

ORIGINAL

Decision No. 45132

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Margaret R. Utt  
(TUSTIN WATER WORKS) to increase  
rates for water service and for a  
certificate of public convenience  
and necessity defining area now  
served at Tustin, Orange County,  
California

Application No. 31509

Utt and Hubbard by James B. Utt, Attorney, and Walter Rawlings,  
for applicant; C. Arthur Nisson, City Attorney, for City of  
Tustin, interested party.

O P I N I O N

Margaret R. Utt, doing business as Tustin Water Works, operator of a public utility water system under trust agreement with the First National Bank of Santa Ana, owner of said water system, in and about the City of Tustin, Orange County, California, filed the above-entitled application on June 15, 1950, asking authority to establish a schedule of increased rates and requesting a certificate of public convenience and necessity defining its service area. The service area is more particularly delineated on the map filed with the application as Exhibit "A," and includes the green shaded area shown thereon. It is more fully described in Exhibit "B" attached to the application.

A public hearing on this application was held before Commissioner Craemer and Examiner Warner in Santa Ana on November 20, 1950.

Margaret R. Utt, an individual, is doing business as a public utility under the fictitious firm name and style of Tustin Water Works in and about the City of Tustin, Orange County,

California, and manages and operates said water system in accordance with the terms of a trust agreement with the First National Bank of Santa Ana, pursuant to the Commission's Decision No. 24574, dated March 14, 1932, in Application No. 17968.

Applicant has operated the system since the death of her husband, C. E. Utt, on February 5, 1950. Utt had acquired a water system, construction of which was commenced in 1887, owned by the firm of Willard Brothers and Adams Transfer Company and Water Works, such acquisition having been effected by deed recorded September 24, 1896. Under the terms of Declaration of Trust (Trust No. 461) of the First National Bank of Santa Ana, proceeds from the operation of the water system accrue to the benefit of the trustor, Mrs. Margaret R. Utt, or her heirs.

Applicant's service area comprises some 7,500 acres, including the City of Tustin and adjacent unincorporated territory, and is generally located southeasterly of the City of Orange and easterly of the City of Santa Ana, Orange County, California. As of the date of the hearing, there were four active flat rate residential and commercial accounts, 1,204 active residential and commercial meter accounts, seven industrial consumers and nine accounts, 32 fire-hydrant services to the City of Tustin, two connections for fire protection service, four combined meter services to a high school, and seven meters, not combined, to elementary schools. Applicant has one special contract consumer on an irrigation rate who uses water for domestic purposes.

Water is pumped from one 400-foot deep well by a 40 hp electrically operated pump delivering 630 gallons per minute directly into a 180,000-gallon concrete reservoir. A 50 hp centrifugal-type pump boosts the water from the reservoir into the system at a pressure of 80 pounds per square inch. A 25 hp electric motor, belt-connected to a pump, is maintained as a standby.

A large reservoir of 1,250,000-gallon capacity located in the northeastern portion of the service area receives water from the aforementioned Tustin well and also from wells belonging to the Tustin Mutual Water Company. Applicant owns stock in this mutual water company and also in the Red Hill Mutual Water Company and purchases water furnished to the large reservoir by the mutual companies as an additional supply to that furnished by the Tustin well. The record shows that one-fourth of the capacity of the reservoir is always in reserve to applicant, such reserve being maintained by a physical division of the reservoir. As discussed hereinafter, the record shows that applicant intends to drill a new well, 700 feet in depth, with a 12-inch casing, and to install therein a 100 hp pump. This is planned to be completed during the year 1951.

The distribution system consists of approximately 208,000 feet of mains, varying in size from 3/4 inch to 12 inches, and an average operating water pressure of 65 pounds per square inch is maintained therein.

As noted hereinbefore, applicant and its predecessors have been furnishing water service in this area since 1887. The terrain is generally flat and the area was originally predominantly agricultural in character. However, recently, many of the citrus groves have been subdivided. At the present time, consumer density is low and there is about one consumer to each 6 acres of land and to each 180 feet of main.

Applicant obtained a franchise from Orange County dated December 15, 1925. This franchise covers an area greater than the area requested to be certificated in this proceeding. Such excess Orange County franchise area is more particularly shown on the map filed as Exhibit "A" attached to the application and is shown in orange coloring thereon.

