

ORIGINALDecision No. 45326

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Jesse Costa, Snelling
Water Department, to re-establish
rates for the town of Snelling,
Merced County, California

Application No. 31706

Jesse Costa, as applicant.O P I N I O N

In this application, filed August 26, 1950, Jesse Costa, doing business as Snelling Water Works in the town of Snelling, Merced County, requests an order authorizing an increase in rates.

A public hearing in this matter was held before Examiner Emerson in Snelling on January 10, 1951, and the record therein consolidated with that made in re Application No. 31860, an application for sale and purchase of the water system.

The present rates of \$1 and \$1.50 per residential service were filed with this Commission on January 29, 1941, and have been effective since January 1, 1941. It is of record that applicant has been charging rates different from those legally on file for five customers during the year 1949 and for six customers during the year 1950. In addition, applicant's books show that no charge has been made for water supplied to applicant's garage and tavern. Such irregular practices must cease. Applicant's request for increased rates does not specifically set forth a rate schedule proposal but indicates charges ranging from \$1.50 per month to \$6 per month on a flat rate basis. No meter rates are requested.

The Snelling Water Works consists of a shallow well, a centrifugal pump, a 1,000-gallon pressure tank, and approximately

3,200 feet of distribution mains which vary in size from 3/4 inch to 3 inches in diameter. Approximately 37 customers are served, including three service connections and one fire hydrant for the County of Merced and also including service to applicant's garage and tavern. It appears that somewhat less than one-half the town is now served and that there are, therefore, about an equal number of additional potential customers.

At the hearing, applicant indicated that actual and estimated expenses and revenues as set forth in the application were true and correct and constituted his entire showing in the matter. He further indicated that Commission engineers had investigated his operations and had examined his books, and that their report was fully acceptable to him. Full reliance will, therefore, be placed upon the study of staff engineer John D. Reader entered as Exhibit No. 3 in this proceeding.

The fixed capital of this water system, depreciation expenses, and depreciation reserve requirements appear to be as follows:

Item	:Estimated:Year 1950:		Depreciation (S.L.)		:
	:Orig.Cost:	Age:	Life:	Annual Exp.:	
Buildings	\$ 376.55	12	35	\$10.76	\$129.12
Pumping Equipment	200.00	4	15	13.33	53.32
Pressure Tank	300.00	12	35	8.57	102.84
Distribution Mains (Old)	1,000.00	10	35	28.57	285.70
Distribution Mains (New)	83.58	1	35	2.39	2.39
Miscellaneous Materials	75.00	-	-	-	-
Totals	2,035.13			63.62	573.37

Results of operations for the years 1949-1951, as estimated in the staff report, are summarized as follows:

Item	Year 1949		Year 1950		Year 1951	
	Under Pres. Rates	Under Prop. Rates	Under Pres. Rates	Under Prop. Rates	Under Pres. Rates	Under Prop. Rates
Operating Revenues	\$ 576	\$ 822	\$ 636	\$ 906	\$ 672	\$ 954
Operating Expenses	456	472	728	760	840	865
Net Revenues	120	350	(92)	146	(168)	89
Fixed Capital, Depreciated	1,523	1,523	1,462	1,462	1,400	1,400
Rate of Return	7.88%	23.0%	-	10.0%	-	6.36%

(Red Figure)

It is apparent that this utility is experiencing a substantially declining rate of return and that applicant is entitled to relief in the form of increased rates. No objection to the granting of increased rates as proposed by applicant has been entered in this proceeding. The rates to be authorized herein will provide an estimated rate of return of approximately 6.4%. To the extent that the present rates differ from the rates hereinafter prescribed, said existing rates are hereby found to be unjust and unreasonable.

O R D E R

Jesse Costa (Snelling Water Works) having applied to this Commission for an order authorizing increases in rates and charges, a public hearing having been held, the matter having been submitted and being now ready 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 that Jesse Costa (Snelling Water Works) is authorized and directed to file the schedule of rates shown in Exhibit A attached to this order on or after the effective date

Schedule No. 1

FLAT RATES

APPLICABILITY

Applicable to all water service.

TERRITORY

In and adjacent to the town of Snelling, Merced County.

RATES

	<u>Per Month</u>
For small residence without garden	\$1.50
For residence with garden area not exceeding 4,000 sq. ft.	2.00
For residential garden area in excess of 4,000 sq. ft., per 100 sq. ft.05
For business and other commercial establishments	3.00
For fraternal halls	3.00
For fire hydrant service, per hydrant	2.50
For county properties:	
Library	2.00
Courthouse	2.00
Fire Station	3.00
The above three connections to include irrigation of lawn and garden areas not exceeding a total area of 10,000 sq. ft.	
For irrigation of lawn and garden areas in excess of 10,000 sq. ft., per 100 sq. ft.05

SPECIAL CONDITIONS

1. Charges are payable monthly in advance.
2. The above rates are for each service connection.

hereof, 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 March 1, 1951, said filing to be by advice letter in quadruplicate and in conformity with the Commission's 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 6th day of February, 1951.

R. Z. Anderson
James J. Green
Harold F. Kula
Frederick H. ...
Arthur E. Mitchell
Commissioners.