

Decision No. 42807**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 CARPINTERIA WATER COMPANY, a
 corporation, to adjust its rates
 for water service at Carpinteria,
 Santa Barbara County, California.

Application No. 29867

Everett L. Clark, for applicant.O P I N I O N

Carpinteria Water Company, a corporation, owns and operates a water works furnishing domestic, municipal, and irrigation water service in and about Carpinteria, Santa Barbara County, and filed the above-entitled application on December 1, 1948, seeking authority to establish an increased schedule of rates. Authority is also requested to adjust the books of the corporation to reflect the results of a recent inventory and appraisal and to bring each account into accord with the Commission's Uniform Classification of Accounts for Water Corporations.

A public hearing was held before Examiner Warner in Carpinteria on March 9, 1949.

The applicant's system serves about 860 customers throughout an area of approximately 650 acres in and about the unincorporated community of Carpinteria. The certificated service area includes a total of about 2,500 acres, and the major portion of the unserved area is southeast of the town of Carpinteria.

The system was constructed in 1919 to supply water on a small scale to the tenants of a few houses owned by Mr. Frank L. Stewart and E. S. Atkinson, president and secretary, respectively, of applicant company. Between 1919 and 1924 the system was extended to

serve several neighbors whose private wells were going dry due to the lowering of the water table. Applicant was incorporated in 1924 and was certificated under Decision No. 14639, dated March 5, 1925.

The water supply source consists of four wells, a fifth well having been abandoned this year. One of these wells is out of service but may be rehabilitated when the water level in the well rises. Two older wells, drilled in 1927 and 1940, are about 400 feet deep. Their water levels have dropped over 50 feet since 1946 and a new well, completing the present supply, was drilled in 1948. This well is 288 feet deep. Storage is provided at the pumping plants in surface storage tanks, three of which have a total capacity of 42,000 gallons and a fourth, installed at the new well, has a capacity of 101,500 gallons. A 25,000-gallon tank, elevated 36 feet above the town, maintains pressure in Carpinteria and west of the town, and a new pressure tank is being installed to serve a subdivision opening up east of the town.

The distribution system consists of 74,415 feet of mains varying in size from 3/4-inch copper and galvanized pipe to six-inch transite pipe.

Prior to 1948 there were only ten meters installed, but following the installation of McCurdy sand traps in 1948, a total of 111 meters had been installed by the end of 1948 and it is estimated that 200 additional meters will be installed by the end of 1949.

Applicant's present rates were authorized in Decision No. 24645 and became effective March 1, 1932. They provide for a flat charge of \$2 per month for domestic service, and charges varying from \$2 to \$20 per month for commercial service. Additional charges are made to the domestic flat rate charge for garden irrigation and extra rooms. The present meter rate has a minimum charge of \$1.75 per month, and quantity charges vary from 25 cents per 100 cubic feet for the first 2,000 cubic feet to 15 cents per 100 cubic feet for all over 10,000 cubic feet per month.

Applicant's proposed rates include a flat rate charge of \$2.50 per month, with additional charges for water for garden and irrigation. The proposed irrigation rate would be a greater increase for small gardens and a smaller increase for larger gardens and would result in an increase of about 30% for the average 5,000-square-foot garden. The proposed meter rate includes a minimum charge of \$2.10 per month with quantity charges which vary from 30 cents per 100 cubic feet for the first 2,300 cubic feet to 15 cents per 100 cubic feet for all over 20,000 cubic feet per month. Proposed fire hydrant rates represent an increase of from 66% to 133% to the fire district.

In its application, applicant requests authority to adjust its book records to reflect the inventory and appraisal of its properties filed as Exhibit 16. The books of applicant as of December 31, 1947, show the undepreciated cost of applicant's properties at \$146,396.62. As of the same date, the appraisal, including land at its recorded cost, shows a total of \$165,437.27. It is alleged in the appraisal report and the testimony in support thereof, that applicant's plant records are incomplete and do not reflect the proper cost of its fixed capital in service. The appraisal includes an allowance of 10% for overheads. The Commission's staff engineer, in Exhibit 18 allows 3% for overheads and reports the cost of applicant's properties at \$147,350.24.

