

Decision No. 42252

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF
PUBLIC UTILITIES CALIFORNIA CORPORATION
FOR AN ORDER AUTHORIZING AN INCREASE IN
RATES FOR THE WATER SYSTEM SERVING
HALF MOON BAY, EL GRANADA, MOSS BEACH,
MONTARA AND VICINITY.

Application No. 28618.

Orrick, Dahlquist, Neff, and Herrington,
by George H. Johnston, for applicant;
George Havice, President, Montara Chamber of
Commerce; Donald L. Hegen, for Montara-Moss
Beach Improvement Association; S. B. Johnson,
for Montara Elementary School District.

FIRST SUPPLEMENTAL OPINION

Public Utilities California Corporation, a corporation is engaged in the business of selling and distributing water for domestic, commercial, and industrial purposes as a public utility in several communities in the state, including the towns of Half Moon Bay, El Granada, Moss Beach, and Montara, in San Mateo County. Applicant alleges that present rates in effect on these systems are unfair, unreasonable and confiscatory and do not afford a reasonable return on the investment in the water properties. Wherefore this Commission is requested to increase the rates for service rendered in conformity with the proposed schedule of rates set forth in the application.

A public hearing on this matter was held in Half Moon Bay on January 28, 1948, on which date the matter was submitted. It was brought out at this hearing that the Coast Side County Water District had been formed to serve water in Half Moon Bay and El Granada, and that the district would commence operations in the fall of 1948, thereby at that time removing these two communities from applicant's

service territory and confining the latter's operations in San Mateo County to Moss Beach and Montara. On May 18, 1948, this Commission, by its Decision No. 41617, set aside the submission of this matter and ordered that it be reopened for further hearing to permit the introduction of additional evidence relative to the Moss Beach and Montara properties. In Decision No. 41617 the opinion was expressed that no increase in the rates in Half Moon Bay and El Granada was justified, in view of the formation of the Coast Side County Water District to serve water in the Half Moon Bay and El Granada areas and the declared intention of applicant not to make any further improvements in these areas because of such pending competition.

A further hearing was held in Montara before Examiner Ross on August 10, 1948. Applicant introduced several exhibits allocating revenues, expenses and capital to the Moss Beach-Montara area. Total revenues were given as \$7,469.75 for the fiscal year ended June 30, 1948 as actually experienced, and a revenue estimate also was submitted of about \$9,900 under rates proposed by applicant for the same period. Expense figures were given totaling \$6,154.28 for the year ended June 30, 1948 under present rates, representing actual expenses for certain items readily identifiable and relating exclusively to the Moss Beach-Montara area, together with allocations of other expenses on various bases. Expenses totaling about \$6,960 were estimated for the same period under the rates proposed by applicant, such expenses differing from those under present rates only to the extent of changes in allowances for taxes dependent upon income. Applicant submitted fixed capital figures as of December 31, 1947 for the Moss Beach system as \$14,211.25 and for the Montara system as \$41,446.02, the former reflecting a separation study of the Moss Beach-El Granada area prepared by the Commission's staff, and the latter being taken from the company's capital records, which latter records had been considered acceptable by the staff at the January 28, 1948 hearing. Applicant

presented an average rate base of about \$49,730 for the Moss Beach-Montara area for the year ended June 30, 1948, reflecting the average work in progress on fixed capital during the period, including an allocation of common utility capital and an allowance for materials and supplies and working capital, and further reflecting the elimination of consumer advances and donations, non-operative land and straight line depreciation reserve, on automotive equipment. None of these figures on revenues, expenses and capital were controverted by the Commission's staff, it being the staff's opinion that the estimates and allocations were reasonable. The results of operations as testified to by applicant indicated a return of 2.6% on the rate base under present rates, with the return increased to 5.9% under the rates proposed.

At the first hearing in this matter, several customers in the Montara-Moss Beach area testified concerning insufficiency of water pressure, particularly in the summer season, and inability to obtain sufficient water for washing and other uses. At the second hearing, a representative of the Montara-Moss Beach Improvement Association testified concerning a questionnaire, relative to service conditions, which had been sent to the 246 customers of applicant in that area. The record indicates that the association received 91 replies, 38 of which registered service complaints. Thirty-five customers listed complaints involving inadequate pressure, and of these, six also complained of the quality of the water, with two other customers registering complaints as to quality only. One customer complained that the company does not have personnel available for notification of main breaks occurring during the night or on Sundays or holidays. The witness voiced objection to a rate increase in the absence of immediate corrective action.

The association, by a letter, furnished applicant a list of the names, addresses, and complaints of customers. It was urged that any possible rate increase be made contingent upon applicant providing

service which would alleviate the cause of all complaints cited in the letter. At applicant's suggestion, it was understood at the hearing that applicant would investigate such complaints, and furnish a reply to the association and to the Commission, which reply would indicate the results of such investigation, and what, if anything, would be done to correct such complaints, the reply to be considered a part of the record herein.^{1/}

It developed that essentially all customers complaining of inadequate pressure are located in one or the other of two areas. The first is the so-called "Sunshine Valley" area, a point approximately at the same elevation as the main storage tank which constitutes the source of supply. The second is a portion of the service territory in Moss Beach remote from the source of supply in Montara.

