

Decision No. 42196**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
HENRY AND IDA ZILZ to increase water
rates and for authority to establish
schedule of meter rates.

Application No. 29335

Henry and Ida Zilz, applicants.

O P I N I O N

This is an application by Henry and Ida Zilz, doing business as Jesmond Dene Water System in Jesmond Dene Unit No. 1, San Diego County, for authority from this Commission to increase water rates and to install meters and charge the cost of installation to its customers. The application states that the increase in rates is necessary because of operating losses incurred during the past two and one-half years.

A public hearing was held on this matter in Escondido, California, on October 6, 1948, before Examiner Crenshaw.

This water system was declared to be a public utility by the Superior Court of the State of California in the County of San Diego in the case of Benjamin and Barbara Vaganov vs. George F. and Olga Nelson, et al, Docket No. 102761, in 1941.

Jesmond Dene Water System serves approximately 24 customers in Jesmond Dene Unit No. 1, which is an unincorporated area located in a somewhat sparsely settled, hilly territory comprising about 38 acres, approximately four miles northwest of the city of Escondido. The customers' premises may be described as modest hillside, suburban residences and water is utilized principally for domestic purposes and for the irrigation of small gardens.

Water is produced from two wells located in a small canyon and is pumped directly into the system, consisting of 5,700 feet of two-inch and one and one-half inch mains under approximately 70 pounds initial pressure, into a 10,000-gallon steel storage tank.

The record shows that the so-called auxiliary well, which originally produced 10,000 to 12,000 gallons of water per day, is now only producing 4,000 to 5,000 gallons due to the recent drought period, which, while taking care of the daily needs of the customers at the lower elevation, is insufficient to provide adequate water service to those customers located at higher elevation levels. Due to this condition, the record shows that during recent weeks it has been impossible to maintain any storage in the tank and it is evident that an additional supply of water is necessary.

In order to provide this additional water supply, Mr. Zilz stated it would be necessary for him to negotiate a bank loan of approximately \$1,500 to be used for improvements, such as the drilling of a new well and possibly the deepening of existing wells. Mr. Zilz further stated the bank officials had advised him that before such a loan could be procured it would be necessary for the Jesmond Dene Water System to be placed on a paying basis. Therefore, the problem of the applicants is the financing and installation of improvements in order to provide an adequate water supply for their customers.

Under the present flat rate of \$2 per month for each family dwelling, the annual revenue reported in applicants' annual report to this Commission was \$585 for the year 1947, with corresponding operating expenses of \$1,698.65, representing a loss of \$1,113.65.

A report was submitted in evidence by Mr. R. E. Sutherland, Engineer for the Commission, covering the results of operation of this utility for the year 1947, and including an appraisal of the

utility property as of August 4, 1948. It was pointed out in this report that the applicants did not keep their books in accordance with the Uniform Classification of Accounts, as prescribed for water utilities by this Commission, and applicants therefore should proceed immediately to correct their records. Further, it was found that many of the items of expense should have been charged to capital. The total operating expenses for the year 1947, after adjustment for capital expenditures, was found to be \$902.08. Since the gross revenues for the year 1947 were \$585, the utility has experienced an operating deficit of \$317.08.

In order to offset this deficit, the applicants have proposed the following rate for water service:

<u>Quantity</u>	<u>Rate</u>	<u>Per Month</u>
First	1,600 cubic feet or less	\$4.00
All over	1,600 cubic feet, per 100 cubic feet25

Assuming that the flat rates were increased from \$2 to \$4 per month, the estimated revenues, based on 1947 operations, would then amount to \$1,170, and after deducting operating expenses of \$902 there would be a net revenue of \$268, or a rate of return of 2.3 per cent on a rate base of approximately \$12,000.

At the present time applicants do not have water meters installed on their system and have requested the Commission to permit the installation of meters on each customer's service and also for authorization to charge such customers for the cost of the meter amounting to approximately \$19 or \$20, together with a \$25 charge for meter installation, including connection and meter box. This is not believed to be a reasonable request and is not in accordance with standard practice. Therefore, if applicants desire to install meters they should do so at their own expense. Incurrence of such expense may not be immediately practicable, and therefore provision should be made in this order for flat rate service until such time as meters can be installed for all customers on the utility's system.

It was brought out during the hearing that some of the customers had more than one service pipe to their property but were only charged the \$2 flat rate. This condition should be corrected so that each customer will be supplied through a single service pipe or billed the flat rate charge for each additional service maintained for his convenience.

In view of the facts outlined herein, it is determined that both a flat rate and a metered rate should be incorporated in this order. Therefore, the rates as set forth in Exhibit A, attached to and made a part of the following order are, in the opinion of this Commission, just and reasonable and in the public interest.

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 now charged by Henry and Ida Zilz, owners of the Jesmond Dene Water System in Jesmond Dene Unit No. 1, San Diego County, 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,

IT IS HEREBY ORDERED that Henry and Ida Zilz be and they are 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 hereto, such rates to become effective on and after the 1st day of December, 1948.

IT IS HEREBY FURTHER ORDERED as follows:

- 1.. That Henry and Ida Zilz, 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 their consumers in accordance with this Commission's General Order No. 96.

- 2.. That Henry and Ida Zilz, 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. Anderson
Justus F. Craemer
Ernest L. Luce
Harold A. Kula
Northern Patten
Commissioners.

EXHIBIT A

Schedule No. 1

FLAT RATE DOMESTIC SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

In Jesmond Dene Unit No. 1, 3½ miles northwest of Escondido,
San Diego County.

RATES

	<u>Per Month</u>
For each residence, including 2,000 square feet of sprinkled or irrigated area	\$4.00
For each additional residence on a lot	1.50
For each 100 square feet of sprinkled or irrigated area in excess of the 2,000 square feet allowed02

Schedule No. 2

GENERAL METERED SERVICE

APPLICABILITY

Applicable to domestic, industrial and general metered service.

TERRITORY

In Jesmond Dene Unit No. 1, 3½ miles northwest of Escondido,
San Diego County.

RATES

	<u>Per Month</u>
Monthly Metered Rates:	
First 900 cubic feet or less	\$3.60
Next 1,100 cubic feet, per 100 cubic feet30
Next 3,000 cubic feet, per 100 cubic feet20
All over 5,000 cubic feet, per 100 cubic feet15
Monthly Minimum Charges:	
For 5/8 x 3/4-inch meter	\$ 3.60
For 1-inch meter	7.50
For 2-inch meter	15.00

The minimum monthly charge will entitle the consumer
to the quantity of water which that monthly charge
will purchase at the monthly quantity rate.