

Decision No. 12427

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE CALIFORNIA OREGON POWER COMPANY
for approval and authority to increase
rates charged for water service in the
Town of Dunsmuir, California and
vicinity.

Application No. 29669

Brobeck Phleger & Harrison, by George D.
Rives for applicant.

O P I N I O N

Applicant, The California Oregon Power Company, a corporation, is engaged in the public utility water business in several cities and towns in California and Oregon, including the incorporated city of Dunsmuir, Shasta County, in which locality the utility's system supplies water for domestic, commercial, industrial and municipal purposes.

In this proceeding the company alleges that the rates now being charged for water service in its Dunsmuir district are no longer adequate to produce sufficient earnings to support the present investment after providing for operating and maintenance expenses, taxes and depreciation. The existing rates were established in 1922 and have not been changed since that date except for several minor modifications in the irrigation rate for garden use. The company claims that an increase in rates is necessary due to increased costs of labor and materials. Wherefore, the Commission is requested to authorize the withdrawal of the present irrigation rates and to increase its general metered rates and public service rates for water service rendered in its Dunsmuir water system in conformity with the proposed schedule set forth in the application, or otherwise as may be reasonable and proper.

A public hearing in this matter was held in Dunsmuir before Examiner Ross.

The Mossbrae Falls Water and Power Company initiated water service in Dunsmuir shortly after 1900. In 1910 the interests of the Mossbrae Falls system were sold to J. P. and J. W. Churchill and A. J. Rosborow. In the interim, in 1903, the Dunsmuir Water, Light and Power Company put in a diversion dam in Bear Creek, now abandoned, together with other facilities for the service of water. These two systems were acquired by The California Oregon Power Company in 1912 and consolidated into a single integrated system.

The source of water supply for this system is a group of springs about two miles north of the city of Dunsmuir. Water from the springs is transmitted by gravity into the distribution system, the surplus being delivered into a 392,000-gallon concrete reservoir. A portion of the service area north of the city limits, at an elevation somewhat higher than the source of supply, is served through two booster pumps. Another booster is maintained on the reservoir outlet to increase deliveries during hours of peak demand in the summer. The system consists of about 88,000 feet of transmission and distribution mains varying in size from one to 18 inches in diameter. There were 1,191 consumers connected to the system at the close of 1947, all served on a metered basis.

The present basic schedule of rates was established by this Commission on January 20, 1922; however, special irrigation rates have been filed as a part of the general metered schedule at various times to permit the customers to take advantage of surplus water at reduced rates. The general meter rates provide a \$1 minimum monthly charge for 5/8-inch meters with an allowance of 600 cubic feet of water, the rates for additional use being reduced successively through five blocks to five cents per 100 cubic feet for all use over 12,000 cubic feet

per month. The company asks that a schedule of rates be established that will provide a minimum monthly meter charge of \$1.30 for a 5/8-inch meter with an allowance of 650 cubic feet of water, the charges for additional use being reduced successively through five blocks to 6.5 cents per 100 cubic feet for all use over 12,000 cubic feet per month. The proposed increases in the general metered rate range from 30% to 33%.

The public service rates proposed reflect an increase of from 30% to 32% in monthly charges for various-sized fire hydrants and 30% in the quantity rate for sprinkling and other purposes.

Applicant through several witnesses presented detailed data on recorded and estimated operations. A report prepared by the Commission's Hydraulic Division on the results of operations of the company's Dunsmuir district was also introduced in evidence. In the testimony of both the applicant and the Commission's staff, the records of the company's Dunsmuir operations were reviewed for the past several years. The company analyzed the operations for the estimated year 1948, at the proposed rates, and presented estimates of operating revenues, maintenance and operating expenses, taxes, and depreciation. The Commission's staff analyzed the actual operations of the company for the year ended June 30, 1948, and presented estimates of operating revenues and expenses for the years ended June 30, 1948 and 1949 at both the present and proposed rates. A witness for applicant emphasized the poor load factor of irrigation service and its coincidence with peak demands for other uses in support of its withdrawal.

A summary of the results of operations, developed from the testimony of the company's representatives and of the Commission's staff, is shown in the following tabulation:

Item	Estimated By C.P.U.C. Staff				Estimated By	
	Yr. Ended June 30, 1948:		Yr. Ended June 30, 1949:		C.O.P. Co. Yr. 1948:	
	Present	Proposed	Present	Proposed	At Proposed	
	Rates	Rates	Rates	Rates	Rates	
Operating Revenues	\$ 31,000	\$ 41,900	\$ 31,350	\$ 42,350	\$ 40,568.75	
Operating Expenses*	28,816	30,883	30,742	32,609	33,279.18	
Net Oper. Revenues	2,184	11,017	608	9,741	7,289.57	
Rate Base	246,630	245,480	252,420	251,370	214,678.30	
Rate of Return	0.89%	4.49%	0.24%	3.88%	3.40%	

* The Commission's engineers in deriving the rate of return computed the depreciation expense by the 5% sinking fund method, whereas the company used the 6% modified sinking fund method. For this reason the results are not directly comparable.

