

Decision No. 43439

ORIGINAL

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application  
of Weaverville Water Works, for  
authority to change rates.

Application No. 30582

Kelso VanBrunt Young, for applicant;  
John Fields, for County of Trinity;  
Robert E. Cook, for Weekly Trinity  
Journal.

O P I N I O N

In this application Weaverville Water Works, a partnership, engaged in serving water in and about the unincorporated town of Weaverville, Trinity County, requests the authorization of this Commission to institute metered water service and to file rates for metered and unmetered service which will result in increased revenues. The application states that increased revenues are required to yield a reasonable return on the investment in the water properties, and that metering of water is necessary to discourage wasteful use of water under flat rates and to spread the cost of water service more equitably among the customers.

A public hearing was held in this matter at Weaverville on October 18, 1949 before Examiner Ross.

The water supply for this system is obtained from a stream known as East Weaver Creek approximately four miles north of the town of Weaverville. Water from this stream is diverted into an open ditch known as the Howe Ditch by means of a 25-foot wide, six-foot high, log dam and is conveyed  $3\frac{1}{2}$  miles to a reservoir known as Dynamo Reservoir having a capacity of 1,000,000 gallons. From this point the water is conveyed to two lower reservoirs known as the Young and Town, respectively, by means of approximately 600 feet of six-inch pipe to the

Young Reservoir and approximately 2,100 feet of nine-, 11-, and 16-inch pipe to the Town Reservoir. From the Young Reservoir, which has a capacity of 1,750,000 gallons, the water is distributed to the customers residing at higher elevations in the service area through approximately 27,000 feet of distribution mains varying in size from one to six inches in diameter. From the Town Reservoir, which has a capacity of 250,000 gallons, customers residing at lower elevations are served through 6,000 feet of four-, five-, eight-, and 11-inch distribution mains. There were 286 customers receiving service from this system on a flat rate basis as of December 31, 1948.

The Howe Ditch, originally installed for hydraulic mining purposes, is owned by three organizations in the proportion of  $4\frac{1}{2}$  shares by the Weaverville Water Works, three shares by the La Grange Placer Mines Ltd., and one-half share by the Town of Weaverville.

At the hearing Kelso Van Brunt Young, manager of the water system, requested that the Commission accept certain amendments to the original application, all in the nature of changed flat rates or additional flat rates for classifications of users not covered in the application theretofore. Referring to Exhibit "D" of the original application, the amendments under Proposed Schedule No. 2 (Flat Rates) are the elimination of the \$5 per month rate for apartments and the addition of the following classifications:

Residences	\$2.50	per	month
Dairies	6.00	"	"
Locker Plants	6.00	"	"
Apartments	1.50	"	"
Auto Trailers and Tents	1.50	"	"
Saw and Planing Mills	2.50	"	"

Proposed Schedule No. 3 (Motels and Courts) is modified to \$1 per month per unit and \$2.50 per month for manager's residence. Proposed Schedule No. 5 (Street Sprinkling) is amended to eliminate the monthly flat rate dependent upon area sprinkled and to substitute therefor the proposed meter rate (Schedule No. 1). An additional schedule was requested,

designated No. 7, providing a flat rate of \$0.10 per month per 100 square feet of area irrigated.

The desirability of converting from flat rate to metered rate service was stressed by the company's witness and concurred in by the Commission's staff, represented by Clyde F. Norris, engineer in the Hydraulic Division. In support of the need for conservation, and therefore metered service, it was alleged that the existing source of water supply in East Weaver Creek is the only practicable source available to the company and that it is already fully developed. Questioned as to the adequacy of the company's existing facilities to utilize the existing resources fully, Young testified that during the critical fall period all available water could be utilized. A copy of a report on the available water resources prepared by Joseph E. Spink, a consulting engineer, reflecting conditions as of 1932 but alleged to be currently indicative of supply, was introduced by the company in support of its contentions. The company also introduced a copy of its agreement with the La Grange Placer Mines Ltd. entered into in 1940 whereby the water company has the use of a portion of the mining company's share of the Howe ditch supply during the critical fall water-shortage period in return for the mining company having the use of a portion of the water company's share of the ditch supply during the spring period of plentiful supply.

