

**ORIGINAL**Decision No. 45570

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 MARTIN FOSS and MARY E. FOSS,  
 husband and wife, doing business as  
 FOSS WATER SERVICE in the area known  
 as Pine Lodge Park, adjacent to  
 River Pines, Amador County, for auth-  
 ority to increase the rates for water  
 services or to abandon service.

Application No. 32041

Pierce Deasy, for applicants; Angelo J. DePaoli,  
for certain consumers; John Fryer, for  
 Leona C. Humphrey.

O P I N I O N

Applicants seek to increase their rates for domestic water service furnished to approximately 40 consumers at Pine Lodge Park, Amador County, or, in the alternative, to abandon service. (1) The request to abandon service was withdrawn at the hearing, held March 14, 1951, at Jackson, before Examiner Gregory.

The present meter rate of \$1.50 per month for a 5/8 by 3/4 inch meter allows 3,000 gallons of water. All water in excess of 3,000 gallons per month is charged for at 5 cents per 100 gallons. About half of the 40 consumers, chiefly permanent residents, have meters; the remaining half, principally weekend or summer residents, are billed only the monthly minimum charge.

(1) Applicants were found to be operating as a public utility as a result of a consumers' complaint filed April 13, 1950, and were ordered to file rates previously in effect (Decision No. 45010, November 8, 1950, Case No. 5191).

1/8

Applicants propose a meter rate for permanent residents allowing 3,000 gallons per month through a 5/8 by 3/4 inch meter for \$2.75, and a summer resident annual minimum meter rate of \$30 for a 5/8 by 3/4 inch meter which allows 2,500 gallons per month. Both of these rates contain quantity charges which reduce through three blocks to five cents per 100 gallons for all water used monthly in excess of 20,000 gallons. They also propose a monthly flat rate of \$3 for a 3/4 inch service connection and an annual flat rate charge of \$33 for summer residents. Applicants estimate that the proposed rates will produce an annual revenue of approximately \$1500 based upon present usage.

On December 31, 1950, about 7,200 feet of mains were in use on the system, ranging from 2 inches to 3/4 inch in diameter. All water is pumped by means of an electrically driven horizontal piston pump delivering 10 gallons per minute from one well which has provided an adequate supply for all customers to date. A gasoline engine is on hand for standby service in the event of a power failure. A second well site and pump are available if future growth should require an additional supply of water. Two tanks store a total of 9,000 gallons of water. The larger 6,000-gallon wooden tank has been permitted to overflow occasionally. Water from this tank flows by gravity into a 3,000 gallon galvanized tank where a float valve automatically stops the flow when the smaller tank is full. The record indicates that the piping, pumping and storage facilities are adequate to serve at least 80 consumers at the present time.

An engineer of the Commission's Hydraulic Division introduced a study of the fixed capital and operating results of the

system, based on applicant's records where available, and on estimates for water systems of comparable size. Prior to becoming a public utility, applicants kept no detailed records and had made no provision for salary or depreciation expense. The study estimates the original cost of the system at \$9075 and a depreciation reserve of \$1771, calculated at \$230 per year by the straight-line method. Provision is also made in the study for part-time salary of \$600 annually. Applicants have charged automobile expense for operation and maintenance of the system at the rate of seven cents per mile for 125 miles per month, which appears to be reasonable.

Adjusted revenues and operating expenses, estimated rate bases and rates of return for the year 1950 and for a future year (the latter period assuming a patronage of 80 consumers), are as follows:

Item	Year 1950		Future Year	
	Under Present Rates	Under Proposed Rates	Under Present Rates	Under Proposed Rates
Operating Revenues	\$ 780	\$1,415	\$1,560	\$2,830
Operating Expenses	1,360	1,370	1,920	2,105
Net Revenue	(580)	45	(360)	725
Rate Bases	\$7,300	\$7,300	\$7,000	\$7,000
Rates of Return	Loss	0.62%	Loss	10.35%

(Red Figure)

