

Decision No. 42471

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF
A. V. DETTMAN, AND GARNETT P. DETTMAN,
DOING BUSINESS AS SEELEY WATER SYSTEM,
FOR ORDER AUTHORIZING INCREASE IN RATES.

Application No. 29651

D. B. Roberts and D. M. Campbell,
by D. M. Campbell, for applicants;
Mrs. Margaret White, a consumer.

O P I N I O N

A. V. Dettman and Garnett P. Dettman, doing business as Seeley Water System, own and operate a water works in the unincorporated townsite of Seeley in Imperial County. The above-entitled application was filed on August 28, 1948, seeking authority to establish an increased schedule of rates. An amended application was filed at the hearing seeking approval of a reduction of the service area.

A public hearing was held before Examiner Warner at El Centro on January 11, 1949.

Applicants own a water system, installed prior to 1922, which they purchased from Scott F. Edwards and Roberta Hurtt as authorized by Decision No. 40762, dated September 30, 1947. Water for domestic purposes is furnished within the service area set out in the map attached to the amended application. This area is in the unincorporated townsite of Seeley.

There are 67 domestic and 16 commercial flat rate consumers now being served. Applicants estimated the number of consumers might increase by 22 within the next few weeks, due to dwelling construction now under way.

Applicants' water is obtained from an Imperial Irrigation District canal. It is transmitted by a ditch into primary and secondary stilling basins and thence to two elevated storage tanks as an emergency supply. Water is delivered into the distribution system by a booster pump operating through a pressure tank. Treatment of the canal water is provided by an automatically-controlled chlorinator. Distribution mains consist of 9,800 feet of galvanized steel pipe ranging in diameter from four inches to one inch. Most of these mains are installed in the public streets, but in some cases in easements.

No franchise has been obtained from Imperial County, but applicants stated that they are willing to apply for such franchise in the future if necessary.

Applicants ask that the service area be reduced to include only the territory outlined in green, as shown on the map marked Exhibit "D" attached to the amended application, on the ground that the service area map filed with the Commission embraces a large acreage of land which very probably will never require service for years in the future, and upon the further fact that the requested service area includes not only the property actually served but provides also for the reasonable expansion of the community. No objection was made by any party to the reduction of the service area requested, and, therefore, it will be granted in the following order.

Rates now being charged are all flat, and range from a base charge of \$1.50 per month for a residence having a sink only in the house, exclusive of yard use, to \$3.50 per month for restaurants and filling stations, and \$11 per month for service to a railroad stock pen and four section-hand apartments. No agricultural irrigation service is furnished.

Applicants ask for a rate schedule that, among other things, provides for a flat rate charge of \$4 per month for a dwelling or a grocery store, \$5 per month for a service station or a cafe, \$4 per

month per unit for a motel or auto court, and a connection charge of \$2.50.

Applicants filed a statement setting forth estimated revenues and expenses during the year 1948, which totaled \$1,562 and \$1,214. The expenses did not include compensation for work performed on the system by applicants. This statement included payments for acquisition of certain equipment and property and showed that receipts from the sale of water averaged \$130.15 per month; whereas payments made by applicants for expenses, repairs, and on conditional sales contracts covering purchase of chlorinating equipment and a pressure tank and pump were in excess of \$175 per month. The requested rates were estimated to produce a revenue of \$3,252.

Engineer Roy E. Sutherland of the Commission's staff introduced a report of the operations of the applicants for the years 1946, 1947, and estimated year 1948, under both present and proposed rates. The results for 1948 are summarized as follows:

	Estimated Year 1948*	
	<u>P.U.C. Exhibit 1</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
Operating Revenue	\$ 1,545	\$ 3,020
Operating Expenses	1,690	1,690
Operating Taxes	200	200
Depreciation (straight line)	<u>378</u>	<u>378</u>
Total Operating Expenses	2,268	2,268
Net Operating Revenue	<u>(723)</u>	752
	<u>(Red Figure)</u>	

*Ten months actual - two months estimated.

In discussing Exhibit 1, the Commission staff's report, the witness testified that his estimated operating expenses for the year 1948 included some provision for compensation for the operators and owners of the system and allowances for certain other operating expenses considered appropriate to the operation of the system during 1948,

which were not necessarily shown as such in the company's accounts. Because of the lack of sufficient historical records, an appraisal of applicants' property was introduced by the Commission staff's witness.