Several customers registered objections to the institution of metered service, contending that the resulting cost would discourage residents from keeping up their lawns and gardens. The witness for the staff explained that the trend throughout the state has been toward the installation of meters and rendering of metered service, not for the purpose of collecting additional revenue but instead in order to promote conservation through providing each customer with a monetary incentive to use water judiciously, and in order to apportion the cost of service equitably between customers.

Evidence on recorded revenues and expenses and certain items of anticipated additional fixed capital outlay was introduced by the company. The company presented testimony that for the actual year 1948 the company's utility operations reflected revenues of \$8,333.50 and expenses of \$6,653.54, these figures being lower than those shown in the company's 1948 annual report to the extent that the latter figures include certain non-utility items. For the recorded first nine months of 1949 the revenue was given at \$6,713 and expense at \$6,092 for utility operations only, indicating expenses at a higher level per average month than in 1948, although applicants acknowledged unusually high expense of thawing and repairing mains in the early part of 1949 due to extremely cold weather. As to the future, the company anticipates an additional capital outlay of about \$1,140 for the chlorinating equipment to be constructed in the next few months, and it is planned to invest about \$10,000 in meters over the next five years. The company expects to install a fairly uniform number of meters each year, the capital outlay being considered to be too great to accomplish within one year for a company of this size.

The Commission's staff introduced a report on an investigation of the operations of the Weaverville Water Works dated October 10, 1949, comprising recorded and estimated future revenues, expenses, and fixed capital. Results were given both under present rates and rates proposed by applicant in its original application. It was the opinion of the staff engineer that the modifications in rates requested by the company's amendment would not materially alter the staff's estimate of results under proposed rates. Following are tabulated the results of the staff's report:

	Year 1948		Estimated Year 1949	
			Present	Rates Requested
	Recorded	Adjusted	Rates	in Orig. Applic.
<u>OPERATING REVENUE</u>				
Domestic and commercial serv.	\$ 9,293.05	\$ 8,488.75	\$ 9,375	\$ 10,742
Fire hydrant rental	-	-	-	348
Water coolers	-	-	-	160
Total Revenue	9,293.05	8,488.75	9,375	11,250
<u>OPERATING EXPENSES</u>				
Source of water supply exp.		494.88	685	685
Transmission and distr. exp.	1,813.83	1,541.42	2,100	2,100
Commercial expense	252.66	1,168.51	997	997
General expense	3,535.64	1,468.72	1,137	1,137
Taxes	1,217.73	1,217.73	1,806	2,181
Depreciation-straight line	790.41	790.41	870	870
Total expense	7,610.27	6,681.67	7,595	7,970
Net operating revenue	1,682.78	1,807.08	1,780	3,280
<u>HISTORICAL COST RATE BASE</u>				
Depreciated	32,450*	32,450*	34,248**	32,248**
Rate of return	5.18%	5.57%	5.17%	9.56%

\*As of December 31, 1948.

\*\*As of August 31, 1949.

For the year 1948 the difference between recorded and adjusted revenue represents non-operating rents improperly included in applicant's annual report. The differences in operating expenses include non-operating rents paid, interest on loans and certain labor charges not properly supported by the company's books. For the estimated year 1949 an increase in customers up to 302 was used as the basis for the revenue estimate. Eight months of actual expenses for the year 1949 were used as the basis for estimating 1949 expenses, after giving consideration to abnormalities in recorded expenses due to the extremely cold weather at the first of the year. No objections to the staff's estimated results of operation for the year 1949 were registered by the company.

It is the opinion of this Commission that the need for conservation of the existing water supply has been adequately demonstrated, and that the installation of meters is the most practicable means of accomplishing this objective. The Commission in arriving at this conclusion is not unmindful of the impact that metered service will have

upon certain customers whose usage heretofore has been well above average, but it is our judgment that metered service is nonetheless justified.

According to the presentation of the Commission's staff, estimated 1949 operations at present rates would yield a return of 5.2% on a depreciated rate base. In view of the definite programming by the company of a chlorinating plant at a cost in excess of \$1,000 and of the installation of meters at the rate of approximately \$2,000 per year for the next five years, it is deemed appropriate that the rate base to be used for gauging the level of rates in the near future reflect these projects to some extent, and an amount of \$3,000 is concluded to be a reasonable additive amount to the rate base for the purposes of this decision. Accordingly, the results under present rates would then be 4.8% on a depreciated base. In considering this matter, it is concluded that a return for this utility of 4.8% as estimated under the present rates (using a depreciated rate base) is low and that some increase is warranted. However, the increases sought by applicant estimated to yield 8.8% are excessive and the order herein, accordingly, will provide for increases in the total annual amount of \$650, upon the basis of the staff's 1949 estimate, which should yield approximately 6.5% on a depreciated rate base of \$37,200. The form and level of the rates which the Commission concludes should be authorized are indicated in Exhibit A attached hereto.