A public accountant who is familiar with applicant's books and has reviewed them for many years, testified that labor costs were properly distributed between capital and operating expense. In his opinion the amount charged to fixed capital accounts represents the investment in the company's properties. Except for charging part of the president's and part of the superintendent's salary to capital, it has not been the practice of applicant to include overhead charges in its capital accounts. Such overhead expenses as it has incurred have

in the past been included in operating expenses. This has been the policy of applicant for many years. To add now to capital an allowance for overheads for capital installed prior to December 31, 1947, is tantamount to a retroactive adjustment of applicant's capital charges. The record in this application does not warrant such a procedure. There is no objection to applicant redistributing the \$146,396.62 to its fixed capital accounts, but we will not permit it to increase the aggregate charges to such accounts as of December 31, 1947.

Mr. Patrick J. Maloney, vice president of the applicant company, introduced an estimate of operating revenue and expense for a normal year under the proposed rates. Mr. R. U. Fitting, an expert witness appearing for the applicant, introduced a rate base as of December 31, 1948. This information is summarized below, together with a related rate of return.

Company Exhibits Nos. 9 and 17

<u>Item</u>	<u>Estimated Normal Year of Applicant's Proposed Rates</u>
Operating revenues	\$ 41,182
Operating expenses including taxes and uncollectibles	30,865
Depreciation expense (5% S.F.)	<u>3,810</u>
Total Operating Expense	34,675
Net operating revenue	6,507
Rate base* as of 12-31-48 (undepreciated)	218,683
Rate of return	2.98%

* Fixed capital, original cost per Clark appraisal.

The following is a summary of earnings at the present rates for the year 1948, and at the present and proposed rates for the estimated year 1949; based on the exhibit and testimony of Commission staff engineer John D. Reader.

<u>Item</u>	<u>Year 1948</u>	<u>Estimated Year 1949</u>	
	<u>At Present Rates</u>	<u>At Present Rates</u>	<u>At Applicant's Proposed Rates</u>
Operating revenues	\$ 31,873	\$ 35,500	\$ 42,500
Operating expenses	23,206	27,127	28,994
Net Operating Revenue	8,667	8,373	13,506
Average rate base (undepreciated)	180,090	199,490	199,490
Rate of return	4.81%	4.20%	6.77%

The difference between the revenue estimate presented by the applicant's witness and that presented by the Commission's staff lies in the use, by the applicant's witness, of a December average customer-use figure rather than an annual average customer-use figure, and, also, in the use by the applicant's witness of a smaller number of meters which, he estimated, would be installed during the year 1949. We do not believe that December, 1948, is necessarily a representative month for average water use for the year. We believe that the number of meters installed during 1949 will be the maximum, since the installation of meters is an effective means of curtailing water wastage in the lowering water level areas of Santa Barbara County. The operating expense in all cases includes uncollectibles, taxes and 5% depreciation annuity.

It is concluded from the evidence that the proposed rate schedule will place an unduly high burden on certain classes of customers. The yield of the present rates, however, is insufficient and applicant is 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 an increase of about \$5,600 and a net return of approximately 6% upon operations for the year 1949.

O R D E R

Carpinteria Water Company, having applied to the Commission for an order authorizing increase in water rates and charges, 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 the flat rate and metered rate schedules now on file with this Commission be canceled.

IT IS HEREBY FURTHER ORDERED that applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order, in conformity with General Order No. 96, the schedule of rates shown by Exhibit A attached hereto, and, after not less than five (5) days' notice to the Commission and to the public, to make said rates effective by billing periods for service rendered on and after June 1, 1949.

