

Decision No. 42195

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Robert S. Hall for authority to
increase rates, Forest Glen Water
Company, Aptos, Santa Cruz County,
California.

ORIGINAL

Application No. 29489

Stanford G. Smith, for applicant.

O P I N I O N

Robert S. Hall, doing business as Forest Glen Water Company, provides public utility water service to domestic users in and about Forest Glen Subdivision near Aptos, Santa Cruz County. In this application he requests authorization from this Commission to increase rates and charges for water service. The application states that greatly increased costs of operation and maintenance have deprived applicant of a return on his investment under present rates.

Public hearings were held on this matter at Santa Cruz before Examiner Ross. At the initial hearing on August 19 the matter was submitted, but on September 28 this Commission issued its order setting aside the submission and reopening the matter for further hearing on October 20 to permit the introduction of additional evidence by applicant and by the Commission's staff.

Applicant took over this utility on January 1, 1948 pursuant to this Commission's Decision No. 41191 (Application No. 29008), dated February 3, 1948. He served 42 customers on a flat rate basis, 11 of which are year-round residents and the remaining 31 seasonal only. His water facilities consist of a single 12-inch cased well with an automatically-controlled 20 horsepower electric motor direct connected to a deep well turbine pump discharging into a 10,000-

gallon redwood stave storage tank located adjacent to the well at an elevation above the service territory, together with approximately 8,000 feet of mains varying in size from 1½ to four inches in diameter. These mains are located entirely within the Forest Glen subdivision although nine of the 42 customers served are located off the tract, such customers being supplied directly by individually-owned piping systems taking their supply from applicant's mains.

The present rate is \$14 per year for all-year service, payable in advance. The application requests that this charge be increased to \$24. During the hearings applicant asked that his application be deemed amended to include a flat rate schedule for seasonal service carrying a charge of \$16, payable in advance, for service during the period May 1 to October 31. He also requested that the Commission establish appropriate schedules for meter service in both the all-year and seasonal categories. Applicant estimates that the rates requested will provide a gross revenue of about \$760 per year.

Applicant indicated that operating and maintenance expenses incurred between January 1 and October 29, 1948, amounted to \$362.03, which did not include depreciation or any allowance for his own time and transportation in managing and operating the system. Revenues of \$588 have been received by applicant since the first of the year, but represent advance payments for service for the entire year 1948 and, accordingly, cannot be compared with the operating expenses of \$362.03. Applicant did not present an estimate of future operating and maintenance expenses, nor did he supply any data on capital costs.

Mr. C. F. Norris, a Commission engineer, testified on an investigation of the recorded and estimated operations of the utility. He concurred with applicant's estimated revenues under the requested rates, and estimated that, under present conditions and cost levels, the annual cost of operating and maintaining the system would be

\$660, including an allowance for depreciation and for management. The resulting net revenue of \$100 yielded a 1.2% return on the undepreciated cost of plant of \$8,594, the latter having been taken from annual reports to the Commission. Relating the same expenses to 1948 recorded revenues of \$588, a loss of \$72 results.

Numerous complaints were registered at the hearing. The complaints were characterized by claims of frequent and protracted water outages, sometimes lasting a week or more, together with inadequate pressure. It developed that all the complainants were served from the 1½-inch main on Trout Gulch Road, being one of the two principal branches of the distribution system. Applicant stated that he had ordered 750 feet of four-inch transite pipe to replace the existing 1½-inch pipe leading west along Valencia Road from the end of the existing four-inch pipe just below the storage tank to a point about 150 feet west of Robideaux Road which would, in his opinion, improve service materially, but no guarantee was given that such would provide adequate pressure to all customers. He did not indicate when this installation might be completed, stating that he had ordered the pipe in June and after contacting the supplier several times had been assured that it would be delivered in September; however, he did think the pipe would be available very shortly. Applicant estimated the cost of this proposed replacement at about \$1,550 installed. He further stated that it was his intention eventually to replace from 85% to 90% of the present mains, but he did not supply an estimate of the cost of so rehabilitating the system.