The record shows that no service complaints have been filed with the Commission by any consumer against applicant since 1935.

On May 20, 1935, by Decision No. 27988 in Application No. 19945, the Commission granted this utility at its request a temporary reduction of rates. On January 31, 1948, a further requested reduction of rates was authorized by the Commission's Decision No. 30571 in Application No. 21704.

No other public utilities of like character operate within the territory proposed to be certificated.

From a review of the record regarding the sources of water, as outlined hereinabove, it appears that the water supply available to the applicant is and will be adequate to serve the proposed area. It also appears from the record that the request for the certificate of public convenience and necessity should be granted, subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

Applicant's present rates provide for flat rate service at \$1.25 per month. The meter rates specify monthly minimum charges ranging from \$1.25 per meter per month, for a 5/8-inch meter, to \$4 per meter per month, for a 3-inch meter. The monthly quantity rates are \$1.25 for the first 1,000 cubic feet of water usage or fraction thereof per meter, with the next 3,000 cubic feet at 10 cents per 100 cubic feet, the next 16,000 cubic feet at 8 cents per 100 cubic feet, and all over 20,000 cubic feet at 6 cents per 100 cubic feet. A fire hydrant rate provides for a charge of \$7.50 per hydrant per year. A tank water rate provides for a charge of 5 cents per tank of under

300-gallon capacity, 10 cents per tank of from 300- to 600-gallon capacity, and 15 cents per tank of from 600- to 1,000-gallon capacity.

Applicant's proposed general meter rates specify monthly minimum charges ranging from \$1.50 per meter, for a 5/8 x 3/4-inch meter, to \$6, for a 3-inch meter, and monthly quantity rates of \$1.50 per meter for the first 1,000 cubic feet of water usage, with the next 9,000 cubic feet at 12 cents per 100 cubic feet, the next 10,000 cubic feet at 10 cents per 100 cubic feet, the next 30,000 cubic feet at 8 cents per 100 cubic feet, and all over 50,000 cubic feet at 7 cents per 100 cubic feet. New fire hydrant, haulage, and flat rates for construction work are also proposed in the application.

Pertinent information contained in a series of exhibits relating to applicant's earnings for the year 1949 recorded, year 1950 estimated, using nine months' actual and three months' estimated figures, and the year 1951 estimated, utilizing present rates and proposed rates, submitted by applicant's witness is summarized as follows:

Tustin Water Works

Summary of Earnings

Year 1949 Recorded, Year 1950 Estimated, and Year 1951 Estimated  
(Per Exhibits 7, 8, 14, 15 and 16)

Item	(Exhibit 7) Year 1949 Recorded	(Exhibit 8) Year 1950 Estimated 9 Mos. Act. ; 3 Mos. Est.	(Exhs. 14, 15, and 16) Year 1951 Estimated Present Rates	(Exhs. 14, 15, and 16) Year 1951 Estimated Proposed Rates
<u>Operating Revenues</u>				
Flat Rates	\$ 84	\$ 80	\$ 60	\$ 72
Metered Rates	29,700	31,068	33,600	41,000
Hydrant Rentals	397	430	460	651
Haulage Rates	-	8	8	12
Total Operating Revenues	<u>30,181</u>	<u>31,586</u>	<u>34,128</u>	<u>41,735</u>
<u>Operating Expenses</u>				
Source of Water Supply	149	29	60	60
Pumping	5,388	5,168	10,716	10,716
Purification	-	-	-	-
Transmission & Distribution	190	1,306	2,800	2,800
Commercial	240	2,018	3,217	3,217
General	8,840	10,461	8,132	8,132
Uncollectibles	56	-	-	-
Subtotal	<u>14,863</u>	<u>18,982</u>	<u>24,925</u>	<u>24,925</u>
Taxes	3,852*	3,285*	3,499	5,593
Depreciation	5,797	5,200	5,400#	5,400#
Total Operating Expenses	<u>24,512*</u>	<u>27,467*</u>	<u>33,824</u>	<u>35,918</u>
Net Operating Revenue	<u>5,669</u>	<u>4,119</u>	<u>304</u>	<u>5,817</u>
Rate Base (Undepreciated)	-	-	233,389	233,389
Depreciation Reserve Requirement as of 12/31/50	-	-	85,348#	85,348#
Rate Base (Depreciated)	-	-	<u>148,041</u>	<u>148,041</u>
Rate of Return	-	-	0.21%	3.93%

\* Includes no income tax expense.