O R D E R

Weaverville Water Works 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 and charges authorized herein are justified; therefore,

IT IS HEREBY ORDERED as follows:

1. 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 December 1, 1949.
2. That applicant within forty (40) days from the effective date of this order shall file with this Commission four sets of rules and regulations governing customer relations, 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 by distinctive markings the boundary of applicant's 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 portion thereof.
3. That applicant within forty (40) days after the effective date of this order shall file four copies of a comprehensive map drawn to an indicated scale of not less than 400 feet to the inch delineating by appropriate markings the various tracts of land and territory served and the location of various properties of applicant.

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

Dated at San Francisco, California, this 1<sup>st</sup> day of

November, 1949

R. B. Anderson  
Justice F. Cramer  
Harold Lawrence  
Harold A. Hula  
Respectfully Submitted  
Commissioners

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water service rendered on a measured basis.

TERRITORY

In and in the vicinity of the unincorporated town of Weaverville,  
Trinity County.

RATES

Monthly Minimum Charge:		Per Meter Per Month
For 5/8 x 3/4-inch meter . . . . .		\$2.00
For 3/4-inch meter . . . . .		2.50
For 1-inch meter . . . . .		3.50
For 1 1/2-inch meter . . . . .		4.50
For 2-inch meter . . . . .		7.00
For 3-inch meter . . . . .		10.00

Monthly Quantity Rates:

First 1,000 cubic feet, or less . . . . .	2.00
Next 2,000 cubic feet, per 100 cubic feet . . .	.15
Over 3,000 cubic feet, per 100 cubic feet . . .	.10

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

SPECIAL CONDITION

All street sprinkling to be charged for at regular monthly quantity  
rates.



Schedule No. 2

FLAT RATES

APPLICABILITY

Applicable to all water service rendered on a flat rate basis.

TERRITORY

In and in the vicinity of the unincorporated town of Weaverville,  
Trinity County.

RATES

	<u>Per Month</u>
1. Residences . . . . .	\$ 2.25
2. All business houses . . . . .	2.50
Except the following:	
3. Apartments (each apartment) . . . . .	1.50
4. Auto trailers and tents, each . . . . .	1.50
5. Ball park . . . . .	3.00
6. County sheds . . . . .	4.00
7. Court house . . . . .	11.00
8. Dairies and locker plants . . . . .	5.00
9. Garages . . . . .	4.00
10. Hotels, more than 15 rooms . . . . .	5.00
11. Hotels, with bar and restaurant . . . . .	7.00
12. Saw mills . . . . .	2.50
13. Service stations . . . . .	4.00
14. Theatres . . . . .	4.00
15. Motels and auto courts	
Manager's residence . . . . .	2.25
Each additional unit . . . . .	1.00
16. For each noncirculating water cooler,	
during the months used . . . . .	1.00
For each circulating water cooler,	
during the months used . . . . .	.50

SPECIAL CONDITION

Meters may be installed at the option of utility or customer for above  
classifications, in which event service will thereafter be rendered only on  
the basis of Schedule No. 1, General Metered Service.

Schedule No. 3

FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all water service rendered on a flat rate basis for fire protection.

TERRITORY

In and in the vicinity of the unincorporated town of Weaverville, Trinity County.

RATES

Per Month  
Per Hydrant

Fire hydrants on 6-inch mains . . . . .	\$1.25
Fire hydrants on 4-inch mains . . . . .	.75
Fire hydrants on 2-inch mains . . . . .	.50
Fire hydrants on 1½-inch mains . . . . .	.50

Schedule No. 4

IRRIGATION RATES

APPLICABILITY

Applicable to all water service rendered on a flat rate basis for irrigating purposes.

TERRITORY

In and in the vicinity of the unincorporated town of Weaverville, Trinity County.

RATES

Per Month

Irrigation of vacant lots and other areas, per 100 square feet of area irrigated . . . . .	\$0.05
---	--------