The Commission's engineer pointed out that the Trout Gulch Road area, where all the service complaints were localized, was served from a line branching off from the Valencia Road line at Robideaux Road, and suggested that applicant run the proposed four-

inch main along Valencia Road only to the point of the Rubidoux Road branch, then lay the remaining 150 feet of the replacement along Rubidoux Road. Applicant agreed to modify his plans to follow this suggestion. The Commission's engineer also indicated that he had observed on this system a number of 1½-inch services connected to 1½-inch mains. He stated that full utilization of a service of the same size as the supplying main would deprive other customers downstream of adequate pressure or volume and for that reason suggested that in the future no services larger than 3/4-inch be connected. He added that, if pressures are not sufficiently improved by the proposed four-inch main replacement already referred to, the next logical step would be to replace existing 1½-inch services with 3/4-inch pipe.

Several customers suggested that the Commission withhold granting a rate increase until applicant has improved service, after which they would be agreeable to the requested rate increase.

This Commission is cognizant of the right of customers to adequate service and is desirous of doing what it can to assist in securing improved water service for the customers of this utility; however, it is not believed that denying applicant a rate increase at this time will further that end in this instance.

Applicant is clearly entitled to relief. Under present rates it has been shown he is suffering a loss, and under the rates requested he would realize a return of but 1.2% on his fixed capital. Further, it is believed that the improvements to and changes in the water system proposed by applicant and suggested by the Commission's staff are sound and the record indicates that applicant will carry them out diligently. The order will provide for the authorization of rates as requested by applicant, which rates will increase annual gross revenues by \$172.

O R D E R

Based upon the record herein and upon the foregoing findings, it is further found that the rates now charged by Robert S. Hall, doing business as Forest Glen Water Company, 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 justified; and, basing its order upon the foregoing findings,

IT IS HEREBY ORDERED that Robert S. Hall, doing business as Forest Glen Water Company, be and he 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 January, 1949.

IT IS HEREBY FURTHER ORDERED as follows:

1. That Robert S. Hall, doing business as Forest Glen Water Company within forty (40) 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 8 $\frac{1}{2}$ 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 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 Robert S. Hall, doing business as Forest Glen Water Company, 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 3rd day of November, 1948.

R. E. Ingraham
Justus J. O'Brien
Wright Lungee
Harold P. Kils
Kenneth P. Pitter
Commissioners

EXHIBIT A

Schedule No. 1

ANNUAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all water service furnished on an annual flat rate basis.

TERRITORY

In and about Forest Glen Subdivision near Aptos, Santa Cruz County.

RATES

Per Year

For residential use, payable on the first day of January of each year \$24.00

Schedule No. 2

SEASONAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

In and about Forest Glen Subdivision near Aptos, Santa Cruz County.

RATES

Per Season

For residential use for the period May 1 to October 31, payable in advance \$16.00

EXHIBIT A

Schedule No. 3

ANNUAL METERED SERVICE

APPLICABILITY

Applicable to all water service furnished on an annual metered basis.

TERRITORY

In and about Forest Glen Subdivision near Aptos, Santa Cruz County.

RATES

Per Meter
Per Year

Annual Charge:

Payable in advance, entitling the customer to
500 cubic feet of water per month delivered
through a 5/8 x 3/4- inch meter \$21.00

Quantity Charges:

Per Meter
Per Month

For all water used in excess of 500 cubic feet
per month the following Quantity Rates shall
apply:

First 500 cubic feet included in annual charge.
Next 1,000 cubic feet, per 100 cubic feet \$0.25
Next 1,500 cubic feet, per 100 cubic feet20
Over 3,000 cubic feet, per 100 cubic feet15

SPECIAL CONDITIONS

1. A meter may be installed on any service connection at the
request of the consumer or at the option of the company.

EXHIBIT A

Schedule No. 4

SEASONAL METERED SERVICE

APPLICABILITY

Applicable to all water service rendered on a seasonal metered basis.

TERRITORY

In and about Forst Glen Subdivision near Aptos, Santa Cruz County.

RATES

Per Meter
Per Year

Annual Charge:

Payable in advance, entitling the customer to 300 cubic feet of water per month delivered through a 5/8 x 3/4-inch meter for the six-month period May 1 to October 31. \$12.00

Quantity Charge:

Per Meter
Per Month

For all water used in excess of 300 cubic feet per month the following Quantity Rates shall apply:

First	300 cubic feet included in annual charge.	
Next	200 cubic feet, per 100 cubic feet.	\$0.35
Next	1,000 cubic feet, per 100 cubic feet.25
Next	1,500 cubic feet, per 100 cubic feet.20
All over	3,000 cubic feet, per 100 cubic feet.15

SPECIAL CONDITIONS

1. A meter may be installed on any service connection at the request of the consumer or at the option of the company.