# Includes depreciation on estimated average 1951 additions.

In explaining Exhibits 7, 8, 14, 15, and 16, applicant's witness stated that, as shown in Exhibit No. 10, applicant contemplated capital additions for the year 1951 of approximately \$33,000 which would include the drilling of a new well and the installation therein of a pump with 100 hp motor, such installation to cost about \$15,000, the installation of 4,000 feet of 6-inch main and 2,700 feet of 4-inch main, and the addition of about 80 meters and services

during the year, the latter installations to amount to about \$18,000. For the years 1952 to 1956, the witness testified that applicant intended to install about 21,450 feet of 8-inch main at a cost of about \$53,000 and 5,200 feet of 6-inch main at a cost of \$10,400, and to purchase four lots in Tustin for a storage yard and caretaker's residence at the Tustin plant for about \$15,000. This, together with the installation of 80 meters and services per year, with the incidental valves and fittings, would bring the total estimated expenditures for the next four years to \$107,000. With respect to the plans for financing the capital additions for the year 1951, applicant's witness testified that the former owner, Mr. Utt, had made more than adequate provision through his estate for such financing. This appears to the Commission to be an unusually meritorious act which indicates a sense of public responsibility which is not often noted, and we commend the action highly. 227

In further explanation of applicant's earnings exhibits, its witness testified that he had recomputed the depreciation reserve requirement as of December 31, 1950, based on an independent study thereof, and that he had also recomputed the estimated annual depreciation expense based on the lives plus the estimated \$10,000 of average additional fixed capital for the year 1951, assigned to the estimated fixed capital as of December 31, 1950. as noted before in the tabulation herein. These computations will be utilized by the Commission in its determination of estimated rate of return for the year 1951. The earnings estimates appear to be reasonable.

Although notices of the hearing in this matter were sent to all customers of record, as shown in Exhibit No. 1, no objection to the proposed increase in rates was entered at the hearing. In fact, as shown in Exhibit No. 3, the City Council of Tustin, California, approved the application herein being considered. The City Attorney

of the City of Tustin appeared in person to confirm the approval of the City Council of Tustin.

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, and applicant will be authorized by the order herein to file the general metered and flat rates as applied for.

O R D E R

Margaret R. Utt, doing business as Tustin Water Works, having applied to the Commission for an order authorizing the establishment of general service metered, fire hydrant, haulage, and construction work flat rates, and for a certificate of public convenience and necessity defining its service area, 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 general service metered, fire hydrant, haulage, and construction work flat rates authorized herein are justified, and that public convenience and necessity require the operation of a public utility water system by Margaret R. Utt, an individual doing business as Tustin Water Works, in and about the City of Tustin, Orange County, California, in an area comprising some 7,500 acres, and being more particularly delineated in green on the map filed as Exhibit "A" with the application in this proceeding and described in Exhibit "B" thereof; 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 8, 1951.

IT IS HEREBY FURTHER ORDERED that a certificate of public convenience and necessity be and it is granted to Margaret R. Utt, doing business as Tustin Water Works, to operate a public utility water system for the production, distribution, and sale of water within the territory hereinbefore described.

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. 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 location of the various properties of applicant.
2. 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.

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

Dated at San Francisco, California, this 12<sup>th</sup> day of December, 1950.

*A. E. Linderman*  
*Justice J. Cooney*  
*Isaac S. Russell*  
*Harold P. Hale*  
*Margaret R. Utt*  
Commissioners.

