

ORIGINAL

Decision No. 46948

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
LOS LOMAS WATER COMPANY, for an) Application No. 32847
Increase in rates)

Edward P. Pfingst, for applicant;
Roy M. Sayre, attorney, for group of
consumers, interested party.

O P I N I O N

In this application, filed October 24, 1951, the Los Lomas Water Company, a California corporation, seeks authority to increase rates and charges for public utility water service rendered in the Hall District of Monterey County, located about 3½ miles southwest of Watsonville, California.

A public hearing in this matter was held before Examiner Emerson in Watsonville on February 21, 1952.

Applicant was organized to supply water service to an area comprising approximately 600 acres lying westerly of the Southern Pacific Railroad between Watsonville Junction and Salinas, subdivided in May, 1938, into homesites by John T. Porter Company, the principal stockholder of applicant. Applicant was certificated in 1941 and its initial rates, presently effective, were established at that time by this Commission's Decision No. 33842 in Application No. 23709. The present and proposed basic rates are as follows:

Quantity	Rate per Month	
	<u>Present</u>	<u>Proposed</u>
First 1,000 cu. ft. or less.....	\$1.75	\$2.25
Next 5,000 cu. ft., per 100 cu. ft...	.15	.19
Over 6,000 cu. ft., per 100 cu. ft...	.10	.13

Applicant's source of supply is a 12-inch cased well, 100 feet deep, from which water is pumped through a 6-inch line to a 50,000-gallon storage tank at elevation 200 feet. A booster pump further elevates the water to a 25,000-gallon storage tank at elevation 350 feet, the highest part of the subdivision. Both pumps are operated automatically.

The distribution system consists of about 6,800 feet of 2-inch, 11,000 feet of 4-inch and 9,500 feet of 6-inch pipe of various types. Approximately 145 metered customers are presently served from such system.

Testimony presented in this proceeding clearly shows that applicant, in each of the last five years, has operated at a loss. In 1950 the loss was approximately \$966 and in 1951 a deficit of about \$1,400 was realized. Salaries have never totaled more than \$50 per month for the three persons normally devoting their time to the affairs of the company. Had it not been for the other business enterprises of applicant's president having absorbed many of the operating costs of the water system, even greater losses would have resulted.

Applicant's total revenues in 1951 amounted to \$3,200 while its operating expenses totaled \$4,600. Under the rates proposed by applicant revenues of \$5,000 might have been realized, thus leaving \$400 for a return. This net revenue, when related to a depreciated rate base of \$18,900 for the same year indicates a rate of return of about 2.1%. Certainly such return cannot be said to be excessive. The rates proposed by applicant will be authorized.

Six of applicant's consumers, represented by counsel, complained about conditions of service and certain billing irregularities. With respect to billing, applicant should at once

commence a complete and accurate billing procedure and the bill form should show the company name and address and be completely filled out. With respect to service complaints, consumers testified regarding inadequate pressures, clogged pipes and lengthy interruptions in service.

Applicant during 1951 experienced considerable difficulty with its well, primarily due to sand which ruined one pump. Apparently there is no method whereby the sand condition can be eliminated as far as the pump is concerned but sand can be prevented from entering the distribution system by installing an adequate sand trap. Applicant should investigate the feasibility of such an installation. While the company cannot guarantee uninterrupted service it should make every effort to keep the number and length of interruptions to a minimum. Customers should be notified of scheduled interruptions for purposes of repairs to, or replacement of facilities. All customers should be metered and those few not now metered should have meters installed as soon as meters may be obtained for them.

O R D E R

Los Lomas Water Company having applied to this Commission for an order authorizing increases in rates, a public hearing thereon having been held, and the matter having been submitted for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates authorized herein are justified and that the present rates, in so far as they differ therefrom, are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission, after the effective date

EXHIBIT A

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all water service.

TERRITORY

Throughout the entire service area in and in the vicinity of the Las Lomas Subdivisions, Monterey County, as shown on the map included in the tariff sheets.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Charge:	
First 1,000 cubic feet, or less.....	\$ 2.25
Next 5,000 cubic feet, per 100 cubic feet.....	.19
Over 6,000 cubic feet, per 100 cubic feet.....	.13
Minimum Charge:	
For 5/8 x 3/4-inch meter.....	\$ 2.25
For 3/4-inch meter.....	3.10
For 1-inch meter.....	4.35
For 1 1/2-inch meter.....	6.25
For 2-inch meter.....	8.75

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

hereof and in conformity with General Order No. 96, the schedule of rates set forth on Exhibit A attached hereto and, on not less than five (5) days' notice, to make said rates effective for all service rendered on and after May 1, 1952.

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

Dated at San Francisco, California, this 1st
day of April, 1952.

A. T. Zimmerman
President.
Justus J. Osceola
Harold H. Kula
John E. Mitchell
Commissioners.