

ORIGINALDecision No. 42721

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of AUGUST DENTENTER (Dententer's
Water Service) for Order authoriz-
ing an increase in rates

Application No. 29946

August Dententer and Mrs. Edith Knutson
for applicant.

O P I N I O N

August Dententer, doing business as Dententer's Water Service, and engaged in supplying water for domestic purposes to customers residing in a subdivided area known as Yuba Gardens Tract No. 8, located one mile south of the city of Marysville, Yuba County, asks the Commission for authority to increase measured rates. Applicant alleges that increased rates are necessary to compensate for the expenditure made in new equipment during the year 1948 and because of increased operating expenses. The Commission is asked to increase the minimum meter charge from \$1.75 to \$2, to increase the rate for the first 1,000 cubic feet from 25 cents to 30 cents per 100 cubic feet, and to increase the rate for the second 1,000 cubic feet from 20 cents to 25 cents per 100 cubic feet. The rate of 12 cents per 100 cubic feet over 3,000 cubic feet is unchanged. Applicant's requested rates reduce the allowance of water from 700 to 667 cubic feet for the minimum charge. No change in flat rates is requested in the application.

A public hearing in this proceeding was held in Marysville on March 29, 1949 before Examiner Kimball.

The water system was installed during the year 1938 by Mr. Dententer to supply his auto camp and the residents in the adjacent

area. The system was extended to meet the increasing demand for service until at present approximately 20 acres of subdivided territory are being served. Mr. Dententer was granted a certificate to operate a public utility water system in an 80-acre tract by Decision No. 39536, dated October 15, 1946 (Application No. 27566). An increase in meter rates was made effective on July 19, 1948 by Decision No. 41789 (Application No. 29042).

Water is obtained from two drilled wells. Well No. 1 is ten inches in diameter and 317 feet in depth, and Well No. 2 is 12 inches in diameter and 195 feet deep. Each well is equipped with a deep well turbine pump directly connected to an electric motor. The water is pumped into ground storage tanks where gas is removed by flowing the water over a series of baffles. Applicant has recently installed a chlorinator on the discharge side of each pump, between the pump and the aeration tank. The water is pumped from the aeration tanks into 650-gallon pressure tanks which automatically operate at a working pressure of 20 to 50 pounds per square inch. The distribution system consists of approximately 12,000 feet of mains varying in size from 1½ inches to six inches in diameter. There are 159 customers being served, 136 on a meter basis and the remaining 23 at flat rates.

Mr. Dententer testified that his books showed an investment of \$23,513 in fixed capital as of January 1, 1949 as compared to a figure of \$22,071 set forth in the attachment to the application. The difference was stated to be due to certain installations being overlooked in setting up the February, 1948 appraisal. The physical properties of the system were appraised by Commission engineers, as of February 20, 1948, at \$20,461. The attachment to the application shows that applicant has added \$1,610 of equipment between February 20, 1948 and the present time. Applicant testified that the operations would result in a return of 1.8% on investment at present rates and a return of 5.1% at the rates requested.

Mr. Dententer stated that unless a new subdivision were opened in his territory he did not anticipate a material increase in customers or in facilities during the remainder of the year.

Mr. Clyde Norris, one of the Commission's engineers, entered a report covering an investigation of the system and its operation, as Exhibit 2. The report used the previous appraisal of \$20,461 as a base and was brought to the end of 1948 by including net additions and betterments and a few items not reported by Mr. Dententer in the February, 1948 appraisal. The resultant total as of December 31, 1948 was \$22,443 including materials and supplies. The depreciation annuity was computed by the 5% sinking fund method and amounted to \$486.35.

Exhibit 2 showed the results of operation for the year 1948 as follows:

	<u>Based on Actual Revenue</u>	<u>Based on Present Rates Full Year</u>	<u>Based on Requested Rates</u>
Operating Revenue	\$4,705	\$5,079	\$5,802
Operating Expense	<u>3,995*</u>	<u>4,070</u>	<u>4,214</u>
Net Operating Revenue	710	1,009	1,588
Avg. Rate Base, Year 1948	21,452	21,452	21,452
Rate of Return	3.31%	4.71%	7.40%

*Adjusted

In considering 1949 operations, it would appear that the 1948 year-end capital would provide a reliable guide as to the 1949 rate base, in view of the fact that applicant testified that no material growth in the system was anticipated. Applicant also testified that he anticipated 1949 operating expenses would be substantially the same as those for 1948.

It is concluded that the applicant is entitled to certain relief, although not the entire increase requested. The order herein will provide for rates which will increase revenues approximately \$400

annually, resulting in a rate of return slightly in excess of 6% on the 1948 year-end fixed capital as introduced by the Commission's staff.

Two customers appeared and protested an increase in rates and complained of lack of pressure in the summer. A third customer complained of the quality of water being delivered. Mr. Dententer asked that customers immediately report service difficulties or poor water quality in order that corrective measures may be taken.

O R D E R

August Dententer, doing business as Dententer's Water Service, having applied to this Commission for an order authorizing increases in rates, 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 the Commission's General Order No. 96, the schedule 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 the first day of June, 1949.

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

Dated at San Francisco, California, this 19th day of April, 1949.

E. F. Friedman
Justice F. Cassin
James R. Lawrence
Harold P. Hull
Herbert L. Cottel
Commissioners

AUTHORIZED RATES

Schedule No. 2

METER RATES

APPLICABILITY

Applicable to all domestic, commercial, and industrial metered water service.

TERRITORY

In the subdivision known as Yuba Gardens Tract No. 8, Yuba County:

RATES

	<u>Per Meter</u> <u>Per Month</u>
Minimum Monthly Charges:	
For 5/8 x 3/4-inch meter.....	\$ 1.85
For 3/4-inch meter.....	3.00
For 1-inch meter.....	5.00

The Minimum Monthly Charge will entitle the customer to the quantity of water which that minimum monthly charge will purchase at the following Monthly Quantity Rates:

Monthly Quantity Rates:

First	700 cubic feet or under.....	\$ 1.85
Next	1,300 cubic feet, per 100 cubic feet.....	.25
Next	2,000 cubic feet, per 100 cubic feet.....	.20
Over	4,000 cubic feet, per 100 cubic feet.....	.12