

Decision No. 45060

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
FORTSITE MUTUAL WATER COMPANY, a
corporation, for Establishment of
Metered Rates, for Permission to sell
Public Utility Property, and for an
Order Declaring Certain Property
non-operative Property.

Application No. 31537

C. Loy Mason for applicant; Mrs. J. A. Booth, property owner and water user, for Mrs. N. Resiga, shareholder and protestant; Dennis Warren, property owner and shareholder, A. Boyes, R. G. Neely; and Frank T. Yost, property owners and water users, interested parties.

O P I N I O N

Fortsite Mutual Water Company, a corporation, owner and operator of a public utility water system serving domestic customers in unincorporated territory in the vicinity of West Riverside, Riverside County, filed the above-entitled application on July 27, 1950, seeking authority to establish a schedule of metered and fire hydrant rates and for permission to sell public utility property and for an order declaring certain property nonoperative property.

A public hearing on this application was held before Examiner Warner in Riverside on November 8, 1950.

Fortsite Mutual Water Company is a California corporation which has been operating as a public utility since October 2, 1933. On that date the Commission, in Decision No. 26381 in Case No. 3287, declared the applicant to be a public utility. Prior to that time applicant had been operating as a mutual water company in First Addition of Fort Fremont Tract, West Riverside, California.

Domestic water service is furnished to an average of 196 customers in the service area located in West Riverside, an

unincorporated community on the west bank of the Santa Ana River just west of the corporate limits of the City of Riverside, and lying southeasterly of Mission Boulevard, the main highway between Riverside and Los Angeles to the west. A map submitted at the hearing as Exhibit No. 1 more particularly delineates the service area. The types and sizes of distribution mains are also indicated thereon.

On October 27, 1949, by letter, copy of which was filed as Exhibit No. 4 at the hearing, the Health Department of the County of Riverside notified applicant that the water delivered from its Fort Site Wells Nos. 1 and 2 had shown bacterial contamination for some time, and directed applicant to supply domestic water to its system from an approved source or install chlorinating equipment for a temporary period until a new source of supply was obtained. All water was chlorinated from November 1, 1949, to August 1, 1950, when arrangements were completed to obtain the entire water supply from Sunny Slope Heights Water Company, a public utility operating in territory adjoining applicant's service area about 1,350 feet to the west. Thus applicant's sole source of supply is now obtained from said Sunny Slope Heights Water Company. Its cost of obtaining water is 8 cents per 100 cubic feet delivered, and treated to insure potability by the wholesaler.

By letter addressed to the Commission by applicant, dated September 22, 1950, and submitted as Exhibit No. 3, permission was requested to sell Lots 34 and 35 of Fortsite Tract, as shown by map on file in Book 14, page 29, of Maps, Riverside County records. These lots were the site of the condemned Well No. 1, and applicant claimed to have no further public utility use for them. By the letter, dated October 20, 1950, filed as Exhibit No. 3-A, applicant was authorized by the Commission to dispose of said lots, and the record shows that they were subsequently disposed of.

With respect to applicant's request that the southeasterly 37.33 feet of Lot 29, the site of condemned Well No. 2, be declared nonoperative, the record shows that the use of this property for utility purposes has been abandoned. Therefore, it has been excluded from the rate base hereinafter discussed.

Applicant's distribution system consists of 11,022 feet of transite pipe and steel pipe, ranging in diameter from 1½ inches to 8 inches.

All water service is rendered on the presently authorized flat rate schedule of \$1.50 per month.

Applicant's proposed meter rates specify monthly minimum charges of \$2 per meter per month for a 5/8-inch by 3/4-inch meter; \$7 for a 1-inch meter; and \$10 per month for a 2-inch meter. The proposed quantity rates are \$2 per meter per month for the first 800 cubic feet of water usage, or less, with the next 700 cubic feet at 20 cents per 100 cubic feet; the next 1,000 cubic feet at 15 cents per 100 cubic feet; the next 2,500 cubic feet at 12 cents per 100 cubic feet; and all over 5,000 cubic feet at 10 cents per 100 cubic feet. Applicant also proposes fire hydrant rates of \$1 per hydrant per month for a 2-inch fire hydrant head, and \$2 per month for each multiple outlet fire hydrant head.

A report on applicant's operations for the years 1948 and 1949, and for the first nine months of 1950, as recorded, and for the year 1950 estimated, and for the estimated normal year 1951, at both present and proposed rates, was submitted at the hearing as Exhibit No. 2 by witness for applicant. Inasmuch as applicant had no meter experience upon which to base an estimate of meter revenues, applicant's witness utilized the water consumption and usage of Mission Water Company, an immediately adjoining public utility. Mission Water Company served an average of 203 customers during the period August 1, 1949, to August 1, 1950, and characteristics of its

service area and water usage are analagous to those of applicant. The condemned and abandoned wells, land, pumping station buildings and equipment, general structures and purification equipment were excluded, by applicant's witness, from fixed capital estimates for the year 1951, together with their related depreciation. The estimated capital additions for the year 1951, as shown in Exhibit No. 2, include the estimated purchase and installation costs during 1951 of 224 meters and meter boxes, amounting to \$8,760.

A report on applicant's results of operations for the year 1949, as recorded, and 1950 estimated at the present rates, excluding the fixed capital abandoned and retired, and not including the above-mentioned estimated capital for new meters, was submitted at the hearing as Exhibit No. 5 by a Commission staff engineer.

