio Dell, Sonoma 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 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 as follows:

1. That James J. Downey, doing business as Rio Dell Water Company, be and he is hereby authorized to file in quadruplicate with the Public Utilities Commission of the State of California, in conformity with the Commission's General Order No. 96, within twenty (20) days from the effective date of this order, the schedules of rates shown in Exhibit A appended hereto, such rates to be charged for all water service currently billed on and after said effective date.
2. That James J. Downey, doing business as Rio Dell Water Company, within thirty (30) days from the effective date of this order, shall submit to this Commission for its approval four sets of rules and regulations governing relations with his 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 his present service area and the location thereof with reference to the immediate surrounding territory; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.
3. That James J. Downey, doing business as Rio Dell Water Company, 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 to be 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 map shall not thereby be considered by this Commission or any other public body as a final or conclusive determination

or establishment of the dedicated area of service or any portion thereof.

IT IS HEREBY FURTHER ORDERED that the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 26<sup>th</sup> day of October, 1948.

R. B. Johnson

Justice S. Calves

James H. Powell

Harold P. Kula

Samuel H. Pottel

Commissioners.

EXHIBIT A

Schedule No. 1

PERMANENT RESIDENT METER RATES

APPLICABILITY

Applicable to all metered water service furnished to bona fide permanent residents or commercial establishments.

TERRITORY

Within the entire area of service in the vicinity of Rio Dell, Sonoma County.

RATES

Minimum Charge:	<u>Per Meter Per Month</u>
For 5/8 x 3/4-inch meter.....	\$2.25
For 3/4-inch meter.....	3.00
For 1-inch meter.....	3.75
For 1 1/2-inch meter.....	5.75

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 400 cu.ft., or less.....	\$2.25
Next 600 cu.ft., per 100 cu.ft.....	.35
Next 1,000 cu.ft., per 100 cu.ft.....	.25
Over 2,000 cu.ft., per 100 cu.ft.....	.20

EXHIBIT A

Schedule No. 2

PERMANENT RESIDENT FLAT RATES

APPLICABILITY

Applicable to all water service furnished at flat rates to all bona fide permanent residents or commercial establishments.

TERRITORY

Within the entire area of service in the vicinity of Rio Dell, Sonoma County.

RATE

Per Month

For each residence receiving continuous service throughout the calendar year, payable in advance..... \$2.25

Schedule No. 3

SUMMER RESORT METER RATES

APPLICABILITY

Applicable to all water service furnished at meter rates to non-permanent, seasonal or summer residents.

TERRITORY

Within the entire area of service in the vicinity of Rio Dell, Sonoma County.

RATES

Minimum Annual Charge Payable on or before May 1, of each year, entitling the customer to 400 cubic feet of water during each of the months from May to October, inclusive..... \$18.00

Where water is used in excess of quantity allowed for the minimum charge the following rates will apply;

Applicable during the Months, May to October, Inclusive,	<u>Per Meter</u> <u>Per Month</u>
First 400 cu.ft. included in annual charge.	
Next 600 cu.ft., per 100 cu.ft.....	\$0.35
Next 1,000 cu.ft., per 100 cu.ft.....	.25
Over 2,000 cu.ft., per 100 cu.ft.....	.20

Applicable during Months, January to April, Inclusive, and November and December,

First 300 cu.ft. or less	\$2.25
Next 700 cu.ft., per 100 cu.ft.....	.35
Next 1,000 cu.ft., per 100 cu.ft.....	.25
Next 2,000 cu.ft., per 100 cu.ft.....	.20



EXHIBIT A

Schedule No. 4

SUMMER RESORT FLAT RATES

APPLICABILITY

Applicable to all water service furnished at flat rates to non-permanent, seasonal or summer residents.

TERRITORY

Within the entire area of service in the vicinity of Rio Dell, Sonoma County.

RATES

Minimum annual charge payable before May 1, of each year, entitling the consumer to continuous water service during the months from May to October, inclusive..... \$18.00

For use during other months, upon written notice to the company to turn on the water, per month..... 2.25