IT IS HEREBY FURTHER ORDERED that applicant's request for authority to adjust its books to reflect the over-all results of the appraisal, introduced as Exhibit No. 16, is denied.

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

Dated at Los Angeles, California, this 26th day of

April, 1949

A. Z. [Signature]
Justin J. Calves
Harold P. Kils
Kenneth Potter
Commissioners.

Schedule No. 1

METERED RATES-GENERAL

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Entire area of service within and in the vicinity of Carpinteria, Santa Barbara County, California, as shown on the map included in the Tariff Schedules of Company.

RATES

Minimum Charges:	Per Month Per Meter
For 5/8 x 3/4-inch meter	\$ 2.00
For 3/4-inch meter	2.75
For 1-inch meter	3.75
For 1 1/2-inch meter	5.00
For 1 3/4-inch meter	6.50
For 2-inch meter	9.00

Quantity Rates:

First 700 cubic feet or less	2.00
Next 4,300 cubic feet, per 100 cubic feet . . . . .	.25
Next 10,000 cubic feet, per 100 cubic feet . . . . .	.20
Over 15,000 cubic feet, per 100 cubic feet . . . . .	.15

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

Schedule No. 2

FLAT RATES-GENERAL

APPLICABILITY

Applicable to household, domestic and commercial water service furnished for a fixed periodic charge based on the number of units or facilities served.

TERRITORY

Entire area of service within and in the vicinity of Carpinteria, Santa Barbara County, California, as shown on the map included in the Tariff Schedules of Company.

RATES

	<u>Per Month Per Unit or Per Facility</u>
(1) For each residence, boarding house, apartment, lodging house, tenement or flat of six rooms or less; including one bathtub or shower, one toilet, one stall urinal and one wash basin and excluding any irrigation of lawns, shrubs, trees, and gardens, minimum	\$ 2.50
(a) For each additional room over six in number. . . . .	.10
(b) For each additional bathtub, shower, wash basin, stall urinal or toilet . . . . .	.20
(c) Additional for each double or single laundry tray . . . . .	.20
(2) For irrigation by sprinkling of lawns, shrubs, trees, and gardens, and for a period of not less than 12 months:	
First 500 sq.ft. or less, of irrigated area. . . . .	.30
Next 4,500 sq.ft., per 100 sq. ft. of irrigated area . . . . .	.04
Over 5,000 sq. ft., per 100 sq.ft. of irrigated area . . . . .	.03
(3) For each store, market, bakery, confectionary shop, church, hall, printing establishment, drug store, billiard parlor, warehouse, lumber yard or similar commercial establishment not mentioned, including one toilet and one wash basin and excluding any irrigation of lawns, shrubs, trees and gardens, minimum	2.50
(a) For each additional toilet or wash basin . . . . .	.25
(b) For each stall urinal, bathtub or shower . . . . .	.25
(c) For each laundry tub or slop sink . . . . .	.25
(d) For each vegetable fountain spray outlet head. . . . .	.05
(4) For each bar or soda fountain in connection with any establishment serving food or drinks to the public, minimum	1.25

(Continued)

Schedule No. 2

FLAT RATES-GENERAL

RATES (Cont'd)