There appears to be no controversy between applicant and the Commission's staff in any important respect, and the over-all results arrived at by each are in reasonable agreement. Accordingly, the staff's results of operation, predicated upon the 5% sinking fund method, are concluded to be reasonable for the purpose of comparing operations under the present and proposed rates.

It is concluded that the present rates will not provide an adequate return to the company under conditions existing and anticipated for the immediate future, and the record shows that the rates proposed by applicant will yield but 3.9% return on the rate base for the year ended June 30, 1949 test period. It is concluded that applicant's request for relief beyond the specific schedule of rates included in the application is justified and the order will provide for general metered service rates one cent per 100 cubic feet higher than requested in the first four blocks and one-half cent per 100 cubic feet higher in the terminal block, for usages in excess of 12,000 cubic feet per month. The requested public use commodity rate, increased one-half cent per 100 cubic feet, will also be ordered. The rates to be ordered will increase revenues about \$13,800 on an annual basis and will yield a return on the rate base just under 5%, which is deemed sufficient under existing conditions. The withdrawal of the irrigation rate is concluded to be proper and will be accomplished by

authorizing the filing of the general metered rate requested by applicant, to supersede the existing schedule incorporating the irrigation rate.

Several of applicant's Dunsmuir customers appeared at the hearing and protested the granting of any increase in rates. The protests went to the level of rates only, there being no expression of dissatisfaction with the service rendered. Reference was made by one protestant to lower rates charged by other allegedly comparable water systems. However, no basis upon which such rates could be considered comparable was furnished by the protestant. While such rate comparisons may have relevancy where conditions are comparable, they are not determinative in themselves. The local conditions and results of operation, actual and estimated, are the controlling factors in making a determination of just and reasonable rates.

O R D E R

The California Oregon Power Company, having applied to this Commission for an order authorizing increases in water rates in its Dunsmuir service area, a public hearing having been held and the matter having been submitted for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates authorized herein are justified; therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with this Commission's General Order No. 96, the schedule of rates applicable to the Dunsmuir service area shown in Exhibit A attached hereto, and, upon not less than five (5) days' notice to the Commission and the public, to make said rates effective for service rendered on and after the first day of March, 1949.

IT IS HEREBY FURTHER ORDERED as follows:

1. That The California Oregon Power Company, within thirty (30) days after the effective date of this order, shall file with this Commission four copies of a suitable map, drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereupon by 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.
2. That The California Oregon Power Company, within thirty (30) days after 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 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 18th day of January, 1949.

R. E. Anderson
Justice J. C. Quinn
Frank H. Lavelle
Harold A. Hill
Benjamin P. Patton
Commissioners.

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water service furnished on a metered basis.

TERRITORY

In and about the incorporated city of Dunsmuir, Shasta County.

RATES

Quantity Rates:

Per Meter
Per Month

First 1,000 cu. ft., per 100 cu. ft.	\$ 0.21
Next 2,000 cu. ft., per 100 cu. ft.18
Next 3,000 cu. ft., per 100 cu. ft.14
Next 6,000 cu. ft., per 100 cu. ft.10
Over 10,000 cu. ft., per 100 cu. ft.07

Minimum Charge:

For 5/8 x 3/4-inch meter	1.30
For 3/4-inch meter	1.65
For 1-inch meter	2.00
For 1 1/2-inch meter	2.65
For 2-inch meter	4.00
For 3-inch meter	5.25

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

Schedule No. 2

PUBLIC SERVICE

APPLICABILITY

Applicable to all water service rendered for public use.

TERRITORY

In and about the incorporated city of Dunsmuir, Shasta County.

RATES

	<u>Per Month</u>
1. Fire Hydrants	
For each 2-inch or 2½-inch hydrant.....	\$0.65
For each 4-inch one-outlet hydrant.....	1.30
For each 4-inch two-outlet hydrant.....	1.45
For each 4-inch three-outlet hydrant.....	1.85
For each 6-inch two outlet hydrant.....	1.65
For each 6-inch three-outlet hydrant.....	2.10
2. Sprinkling roads and streets by the city or county measured by wagon or truck tank capacity, per 100 cu.ft.....	.07
3. All other municipal use of water, under the General Metered Service Schedule.	