

Decision No. 46409

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LORETO MEGNA)
to Increase Rates on Water)
Furnished.)

Application No. 32396

Loreto Megna and Peter S. Megna for
applicant; Mrs. Paul Shrader,
Mrs. William Furnell, Ronald Trout,
interested parties.

O P I N I O N

In this application, filed May 10, 1951, Loreto Megna seeks authority to increase rates and charges for water service rendered in the Tregallas Tract adjacent to the City of Antioch, Contra Costa County.

A public hearing in this matter was held before Examiner Emerson on September 19, 1951, in Antioch.

Applicant serves about 44 customers in an area comprising approximately 30 acres lying to the south of, and bordered on three sides by the City of Antioch. The present rates and those proposed by applicant are compared as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
For each residence, per month	\$2.00	\$2.50
For each additional residence on same premises, per month	1.50	2.00

Meter Rates

	<u>Present Rates</u>	<u>Proposed Rates</u>
Monthly Minimum Charges:		
For 5/8 or 3/4-inch meter	\$1.75	\$2.25
For 1-inch meter	2.50	3.00
For 1½-inch meter	3.75	4.25
For 2-inch meter	5.00	5.50

Monthly Quantity Rates:

For 500 cu. ft., or less	\$1.75	\$2.25
Next 500 cu. ft., per 100 cu. ft.	.25	.30
Next 4,000 cu. ft., per 100 cu. ft.	.20	.25
Over 5,000 cu. ft., per 100 cu. ft.	.15	.20

Applicant serves all lots in his area from a 12-inch well, 115 feet deep, situated on a parcel of land 100 feet by 120 feet reserved for utility operations. A jet pump located 60 feet below the ground surface lifts water into a 15,000-gallon storage tank at the highest elevation within the tract from which water is distributed through some 5,300 feet of pipes varying in size from 3 inches to 1½ inches in diameter, arranged in a looped system.

During the year 1950, applicant received \$1,446.90 in revenues from the sale of water. Had the proposed rates been in effect in that year applicant would have received total revenues of \$1,818, or an increase of about 26%.

It appears from the record in this proceeding that applicant's books have not shown properly the segregation of capital costs and operating expenses. Adjustments and assignment to proper accounts by a member of the Commission staff, however, indicate that 1950 operating expenses, including taxes and an allowance for depreciation expense, totaled \$941.26. Had the proposed rates been in effect in 1950, operating expenses would have been increased by increased taxes on income and would have

totalled \$1,081. In such expenses is a monthly salary of \$25 for applicant.

An estimate of 1951 operating results was presented by the staff. Under present rates, operating revenues are expected to total \$1,660. The rates proposed by applicant, if in effect for the full year 1951, would produce revenues approximating \$2,090. Estimates of operating expenses for the year 1951, also presented by the staff, indicate a total of \$1,354 under present rates and a total of \$1,444 under the proposed rates, both totals including wages of \$40 per month for applicant, as requested by him. Applicant presented no comparable estimates or other showing regarding 1951 operating expenses.

With respect to the bases by which the reasonableness of applicant's rates and rate request may be tested, the evidence before us indicates an average fixed capital of \$5,880 for the year 1950, and an estimated fixed capital of \$6,164 for the year 1951. To these amounts will be added allowances for working cash and average materials and supplies. The average estimated depreciation reserve will be deducted in order to establish depreciated rate bases for the years 1950 and 1951.

The following tabulation summarizes the above-discussed adjusted and estimated results of operations for applicant's utility operations:

Item	Year 1950		Year 1951	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates
Operating Revenues	\$1,446.90	\$1,818	\$1,660	\$2,090
Operating Expenses	941.26	1,081	1,354	1,444
Net Revenues	505.64	737	306	646
Average Fixed Capital	5,880	5,880	6,164	6,164
Materials and Supplies	150	150	150	150
Working Cash	120	120	150	150
Depreciation Reserve	(1,285)	(1,285)	(1,410)	(1,410)
Average Rate Base	4,865	4,865	5,054	5,054
Rate of Return	10.4%	15.1%	6.1%	12.8%
(Inverse Item)				

From the above, and in view of all of the evidence presented in this proceeding, we conclude that no present need of rate relief has been shown, that applicant's present rates are neither unfair nor unreasonable, and that present rates produce a return which is adequate. Applicant's request for authority to increase rates, therefore, will be denied without prejudice to the filing of a new application by applicant when and if conditions so change that rate relief becomes necessary.

O R D E R

Loreto Megna, having applied to this Commission for an order authorizing an increase in rates and charges for water service, a public hearing having been held and the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that applicant has failed to prove that the rates under which he presently operates are unjust or unreasonable; therefore,

IT IS HEREBY ORDERED that the application herein for an increase of rates is hereby dismissed without prejudice.

Dated at San Francisco, California, this 13th day of November, 1951.

R. B. Zimmerman
President.

Harold P. Kula

Harold P. Kula
John E. McCall

Commissioners.