The results of operation shown above indicate that applicants are entitled to a rate adjustment which will at least pay present operating costs. The record shows that while some of the permanent and summer residents believe that the requested rates are too high, others feel that Foss should be allowed rates which will permit him to conduct the service without pecuniary loss. Some

downward adjustment, however, should be made in the proposed annual flat rate charge of \$33 for summer residents, since their use of water is intermittent and is thus of comparatively lesser annual volume than the requirements of the permanent consumers. An annual charge of \$30 is considered reasonable for summer service. While such a rate may produce a deficit of \$15 per year on the basis of the estimates shown above, the addition of one or more consumers should result in profitable operations. The proposed quantity rates should also be slightly reduced in order to produce a more balanced schedule.

Based upon the evidence of record, we find as a fact that the proposed increases in rates and charges, as modified to the extent hereinabove indicated with respect to the requested annual flat rate charge for summer residents and the proposed quantity rates, are justified.

#### O R D E R

Public hearing having been held herein, evidence having been received and considered, the Commission being fully advised and basing its order upon the findings and conclusions contained in the foregoing opinion,

IT IS ORDERED that applicants Martin S. Foss and Mary E. Foss, doing business as Foss Water Service, be and they hereby are 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 schedules 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 furnished on and after May 1, 1951.

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

Dated at San Francisco, California, this 10<sup>th</sup> day of April, 1951.

R. T. Drummond

Harold P. Auld

Winneth Pottier

John L. Mitchell

Commissioners

EXHIBIT A  
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Schedule No. 1

FLAT RATES

Annual Rates to Nonpermanent Consumers

APPLICABILITY

Applicable to all domestic and commercial water service supplied at flat rates to nonpermanent residents.

TERRITORY

Within the area known as Pine Lodge Park, located adjacent to River Pines, Amador County.

RATES

Annual Charges Payable in Advance

	<u>Per Year</u>
One-family dwelling or any independent unit taking service	\$30.00

Schedule No. 2

METERED SERVICE

Annual Rates to Nonpermanent Consumers

APPLICABILITY

Applicable to all domestic and commercial water service supplies at meter rates to nonpermanent residents.

TERRITORY

Within the area known as Pine Lodge Park located adjacent to River Pines, Amador County.

RATES

Annual Minimum Charge Payable in Advance

<u>Annual Minimum Charge</u>	<u>Per Meter Per Year</u>
For 5/8 x 3/4-inch meter	\$30.00

The seasonal minimum charge will entitle the consumer to that quantity of water which one-twelfth (1/12) of the annual minimum charge will purchase at the following quantity rates.

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>
First 2,500 gallons included in minimum charge	
Next 7,500 gallons, per 1,000 gallons	\$0.70
Next 10,000 gallons, per 1,000 gallons	.50
Over 20,000 gallons, per 1,000 gallons	.30

Quantity charges may be billed monthly or quarterly at the option of the utility.

EXHIBIT A  
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Schedule No. 3

MONTHLY FLAT RATES

PERMANENT CONSUMERS

APPLICABILITY

Applicable to all domestic and commercial water service supplied at flat rates to permanent residents.

TERRITORY

Within the area known as Pine Lodge Park, located adjacent to River Pines, Amador County.

RATES

	<u>Per Month</u>
One-family dwelling or any independent unit taking service	\$2.75



EXHIBIT A  
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Schedule No. 4

MONTHLY METER RATES

PERMANENT CONSUMERS

APPLICABILITY

Applicable to all domestic and commercial water service supplied at meter rates to permanent residents.

TERRITORY

Within the area known as Pine Lodge Park, located adjacent to River Pines, Amador County.

RATES

Monthly Minimum Charges

	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4 inch meter	\$2.75

The minimum charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following quantity rates:

QUANTITY RATES

First 3,000 gallons included in minimum charge	
Next 7,000 gallons, per 1000 gallons	\$.70
Next 10,000 gallons, per 1000 gallons	.50
Over 20,000 gallons, per 1000 gallons	.30