Schedule No. 1

METERED RATES

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Entire area of service within the City of Tustin and County of Orange, as shown on the map included in the Tariff Schedules of company.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 1,000 cubic feet, or less . . . . .	\$ 1.50
Next 9,000 cubic feet, per 100 cubic feet. . . . .	.12
Next 10,000 cubic feet, per 100 cubic feet. . . . .	.10
Next 30,000 cubic feet, per 100 cubic feet. . . . .	.08
Over 50,000 cubic feet, per 100 cubic feet. . . . .	.07
 Minimum Charge:	
For 5/8 x 3/4-inch meter. . . . .	1.50
For 1-inch meter. . . . .	2.00
For 1 1/2-inch meter. . . . .	3.00
For 2-inch meter. . . . .	4.00
For 3-inch meter. . . . .	6.00

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 RATESAPPLICABILITY

Applicable to water service to Fire Protection Districts, Municipalities, similar organizations or individuals when use of the fire hydrants or fire sprinkler systems is for fire fighting purposes only.

TERRITORY

Entire area of service within the City of Tustin and County of Orange, as shown on the map included in the Tariff Schedules of Company.

RATES

- |  | <u>Per Month</u> |
|--|------------------|
| 1. "District" and Privately Owned Hydrants:  |                  |
| Any type hydrant installed, repaired, painted and maintained at owner's expense,       |                  |
| (a) each 2½" single outlet, from 3" or 4" main . . . . .                               | \$0.75           |
| (b) " 2½" single outlet, from 5" or 6" main . . . . .                                  | 1.00             |
| (c) " 2½" single outlet, from 8" or larger main . . . . .                              | 1.25             |
| (d) " 2½" double outlet, from 6" or larger main . . . . .                              | 1.50             |
| 2. Company-Owned Hydrants:   |                  |
| Any type hydrant installed and maintained at company expense,                          |                  |
| (a) each 2½" single outlet, from 3" or 4" main . . . . .                               | \$1.00           |
| (b) " 2½" single outlet, from 5" or 6" main . . . . .                                  | 1.50             |
| (c) " 2½" single outlet, from 8" or larger main . . . . .                              | 1.75             |
| (d) " 2½" double outlet, from 6" or larger main . . . . .                              | 2.00             |
| 3. Private Fire Sprinkler or Fire Hydrant Systems within Buildings or Premises served: |                  |
| (a) each 1½" connection direct to main . . . . .                                       | \$1.00           |
| (b) " 2" connection direct to main . . . . .   | 1.50             |
| (c) " 2½" connection direct to main . . . . .  | 3.00             |
| (d) " 3" connection direct to main . . . . .   | 4.00             |
| (e) " 4" connection direct to main . . . . .   | 5.00             |
| (f) " 6" connection direct to main . . . . .   | 9.00             |

SPECIAL CONDITIONS

1. The Municipality or "District" shall select the location, size and type of hydrant to be installed.
2. Relocation of any hydrant shall be at the expense of the party desiring the hydrant relocated.

## Schedule No. 3

HAULAGE RATESAPPLICABILITY

Applicable only to sales from surplus water for haulage in customer's tanks or containers from locations and under conditions determined by company as applicable following each request for service.

TERRITORY

At specific locations within the area of service within the City of Tustin or County of Orange, as shown on the map included in the Tariff Schedules of company.

RATES

Tank Capacity:	<u>Per Load</u>
400 gallons, or less, minimum . . . . .	\$0.10
400 to 600 gallons . . . . .	.15
600 to 800 gallons . . . . .	.20
800 to 1,000 gallons . . . . .	.25
For tanks of capacity exceeding 1,000 gallons, per each 200 gallons or fraction thereof loaded. . . . .	.05

## Schedule No. 4

FLAT RATES - CONSTRUCTION WORKAPPLICABILITY

Applicable to water service for construction work.

TERRITORY

Entire area of service within the City of Tustin and County of Orange, as shown on the map included in the Tariff Schedules of company.

RATES

1. For water for settling backfill in ditches and trenches:
  - (a) per 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 cement street curbing construction,  
per 100 lineal feet of curbing . . . . . .30
4. For water for side walk construction, per  
100 square feet of sidewalk . . . . . .25
5. For water for brick construction purposes,  
including wetting brick, per 1,000 brick laid . . . . . .25
6. For water for plastering interior building walls,  
etc., 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 ordinance and rules  
and regulations of the City of Tustin or County  
of Orange permit such use, not including water  
service; per hydrant connection . . . . . 1.00
10. All consumers of every class using water in  
large or varied quantities shall be served  
and charged for the service in accord with  
the applicable metered service rates.