The results of operations, as shown in Exhibits Nos. 2 and 5, are summarized in the following tabulation:

FORTSITE MUTUAL WATER COMPANY

SUMMARY OF EARNINGS

Year 1949 Recorded, Year 1950 Estimated, and
Year 1951 Estimated at Present and Proposed Rates

	<u>P.U.C. Exhibit No. 5</u>		<u>Company Exhibit No. 2</u>	
	<u>Year</u> <u>1949</u> <u>Recorded</u>	<u>Year</u> <u>1950</u> <u>Estimated</u>	<u>Year 1951</u> <u>Estimated</u> <u>Present</u> <u>Rates</u>	<u>Proposed</u> <u>Rates</u>
<u>Operating Revenue</u>	\$ 3,123	\$ 3,434*	\$ 4,293	\$ 8,004
<u>Operating Expenses</u>				
Water Purchased		869	2,749	2,749
Pumping	604	621	-	-
Purification	118	41	-	-
Distribution	227	213	226	276
Commercial	43	874	1,298	1,298
General	1,391	2,019	2,200	2,200
Taxes	148	287	287	394
Depreciation	572	556	728	728
Total	3,103	5,480	7,488	7,645
Net Operating Revenue	20	(2,046)	(3,195)	359
<u>Rate Base</u>				
Fixed Capital, Material & Supplies, Working Cash		14,948#	13,304	22,368
Donations in Aid of Constr.		(3,672)	(3,672)	(3,672)
Undepreciated Rate Base		11,276#	9,632	18,696
Accrued Depreciation		1,928#	1,866	2,594
Depreciated Rate Base		9,348#	7,766	16,102
Rate of Return		-	-	2.2%

(Red Figure)

* Utilizing present rates.

Average year.

Upon reviewing the record it is estimated that applicant's proposed rates will produce gross annual revenues of approximately \$8,000 for the year 1951. Likewise, it is estimated that applicant's operating expenses, including taxes and depreciation expense, will amount to approximately \$7,500, considering reasonable increases in water purchased costs and commercial and general expenses, and taxes.

Relating the net operating revenue of \$500 to the estimated depreciated rate base of \$14,548 for the year 1951, results in a rate of return of about 3.5%. It is evident from the record that the present rates will not produce a fair rate of return, and that applicant is entitled to certain financial relief. Applicant will accordingly be authorized by the order herein to file the metered rates as applied for. The order will also provide for cancellation of the flat rate service upon completion of installation of meters.

Interested parties and protestants made inquiry at the hearing regarding applicant's plans for improving water pressure, and applicant's vice president testified that water is now being delivered by Sunny Slope Heights Water Company at 40-pound pressure; that this pressure could be increased to 100-pound pressure, since all water comes from Sunny Slope's 1,200,000-gallon storage reservoir located at a considerable elevation above applicant's service area, but that the delivery of water at 100-pound pressure would be dangerous for plumbing in houses. He stated that applicant's distribution system could stand higher pressures, and that applicant has had under serious consideration the matter of maintaining uniform pressures throughout its service area.

A protestant questioned the advisability of serving Rubidoux Dairy Company and the Thorsen home, both located outside of applicant's dedicated service area, from the transmission main running to applicant's service area boundary from Sunny Slope Heights Water Company's service area. A witness for applicant testified that neither service to the dairy nor to the Thorsen home would adversely effect applicant's service now being rendered to applicant's customers. Protestant also questioned the advisability of having disposed of the condemned and abandoned Wells Nos. 1 and 2, and property upon which the wells were

located, and questioned whether their product might not have been sold for irrigation. A witness for the Commission testified that applicant was not authorized by the Commission to render irrigation water service.

There were no objections to the granting of the application.

Applicant's vice president stated that it is intended to install a 6-inch main within applicant's service area boundaries to establish the proposed fire hydrant service. The main will be connected to the Mission Water Company system through a closed valve. He testified that negotiations are now being conducted with fire district officials for the furnishing of fire hydrant service, and that the locations and installation of fire hydrants are under consideration.

O R D E R

Fortsite Mutual Water Company, a corporation, having applied to the Commission for an order authorizing the establishment of metered and fire hydrant rates, and for permission to sell public utility property, and for an order declaring certain property nonoperative property, 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 effected by the establishment of metered and fire hydrant 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, 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 January 1, 1951.

IT IS HEREBY FURTHER ORDERED as follows:

1. That applicant's presently filed Rule and Regulation No. 12, "Meters and Appliances," be cancelled in so far as multiple minimum charges are contained therein.
2. That applicant shall file, within forty (40) days after the effective date of this order, four copies of a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, delineating by appropriate markings the various tracts of land and territory served, and the locations of various properties of applicant.
3. That applicant shall file, coincident with the rate filing ordered herein, four copies of rules and regulations, and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96.
4. That applicant may, upon completion of installation of meters for all customers, request by advice letter cancellation of the existing flat rate water service schedule.

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

Dated at San Francisco, California, this 28th day of

November, 1950.

A. Z. [Signature]
James F. [Signature]
Charles H. [Signature]
Harold P. [Signature]
[Signature]
Commissioners.

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Within the entire service area located in the unincorporated territory of West Riverside, Riverside County, California.

RATES

Quantity Rates:

	Per Meter Per Month
First 800 cu. ft. or less	\$ 2.00
Next 700 cu. ft., per 100 cu. ft.20
Next 1,000 cu. ft., per 100 cu. ft.15
Next 2,500 cu. ft., per 100 cu. ft.12
Over 5,000 cu. ft., per 100 cu. ft.10

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.00
For 1-inch meter	7.00
For 2-inch meter	10.00

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

Schedule No. 2

FIRE HYDRANT SERVICE

	<u>Per Month</u>
For each 2-inch hydrant head	\$ 1.00
For each multiple outlet hydrant head	2.00