

Decision No. 42750

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of LAKE FOREST WATER CO., to  
establish rates for water service  
in an unincorporated area known as  
LAKE FOREST SUB-DIVISION UNIT #1  
and vicinity of Lake Tahoe, Placer  
County, California.

Application No. 30549

Theodore E. Finger for applicant;  
and Sam B. Goss for water users.

O P I N I O N

Theodore E. Finger, doing business as Lake Forest Water Co., by the above-entitled application, filed August 12, 1949, requests the Commission to establish rates for water service to Lake Forest Sub-division Unit No. 1, Lake Tahoe, Placer County, California. Applicant's requested rates are considerably higher than those presently being charged. Mr. Finger purchased this system in the spring of 1946 and has been continuing the inadequate form of rate which the former owners were applying. A public hearing on this application was held before Commissioner Craemer and Examiner Edwards at Tahoe City on September 7, 1949.

Facilities for the production and distribution of water consist of a spring, a 10,000-gallon tank, and approximately 10,050 feet of distribution main, varying in size from 1½ inches to 4 inches in diameter. Water from the spring flows by gravity into the tank from which it is distributed to the customers. There are approximately 100 houses in the service area but only 80 customers taking water service.

Applicant requests that the present rate of \$3 per annum for a 50 x 100 foot lot be raised to \$21 for the summer season for a 3/4-inch service, and \$25 for a 1-inch service. For all-year service, a rate of \$40 for a 3/4-inch and \$50 for 1-inch service is requested. Meter rates, starting at \$18 for the summer season or \$35 for all-year service, are requested for a 5/8-inch by 3/4-inch meter. Higher rates are requested for larger meter sizes. Requested quantity charges on the meter rate vary from 20 cents to 30 cents per 100 cubic feet.

In substantiation of the need for these increases, applicant testified that the present rates do not begin to pay expenses of operation, or return on capital. Prior to the time the applicant purchased the system for \$750, it was being run in connection with real estate operations. The old rate of \$3 per lot, regardless of whether the lot was taking service or not, was a charge for maintaining the pipes. The old system was a "makeshift" and many customers, in order to obtain service, had to repair and maintain the system by their own labor. The system was started in 1911 and does not therefore require a certificate to operate as a public utility, but it had never filed rates or heretofore submitted to Commission jurisdiction.

Prior to the hearing, an inspection of this water system was made by V. R. Muth, an engineer in the Hydraulic Division of the Commission staff. At the hearing he testified briefly as to the results of his inspection. At the close of the hearing, Commissioner Craemer requested that Mr. Muth prepare a written memorandum summarizing the results of his inspection and file it as an exhibit, after furnishing copies to the applicant and to the water users' representative. This report is filed as Exhibit No. 2 in this proceeding.

The engineer estimated the original cost of this system at \$5,917.40 and the depreciated cost at \$1,788.74 as of December 31, 1948. The estimated summer season revenues from the requested rates are \$1,750 and estimated annual expenses are \$1,425 indicating a net for return of \$325.

The number of customers that might request water service during the winter months is conjectural. It is believed, however, that for the immediate future, the revenues from winter service will be little, if any, in excess of the winter operating expenses.

At the hearing, interest in the proposed rate increase was manifested by several customers, some of whom presented objections in the record. Principal concern of the customers was the fact that they thought they were entitled to perpetual water service at a rate of only \$3 per lot. One customer stated that a \$3 figure is contained in the deed but it is only for the upkeep of the pipe and primarily for fire protection service. Other customers were concerned with the quantity of water and stated that on week ends the tank often runs dry. Other customers indicated willingness to pay a fair rate that would properly maintain and repair the system, provided adequate water was available.

Applicant answered these complaints by stating that the pipes are old and will need replacing in the near future, that additional storage would eliminate the lack of water over the week end, and that a loss of \$2,706 in the last three years has been shown. Through informal contact with the Hydraulic Division of the Commission, applicant had arrived at the conclusion that he should mail out bills on the basis of his proposed rates. Several of the customers brought these bills with them to the hearing and stated that they would refuse to pay them. Before the hearing was over, Mr. Finger stated his action was premature and said he would withdraw all bills which were in excess of former charges.

