

Decision No. 42542**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 D. W. HILDERBRANT, doing business under
 the firm name and style of D. W. Hilderbrant
 Water Service, for authority to adjust its
 rate structure.

Application No. 30469

D. W. Hilderbrant for applicant.O P I N I O N

D. W. Hilderbrant, doing business as D. W. Hilderbrant Water Service, by the above-entitled application filed July 5, 1949, requests an order of the Commission authorizing an increase in water rates to customers located in the town of Farmersville, Tulare County. Applicant requests that the basic flat rate be increased from \$1.50 to \$2 per month. A public hearing on this application was held before Examiner Edwards on November 3, 1949 at Farmersville. At this hearing, applicant requested amendment of the application to provide an increase in the meter rates and other categories of flat rates in order to keep the relative rates in balance.

Applicant's facilities for the production and distribution of water consist of a well, two pressure tanks, and approximately 5,000 feet of pipe varying in size from one to four inches in diameter. The well is ten inches in diameter and drilled to a depth of 42 feet. It is equipped with a turbine pump, direct connected to a 5 hp electric motor. Water from the well is pumped through a sand trap into the two pressure tanks of capacities of 750 and 2,000 gallons, respectively. Pressures at the tanks range from 30 to 50 pounds per square inch. Water service is rendered to 75 customers.

In substantiation of the need for higher rates, applicant testified that unit labor cost in the past ten years has increased from 35 cents per hour to \$1 per hour and the unit cost of the principal item of material, pipe, has increased nearly 200%. Operating costs also have increased and more revenue is necessary in order to maintain the system properly and make improvements to provide satisfactory water service.

For the purpose of determining what effect the proposed rates would have on the earnings of the system, W. B. Stradley, a Commission hydraulic engineer, prepared and introduced in evidence a report filed as Exhibit No. 1. This report shows that the system is returning 3.57% under the present rates. The proposed rates would increase the rate of return to 8.9%, increase the normal yearly revenue from \$1,671 to \$2,103, and increase expenses from \$1,440 to \$1,526. An undepreciated rate base of \$6,457 is used in this computation. A depreciation annuity, in the amount of \$92.23 per year on a 5% sinking fund basis, is allowed.

At the hearing, interest in the proposed rate increase was manifested by several customers, some of whom presented statements for the record. One customer questioned the need for a separate cooler rate; another stated that the rates were reasonable but that the water pressure is low during the day in the summertime, and a third also testified regarding the low pressure. The operator of the Union Oil Service Station requested higher water pressure and was willing to pay any necessary increase in rates to improve conditions. Complaint was registered that the utility was not providing adequate water for fire protection service.

Applicant, in answering the complaints regarding the cooler rate and the fire protection service, stated that the water cooler was a luxury and those who desire this special service should pay something

more than the regular flat rate. Applicant also stated that this utility had never been requested to render service to fire hydrants, but had installed without charge a two-inch pipe connection at the corner of Farmersville Boulevard and Visalia Road. To render adequate fire protection service, the system would have to be considerably enlarged and the resulting cost per hydrant would be excessive. The problem of obtaining a proper hydrant system is beyond the scope of this hearing and one which the community as a whole should solve and support through its fire district.

In order to improve the low pressure condition, applicant should replace some one-inch and 1½-inch main near J. E. Shoemaker's house with larger pipe. Applicant also will be required to replace approximately 350 feet of two-inch pipe with four-inch pipe between Walnut Street and Farmersville Boulevard on Visalia Road to improve the pressure in the business district. Under the flat rates, excessive use of water on warm days taxes the ability of the pump to maintain the system pressure. Applicant already has taken steps to increase the tank pressure to 60 pounds. The installation of meters likewise would help correct this low pressure situation, otherwise additional pumping facilities will be necessary.

In analyzing the record in this proceeding, and in reaching a conclusion as to rates for the future, the objections of the customers as well as applicant's earning position will be given due consideration. Improvements as outlined above are required immediately. Applicant's rate base will be augmented by \$1,500 so that rates will be authorized that will yield a reasonable return after the improvements are made and after allowing an increase of \$45 in annual operating expenses.

It is concluded that the rates requested by applicant will not yield an excessive return after the \$1,500 of capital improvements are made. The applicant is entitled to relief and the order herein

will provide for rates which will increase revenues approximately \$432 annually, resulting in an increase of about 26% and in a rate of return of about 6% on an \$8,000 rate base.

O R D E R

D. W. Hilderbrant, doing business as D. W. Hilderbrant Water Service, having applied to this Commission for an order authorizing certain increases in 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 and charges authorized herein are justified; therefore,

IT IS HEREBY ORDERED as follows:

1. 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, after not less than five (5) days' notice to the Commission and the public, to make said rates effective for service rendered on and after January 1, 1950.
2. Applicant will proceed with due diligence to install the larger sizes of main enumerated in the opinion preceding this order so as to complete such improvements by May 1, 1950.
3. Applicant will either progressively install meters on all services beginning with the commercial customers or provide additional pumping capacity by May 1, 1950.

4. Applicant shall render a report as to progress on the installation of these improvements by March 1, 1950.

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

Dated at San Francisco, California, this 22nd day of November, 1949.

A. V. Zimmerman
Justin J. Collier
Leopold Kucell
Harold P. Kula
Herbert Patten
Commissioners.

Schedule No. 1

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 Farmersville, Tulare County.

RATES

	<u>Per Month</u>
For single family dwelling, to include the irrigation of 2,500 square feet of garden	\$ 2.00
For each house trailer or tent, when used as a dwelling, not including any irrigated area.	1.00
For area irrigated in addition to that included with above dwelling or house trailer rates during the months May to October, inclusive, per 100 square feet05
For each water cooler, without circulating system, additional charge during the months June to September, inclusive40
For each water cooler, with circulating system, additional charge during the months June to September, inclusive20
For each additional room, cabin, or tent without plumbing, when occupied50

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. 2, General Metered Service.

Schedule No. 2

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water service rendered on a metered basis.

TERRITORY

In and in the vicinity of the unincorporated town of Farmersville, Tulare County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Monthly Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 1.75
For 3/4-inch meter	2.25
For 1-inch meter	3.00
For 1 1/2-inch meter	3.50
For 2-inch meter	5.00

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

Monthly Quantity Rates:

First 1,000 cubic feet or less	1.75
Next 2,000 cubic feet; per 100 cubic feet15
Over 3,000 cubic feet, per 100 cubic feet125