Relative to the pressures in the "Sunshine Valley" area, the company at the hearing committed itself to installing an additional storage tank with a capacity of 20,000 gallons in that locality by the close of 1948, which project should eliminate the pressure complaints in that section. Further, the company has scheduled for completion by

^{1/} The reply indicates that of the 35 customers concerned about low pressure conditions, eight customers upon being questioned withdrew their complaints; a proposed storage tank would correct the complaints of seven customers; the complaints of seven customers were found to be due to the fact that water is delivered through an old 1½-inch main, and that services are probably corroded; a pressure survey indicated that pressures were satisfactory for eight customers; one customer's difficulty was due to a leak on his premises which has since been repaired; another's was due to sub-standard piping on his premises; and one customer was found to have good pressure at the main connection but utilized the water at a point remote from and at an elevation much higher than the main; low pressure was acknowledged in the case of one customer without any cause or remedy being suggested; and in one other case no report was made by applicant. Relative to quality, of the six customers complaining of excessive chlorine as well as inadequate pressure; two withdrew their complaints upon questioning; and applicant, with respect to the other four customers, commented only that the water upon test met the standards of the State Department of Public Health; in the case of the two customers complaining of excessive chlorine only, applicant reiterated the latter comment.

June 1, 1949 the drilling of another well in Montara Canyon to provide an increased volume of water. It was suggested at the hearing that applicant could effectively eliminate the cause of complaints of excessive chlorination by installing automatic chlorinating facilities in place of the present arrangement whereby chlorine is added manually.

Mr. S. B. Johnson, clerk of the Montara Elementary School Board, indicated that word had been received that certain wartime water facilities constructed for the armed services were about to be turned over to the school district. The water facilities consist of two tanks with a combined capacity of approximately 115,000 gallons, and two pumps and wells with a total capacity of about 350 gallons per minute, together with certain pipe lines. Mr. Johnson expressed the opinion that the school board might well make certain of this capacity available to the water company in emergencies.

It is concluded from the record that in the Moss Beach-Montara area applicant, under present rates, is earning an insufficient return on its investment, and further that service to certain customers in this area is seriously inadequate. The order will authorize the filing of the rates requested by applicant which will increase gross revenue by about \$2,430 annually and will provide a return of approximately 5.9% on the rate base, and will further direct applicant to file with this Commission a detailed schedule of the improvements specified in the order, supplying for each such improvement the probable date of completion and the estimated cost thereof. The order will also direct applicant to file with this Commission monthly written reports on the progress of the improvements specified until such time as they are completed or until this Commission shall by order terminate such requirement.

FIRST SUPPLEMENTAL ORDER

Based upon the record herein and upon the foregoing findings, it is further found that the rates now charged by Public Utilities California Corporation, a corporation, in its Moss Beach-Montara area, 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 Public Utilities California Corporation, 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, applicable to its Moss Beach-Montara service area, such rates to become effective on and after the first day of January, 1949.

IT IS HEREBY FURTHER ORDERED AND DIRECTED as follows:

1. That Public Utilities California Corporation, a corporation, within thirty (30) days from the effective date of this order, shall file with this Commission a schedule indicating for each of the following improvements in the Moss Beach-Montara area the probable date of completion, the estimated cost thereof, and a detailed description of the improvement:
 - a. Construction of a 20,000-gallon storage tank in the so-called "Sunshine Valley" area.
 - b. Drilling of an additional well in Montara Canyon, together with necessary appurtenances.
 - c. Replacement of certain under-sized and/or corroded distribution mains, together with cross-connecting of certain distribution mains to eliminate dead ends.
 - d. Installation of facilities necessary to provide for automatic chlorination of the water supply.
2. That Public Utilities California Corporation, a corporation, shall file written monthly progress reports covering the above items of improvement to become a part of the record in this proceeding, not later than January 1, 1949 and not later than the first day of each succeeding month until all such improvements have been completed, or until otherwise hereafter ordered. Such reports shall set forth in detail the progress made toward completion of the specified improvements.

EXHIBIT A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water service.

TERRITORY

In and about the unincorporated communities of Moss Beach and Montara in San Mateo County.

RATES

Quantity Rates:		For Meter Per Month
First	500 cu. ft. or less.	\$ 2.50
Next	4,500 cu. ft., per 100 cu. ft.40
Over	5,000 cu. ft., per 100 cu. ft.30
Minimum Charge:		
For	5/8 or 3/4-inch meter.	2.50
For	1-inch meter.	3.00
For	1 1/2-inch meter.	6.00
For	2-inch meter.	9.00
For	3-inch meter.	18.00
For	4-inch meter.	24.00

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

3. That Public Utilities California Corporation, a corporation, within thirty (30) days after the effective date of this order, shall file with this Commission four sets of rules and regulations governing relations with its customers in the Moss Beach-Montara area, 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 the 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 after the date hereof.

Dated at San Francisco, California, this 23rd day of

November, 1948.

R. F. [Signature]

[Signature]

[Signature]

[Signature]

Commissioners.