Using estimated operating revenues, at proposed rates, of \$3,020; operating expenses of \$1,690; taxes of \$200; and depreciation expense, on the 5% sinking fund basis, of \$186, it was indicated by information contained in Exhibit 1 that the rate of return on an undepreciated rate base of \$15,359 would be 6.1% for 1948.

It is evident from the record that the facilities are inadequate to serve an area greater than that presently being served, and the order will provide for a filing of proper service area maps by applicants.

Mrs. White, a consumer, objected to the proposed increase of rates and stated that the water service had been poor due to low operating pressures and the fact that the ditches were not cleaned out regularly. Applicant testified that, if additional revenues were forthcoming, improvements in service would be initiated as rapidly as possible.

It is concluded from the evidence that the proposed rate schedule will place an unduly high burden on certain classes of consumers. The yield of the present rates, however, is insufficient and applicants are entitled to relief. The order herein, therefore, will provide a modified rate structure which will more equitably spread the charges among the various classes of water users and will result in a net return of approximately 6% upon operations for the year 1949.

The request for a connection charge of \$2.50 will not be authorized since this is an operating charge already adequately provided for in expenses.

O R D E R

R. V. Dettman and Garnett P. Dettman, doing business as Seeley Water System, having applied to the Commission for an order authorizing increases in water rates and charges and for approval of a reduction of the service area of said system, 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 applicants are authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, the schedules of rates shown in Exhibit A attached hereto, and, on not less than five (5) days' notice to the Commission and the public, to make said rates effective for service rendered on and after March 15, 1949.

IT IS HEREBY FURTHER ORDERED that applicants shall, within sixty (60) days after the effective date of this order, file:

- (a) Four copies of a comprehensive map, drawn to an indicated scale of not less than 400 feet to the inch, delineating correctly by appropriate markings the service area, substantially as shown by Exhibit "D" of the amended application in this proceeding, which exhibit is made a part of this order by reference; and,
- (b) Four copies of a suitable map or sketch, drawn to an indicated scale upon a sheet 8½x11 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.

The effective date of this order shall be twenty (20) days
after the date hereof.

Dated at San Francisco, California, this 1st day
of February, 1949.

P. J. [Signature]
Justice J. [Signature]
[Signature]
Harold [Signature]
[Signature]
Commissioners.

Schedule No. 1

FLAT RATE DOMESTIC SERVICE

APPLICABILITY

Applicable to flat rate domestic water service.

TERRITORY

In the unincorporated townsite of Seeley, California, within the prescribed service area.

RATES

Per Month

For each residence having toilet and bathing facilities . . . \$ 3.00
For each residence having sink only 2.00

The monthly charges for the various services include 1,000 square feet of sprinkled or irrigated area.

For each 100 square feet in excess of 1,000 square feet of sprinkled or irrigated area02

For each additional residence on a lot having bath and toilet facilities 1.50

For each additional residence on a lot having a sink only 1.00

For irrigation of otherwise unimproved lots, \$0.02 per 100 square feet per month, where separate service connections are installed. Minimum 1.50

For waste-type coolers, for the months of May, June, July, August, September, and October 1.00

For circulating-type coolers, for the months of May, June, July, August, September, and October40

Schedule No. 2

FLAT RATE COMMERCIAL SERVICE

APPLICABILITY

Applicable to business and commercial service.

TERRITORY

In the unincorporated townsite of Seeley, California, within the prescribed service area.

RATES

Per Month

For service stations; garages; grocery, hardware, and dry goods stores; public halls; churches; and real estate and like business offices	\$1.50
For bakeries, butcher shops, drug stores, beauty or barber shops, and cleaning and pressing establishments	2.00
For restaurants or cafes	4.00
For laundries	5.00
For car laundries	5.00
For motor courts or motels:	
One unit containing office	1.50
Each additional unit75
For trailer parks:	
Office and utility building	3.00
Each trailer unit50
For circulating-type coolers, for the months of June, July, August, September, and October40
For waste-type coolers, for the months of June, July, August, September, and October	1.00
Combination charge to San Diego and Arizona Eastern Railroad for stock pens and for quarters for foreman and section hands	11.00
For sugar beet dock, for period in use	4.00
For packing shed, for period in use	2.00
Irrigation of lawns and gardens, same additional charge as shown on Schedule No. 1, Flat Rate Domestic Service.	