	<u>Per Month Per Unit or Per Facility</u>
(5) For each garage, minimum	\$ 4.00
(6) For each service station, minimum	5.00
(7) For each wash rack in connection with a garage, service station, or other business	1.00
(8) For each trough or wall urinal	3.00
(9) For each beauty or barber shop, minimum	2.50
(a) For each chair in excess of one . . . . .	.50
(b) Additional for public bath, each tub or shower	1.00
(10) For each restaurant or eating place having capacity to seat 20, or less, persons at one time, minimum	4.00
(a) Additional for each seat in excess of 20 . . . . .	.15
(b) For each combination sink and dishwasher . . . . .	.25
(11) For each motel or auto court according to any combination of the following units: minimum	4.00
(a) Each cabin or room with bathroom and kitchenette	1.00
(b) Each cabin or room with connected bathroom . . . . .	.75
(c) Each cabin or room with wash basin . . . . .	.50
(d) Each cabin or room without plumbing for water . . . . .	.25
(e) Each public toilet, stall urinal, bathtub or shower.	1.00
(12) For each automobile trailer camp according to any combination of the following units: minimum	3.50
(a) Each cabin or room - same as for motels	1.00
(b) Each public toilet, stall urinal, bathtub or shower	1.00
(c) Each outside garden type faucet . . . . .	.35
(d) Each public laundry tub . . . . .	.60
(e) Each public kitchen . . . . .	.60
(f) Each "Bendix" or similar clothes washing machine	1.00
(13) Southern Pacific Company, Carpinteria depots	3.50
(14) Frozen food processing and storage plants, minimum	3.50
(15) For one or more small dwellings without modern plumbing and on the same lot where, in the Company's opinion, enforcement of the separate minimum rule for each residence or dwelling would work undue hardship -	
(a) Each garden type faucet or outlet . . . . .	.50
(b) Each room irrespective of whether in the same house or occupied by the same family . . . . .	.10
(c) Minimum charge for rooms and faucets per lot	2.50

(Continued)

Schedule No. 2

FLAT RATES-GENERAL

RATES (Cont'd)

	<u>Per Month Per Unit or Per Facility</u>
(16) For citrus or other fruit processing or packing houses, having any combination of six (6) of the following facilities, minimum	\$10.00
(a) Toilets, each . . . . .	.25
(b) Stall urinals, each . . . . .	.25
(c) Wash basins or lavatories, each . . . . .	.25
(d) Showers, each shower head outlet . . . . .	.25
(17) For each citrus wash tank, minimum	5.00
(18) For water for listed domestic animals kept or raised on a customer's premises for private or for commercial purposes:	
(a) Cattle and horses - first 5 head, each . . . . .	.50
(b) Sheep, goats, and hogs - first 5 head, each . . . . .	.30
(c) Fowl or rabbits - first 5 head, each . . . . .	.08
(d) Cattle and horses - over 5 head, per head . . . . .	.25
(e) Sheep, goats and hogs - over 5 head, per head . . . . .	.15
(f) Fowl or rabbits - over 5 head, per head . . . . .	.04
(19) For each and all other classes of service the general metered service rates shall be applicable.	
(20) All customers using water in large or variable quantities shall be served and charged for service in accord with the applicable metered service rates.	

Schedule No. 3

FLAT RATES-SPECIAL

APPLICABILITY

Applicable to flat rate water service for construction work.

TERRITORY

Entire area of service within and in the vicinity of Carpinteria, Santa Barbara County, California, as shown on the map included in the tariff schedules of company.

RATES

	<u>Per Month Per Unit or Per Facility</u>
(1) For water for settling backfill in ditches and trenches:	
(c) For cubic foot of excavation per lin. ft. of trench	\$ 0.001
(b) Minimum charge per lineal foot of trench . . . . .	.01
(c) Minimum charge per service connection or job	1.00
(2) For water used for mixing cement concrete, all types of building construction, including water for curing, per barrel of cement . . . . .	.15
(3) For water for concrete street curbing construction, per 100 lineal feet of curbing . . . . .	.30
(4) For water for concrete floor or side walk construction, per 100 square feet of floor or side walk . . . . .	.25
(5) For water for brick construction purposes, including wetting brick, per 1000 brick laid . . . . .	.25
(6) For water for plastering interior building walls, per 100 square yards of plastered surface . . . . .	.35
(7) For water for all other building purposes using lime, per barrel of lime . . . . .	.15
(8) For water for settling graded streets of average width, per 100 lineal feet	1.00
(9) For use of a fire hydrant by a contractor or builder, when applicable ordinances and rules and regulations of the County of Santa Barbara permit such use, not including water service; per hydrant connection	1.00
(10) All customers of every class using water in large or variable quantities shall be served and charged for the service in accord with the applicable metered service rates.	

