

ORIGINAL

Decision No. 47002

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
JOHN J. DONAGHY, doing business as)
DONAGHY WATER COMPANY, for Authority) Application No. 32916
to Increase the Present Rates)

John J. Donaghy and James H. Hurley, for applicant;
John D. Reader, for the Commission staff.

O P I N I O N

In this application, filed November 19, 1951, John J. Donaghy (Donaghy Water Company) seeks an order of this Commission authorizing an increase in rates for water service rendered near Glen Ellen, Sonoma County, California. A public hearing in the matter was held before Examiner Emerson in Glen Ellen on March 7, 1952.

Applicant's tariffs presently contain two rate schedules; one for permanent and one for temporary residents. The basic rates, both present and proposed, are compared as follows:

Permanent Residence Rates

	<u>Present</u>	<u>Proposed</u>
Minimum Charge (includes 500 cu. ft.).....	\$1.75	\$3.00
Quantity Charge-Next 1,500 cu.ft., per 100 cu.ft..	.25	.40
Over 2,000 cu.ft., per 100 cu.ft..	.20	.30

Temporary Residence Rates

Annual Minimum Charge (includes 500 cu.ft. for each of six months).....	\$15.00	\$25.00
Quantity Charge-Next 1,500 cu.ft., per 100 cu.ft..	.25	.40
Over 2,000 cu.ft., per 100 cu.ft..	.20	.30

Applicant installed a domestic water system in 1938 as a supply for his real estate subdivision development and was certificated by the Commission's Decision No. 30795 in

Application No. 21696. Rates presently in effect were established at that time. The system now serves an average of 72 customers, may serve a total of 90 in 1952 and as many as 125 when the tract is fully developed.

Testimony presented in this proceeding clearly shows that applicant has been operating at a loss, which in the past five years has totaled approximately \$6,000. During 1951 the loss reached \$851 and if present rates were to be continued throughout the year 1952 losses would approach \$300. Such losses are occasioned by ever-increasing costs of materials, labor and taxes. Taxes alone have increased from \$36 in 1946 to \$287 in 1951, an increase of 697%. Meter costs have increased 150% and casual labor 66% in the same period. Electric power costs have also increased.

Applicant's total revenues in 1951 amounted to \$2,233 while operating expenses totaled \$3,084. Under the rates proposed by applicant, revenues of \$3,713 might have been realized, thus leaving \$629 for a return. This net revenue, when related to a depreciated rate base of \$17,400 for the same year indicates a rate of return of about 2.7%. Certainly such return cannot be said to be excessive. The rates proposed by applicant will be authorized.

Of the 36 consumers present at the hearing, four complained about conditions of service, particularly with respect to quality of water and summer-time pressures. Water in portions of the tract contains a rather fine grained silt-like substance in suspension which applicant believes comes from the lining of the distribution mains. The length of mains precludes their economic

replacement. The disagreeable condition, however, must be alleviated. Applicant will, without delay, install valves and standpipes which will permit regular, frequent and adequate flushing of the mains.

Applicant admits supplying less than adequate pressure during the summer months. Apparently during such period the wells do not produce quantities of water sufficient to fully meet peak demands. Applicant anticipates, and the staff recommended, the installation of a 30,000-gallon storage tank to overcome peak period deficiency. We are of the opinion that such an installation should be made at the earliest date feasible.

Revenues from the additional customers which applicant anticipates will be served during the next 12-month period should materially offset the cost of system improvements. The rates herein authorized should produce about \$4,700 for a normal future year's operating revenues. Operating expenses during a normal year will approximate \$3,500 leaving an amount of about \$1,200 for return. This net revenue related to a depreciated rate base of \$20,000, which base includes the proposed storage tank and flushing facilities, would indicate a rate of return of about 6%. We find such return to be reasonable.

ORDER

James J. Donaghy (Donaghy Water Company) having applied to this Commission for an order authorizing increases in rates, a public hearing thereon having been held, the matter having been submitted and now being ready 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 of this order and in conformity with General Order No. 96, the schedules of rates set forth in 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 June 1, 1952.

IT IS HEREBY FURTHER ORDERED that applicant shall immediately proceed to acquire and install a 30,000-gallon storage tank and have it connected to the distribution system and in service by July 1, 1952.

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

Dated at San Francisco, California, this 14th day of April 1952.

President.
Justus J. Calver

Harold Hula

Herbert J. Potter

W. E. Mitchell
Commissioners.

EXHIBIT A
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Schedule No. 1

PERMANENT RESIDENCE RATES

APPLICABILITY

Applicable only to bona fide permanent residents.

TERRITORY

Throughout the entire territory served in Sonoma County as shown on the map included in the tariff sheets.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Charge:	
First 500 cu.ft. or less	\$3.00
Next 1,500 cu.ft., per 100 cu.ft.40
Over 2,000 cu.ft., per 100 cu.ft.30
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$3.00
For 3/4-inch meter	4.00
For 1-inch meter	5.00

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

TEMPORARY RESIDENCE RATES

APPLICABILITY

Applicable to occupants of summer homes or week-end cabins and others who are not bona fide permanent residents.

TERRITORY

Throughout the entire territory served in Sonoma County as shown on the map included in the tariff sheets.

RATES

Annual Minimum Charge:

Due and payable in advance \$25.00

The foregoing "Annual Minimum Charge" will entitle the consumer to 500 cubic feet of water each calendar month for any period of six consecutive months and to 50 cubic feet of water per month for the remaining six months at no extra charge.

When water is used in excess of the quantities covered by the foregoing "Annual Minimum Charge", the following rate schedule will apply.

Quantity Charge:

Per Meter
Per Month

Applicable for period of six consecutive months.
Excess use over the minimum.

From 0 to 500 cu.ft., included in annual charge.	
Next 1,500 cu.ft., per 100 cu.ft.	\$0.40
Over 2,000 cu.ft., per 100 cu.ft.30

Applicable during the period outside the regular six months' consecutive use.

From 0 to 50 cu.ft., included in annual charge.	
Next 450 cu.ft., per 100 cu.ft.	\$0.60
Next 1,500 cu.ft., per 100 cu.ft.40
Over 2,000 cu.ft., per 100 cu.ft.30