Following receipt of a copy of the engineer's report the water users submitted a letter containing several questions. Among other things the title to the facilities and adequacy of supply were questioned. Applicant has submitted a copy of his joint tenancy deed for the record. In order to increase the quantity of water available, a second storage tank should be provided. This will add an estimated \$1,500 to the rate base for 1950.

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 financial status, will be given due consideration. Users have benefited in that rates were not increased in 1946 when Mr. Finger purchased the system. In order to finance system improvements and pay the cost of maintenance, it is necessary that the earning position of this utility be sufficiently improved by prescribing rates approaching the level of other nearby going utility concerns, but not as great as the presently requested rates. The order herein prescribing lesser rates than applied for will result in an estimated net earning of \$175 a year. When the improvements ordered have been completed it may well be necessary to consider a review of the rates prescribed herein.

### O R D E R

Theodore E. Finger, doing business as Lake Forest Water Co., 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, a 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 May 1, 1950.
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.
- 4. That applicant shall proceed to install additional storage and pipe facilities so as to improve service for the summer vacation season; such additional facilities to be completed by June 30, 1950.

IT IS HEREBY FURTHER ORDERED that any charges collected on the basis of applicant's proposed rates in this proceeding, prior to the effective date of this decision, shall be refunded in such amount as is in excess of the regular rates formerly applied by the utility.

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

Dated at Los Angeles, California, this 1<sup>st</sup> day of February, 1950.

R. F. Anderson  
Justin F. Adams  
James L. Hill  
Harold P. Hill  
Thaseth W. Potts  
 Commissioners.

## Schedule No. 1

SEASONAL FLAT RATESAPPLICABILITY

Applicable to all domestic or commercial water service furnished at flat rates.

TERRITORY

In Lake Forest Sub-division Unit #1 and vicinity, Lake Tahoe, Placer County.

RATES

Summer Season, May to September, inclusive.  
Seasonal charge payable in advance before May 1.

	<u>Seasonal Charge</u>
Each single family residential unit or commercial establishment not otherwise specified, served through a 3/4-inch service connection.....	\$19.00
Motels or auto courts - first unit including office and utility building.....	20.00
Each additional motel or auto court unit.....	5.00
Irrigating each vacant lot - not over 6,000 square feet in area .....	9.00

Winter Season, October to April, inclusive.  
Seasonal charge payable in advance before October 1.

Each single family residential unit or commercial establishment not otherwise specified, served through a 3/4-inch connection.....	17.00
Motels or auto courts - first unit including office and utility building.....	18.00
Each additional motel or auto court unit.....	5.00

SPECIAL CONDITIONS

1. For a 1-inch connection to serve a single residential unit or commercial establishment, an additional amount of \$5 per season will be charged.
2. A meter may be installed at the option of the utility or at the request of the customer. When a change from flat rate to metered service is made at the customer's request, the metered service must be continued for at least 24 consecutive months before the customer may again be served at flat rates.

Schedule No. 2

SEASONAL METER RATES

APPLICABILITY

Applicable to all domestic and commercial water service furnished at meter rates.

TERRITORY

In Lake Forest Sub-division Unit #1, and vicinity, Lake Tahoe, Placer County.

RATES

Minimum Charges:	Summer Season	Winter Season	Quantity Allowed Each Month For Minimum
For 5/8 x 3/4-inch meter.....	\$18.00	\$17.00	500 cubic feet
For 3/4-inch meter.....	22.00	20.00	1,000 cubic feet
For 1-inch meter.....	48.00	42.00	2,500 cubic feet

For water used in excess of the quantity allowed each month for the minimum seasonal charge, the charges will be computed at the following quantity charges:

Quantity Charges:

First 500 cubic feet per month - included in minimum charge	
Next 500 cubic feet per month, per 100 cubic feet.....	\$0.30
Next 1,000 cubic feet per month, per 100 cubic feet.....	.25
Over 2,000 cubic feet per month, per 100 cubic feet.....	.20

SPECIAL CONDITIONS

1. Summer season includes the months May to September, and the winter season includes the months October to April, inclusive.
2. Seasonal charges are payable in advance before May 1 and October 1.
3. Bills for use in excess of the minimum charges may be rendered monthly or bimonthly at the option of the utility. For bimonthly billing the sizes of the blocks for the above quantity charges will be doubled.