Schedule No. 4

PUBLIC FIRE HYDRANT RATES

APPLICABILITY

Applicable to all fire hydrant water service supplied a duly organized Santa Barbara County Fire Protection District or similar body or organization.

TERRITORY

Entire area of service within and in the vicinity of Carpinteria, Santa Barbara County, California, as shown on the map included in the Tariff Schedules of Company.

RATES

	<u>Per Month Per Hydrant</u>
(1) <u>District-Owned Hydrants (Any Type) --</u> Installed and maintained at the expense of District.	
(a) 4-inch x 2 $\frac{1}{2}$ -inch single outlet, from 4-inch main	\$ 1.50
(b) 4-inch x 2 $\frac{1}{2}$ -inch single outlet, from 6-inch main	2.00
(c) 6-inch x 2 $\frac{1}{2}$ -inch single outlet, from 6-inch main	2.50
(d) 6-inch x 2 $\frac{1}{2}$ -inch double outlet, from 6-inch main	3.00
(2) <u>Company-Owned Hydrants (Any Type) --</u> Installed and maintained at the expense of company.	
(a) 4-inch x 2 $\frac{1}{2}$ -inch single outlet, from 4-inch main	2.25
(b) 4-inch x 2 $\frac{1}{2}$ -inch single outlet, from 6-inch main	2.75
(c) 6-inch x 2 $\frac{1}{2}$ -inch single outlet, from 6-inch main	3.25
(d) 6-inch x 2 $\frac{1}{2}$ -inch double outlet, from 6-inch main	3.50

Schedule No. 5

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to service to private fire sprinkler systems or fire hydrants within buildings or within the premises served or to be served.

TERRITORY

Entire area of service within and in the vicinity of Carpinteria, Santa Barbara County, California, as shown on the map included in the Tariff Schedules of Company.

RATES

	<u>Per Month</u>
(1) For each private fire hydrant (Any Type)	
(a) Less than 1½-inch size	\$ 0.50
(b) 1½-inch size . . . . .	.75
(c) 2-inch size	1.00
(d) 2½-inch size	1.25
(2) For each direct connection to distribution mains for service to private fire sprinkler systems within buildings:	
(a) 1½-inch connection, or 6 sprinkler heads	3.00
(b) 2-inch connection, or 10 sprinkler heads	4.50
(c) 2½-inch connection, or 24 sprinkler heads	9.00
(d) 3-inch connection, or 36 sprinkler heads	10.50
(e) 4-inch connection, or 72 sprinkler heads	18.00
(f) For each sprinkler head in excess of 72 . . . . .	.20

Schedule No. 6

HAULAGE AND IRRIGATION RATES

APPLICABILITY

Applicable only to sales from surplus waters for haulage in tanks or containers and for irrigation of commercial crop acreage, and further subject to applicant accepting delivery of said surplus waters under the specific conditions and limitations determined by the Company as applicable following each request for service.

TERRITORY

Entire area of service within and in the vicinity of Carpinteria, Santa Barbara County, California, as shown on the map included in the Tariff Schedules of Company.

RATES

- (1) Haulage in tanks or containers furnished and transported by the customer:

	<u>Per Load</u>
(a) First 600 gallons, or less, minimum	\$ 0.20
(b) Over 600 gallons, per 100 gallons . . . . .	.03

- (2) Irrigation water delivered from Company distribution mains near or adjoining customer's acreage:

	<u>Per Irrigation</u>
(a) First 10,000 cubic feet, or less, minimum	\$ 9.00
(b) Over 10,000 cubic feet, per 100 cubic feet . . . . .	.09

- (3) Irrigation water delivered at Company pumping plants and into customer's own pipe lines:

(a) First 30,000 cubic feet, or less, minimum	18.00
(b) Over 30,000 cubic feet, per 100 cubic feet . . . . .	.06