

ORIGINAL

Decision No. 47374

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
Westside Water Co., a public utility) Application No. 33257
for AUTHORITY TO INCREASE RATES)

Edward A. Duitsman, in propria persona, for
applicant; Mrs. F. A. Mondt, in propria
persona, a water service consumer, interested
party; Reginald H. Knaggs, for the Commission
staff.

O P I N I O N

Westside Water Co., a copartnership, owned and operated under such fictitious title by Earl H. Depue and Edward A. Duitsman, individuals, by the above-entitled application filed March 29, 1952, seeks authority to increase rates for water service in unincorporated territory near Barstow, San Bernardino County.

A public hearing in this matter was held before Examiner Warner on June 10, 1952, in Barstow.

History and Description of Service Area

Earl H. Depue and Edward A. Duitsman, copartners, were granted a certificate of public convenience and necessity to construct and operate a public utility water system by the Commission's Decision No. 41619, dated May 25, 1948, in Application No. 28642. Their service area comprises 550 acres located in Sections 5, 7, 8 and 17, Township 9 North, Range 2 West, S.B.B.&M. It is located approximately four miles west of the City of Barstow along Highway No. 66 in the so-called Lenwood area, and includes Grandview Home Sites and Glenwood Highlands subdivisions.

Approximately one-half of the authorized service area has been subdivided into home sites. The sizes of the lots range from 3/4-acre to 3 acres. As of the date of the hearing 276 service connections were installed, and there were 143 active consumers, all of whom were being served on a flat rate basis. Applicant's witness, Edward A. Duitsman, testified that the increase in number of consumers was approximately 15% per year.

Description of the System

Applicant's water system includes two wells located within the service area and near the Mojave River. The elevation of the wells and pumping plant sites is 2,140 feet, and the elevation of the general service area is 2,200 feet. One well is 100 feet in depth and the other is 117 feet in depth. Each well has installed therein a turbine pump driven by a 25-hp electric motor. A booster pump driven by a 7½ hp electric motor has been connected to the distribution system to serve an area south of Highway No. 66 at an elevation 40 or 50 feet higher than the general service area.

Present and Proposed Rates

A comparison of the rates in effect and those requested follows:

	<u>Monthly Flat Rates</u> ✓	
	<u>Present</u>	<u>Proposed</u>
3/4-Inch Service.....	\$2.00	\$3.00
1-Inch Service.....	2.75	3.75
Additional Dwelling.....	1.00	2.00
Irrigation Over 10 M Sq.Ft. per 100 Sq.Ft.....	.02	.04

The record shows that at present there are no 1-inch service connections. No change is proposed in applicant's presently filed general metered service rates.

Results of Operation

In its application applicant alleged that it sustained a net loss of \$924.81 for the year 1948, a net loss of \$891.17

for the year 1949, a net loss of \$1,513.31 for the year 1950, and a net loss of \$3,561.27 for the year 1951.

A report on the results of applicant's operations for the year 1951 adjusted, at present and proposed rates, and for the year 1952, estimated, at proposed rates, was filed at the hearing as Exhibit No. 1 by a Commission staff engineering witness. The earnings information contained in the application and Exhibit No. 1 is summarized as follows:

SUMMARY OF EARNINGS

Item	Year 1951			Year 1952
	Recorded per A. 33257	Adj. per PUC Present Rates	Exh. #1 Proposed Rates	Estimated Per PUC Exh. No. 1 Proposed Rates
Operating Revenues	\$2,519	\$2,519	\$3,761	\$4,950
Operating Expenses, excl. taxes and depreciation	4,004	2,694	2,694	
Taxes	249	249	249	
Depreciation	1,827	1,528	1,528	
Total Oper. Expenses	6,080	4,471	4,471	4,750
Net Oper. Revenue	(3,561)	(1,952)	(710)	200
Rate Base (Depreciated)				33,087
Rate of Return				0.06%

(Red Figure)

In discussing the earnings for the year 1951 at present rates as recorded on applicant's books of account, the staff engineer testified that some items properly chargeable to capital had been charged to operating expense and that he had adjusted the recorded amounts for the year 1951 by the elimination of such items from operating expenses. He also testified that he had computed the annual depreciation expense according to the straight-line remaining life principle. Also, he testified that he had included

an amount of \$100 per month in General and Miscellaneous Expenses to cover general office salaries, rent, and miscellaneous other general office expenses for the adjusted year 1951.

Fixed Capital

The fixed capital in service as of January 1, 1952, was determined by the staff engineer to be \$36,818.23. He testified that he had started with the Commission's appraisal of September 22, 1947, in Application No. 28642, and had brought such appraisal up to date with additions, betterments and retirements. He computed the depreciation reserve requirement on such capital to be \$4,231.56. The staff operating expense adjustments and fixed capital calculations appear to be reasonable and are hereby adopted for the purposes of this proceeding.

Water Consumption

The record shows that on the basis of 121 average flat rate consumers for the year 1951, the annual consumption of water was 71,645 cubic feet per consumer, or an average monthly consumption of 5,970 cubic feet. The witness Duitsman testified that applicant did not intend to install meters. Water usage per consumer is relatively high when compared with water usage per consumer throughout other areas in Southern California due, partly, to the very light sandy soil and due, also, to the efforts of consumers to maintain gardens and shade trees on their lots in the desert area.

Notices of Hearing and Consumers Statement

Although notices of the hearing were sent to all consumers, no objection was entered at the hearing by any party. Mrs. F. A. Mondt, a consumer, stated that she had reviewed the application prior to the hearing and had discussed it with her neighbors, and stated that she believed the rate increase requested was fair.

Conclusion

From a review of the record it is evident that applicant is in need of financial relief. The estimated rate of return for the year 1952 at the proposed rates is 0.06%, and the Commission hereby finds that the increases in rates which will be authorized by the order which follows are just and reasonable.

Books and Accounts

The witness Duitsman testified that applicant would, in the future, endeavor to keep its books in accordance with the Uniform Classification of Accounts for Water Corporations as prescribed by this Commission. In this connection, applicant should immediately restate its fixed capital and depreciation reserve accounts to conform with the statement of such accounts as of December 31, 1951, as shown on page 5, Exhibit No. 1, filed in this proceeding, and the order which follows will so provide.

O R D E R

Westside Water Co., a copartnership, owned and operated by Earl H. Depue and Edward A. Duitsman, individuals, having filed the above-entitled application, a public hearing 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 and charges authorized herein are justified and that present rates in so far as they differ from those herein prescribed are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED as follows:

1. That applicant is 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, a schedule of rates as shown in Exhibit A attached hereto, and on not less than five (5) days' notice to the Commission and to the public, to make said rates effective for service rendered on and after August 1, 1952.

2. That applicant's presently filed Schedule No. 1, Monthly Flat Rates, be and it is cancelled.
3. That applicant shall restate its fixed capital and depreciation reserve accounts so as to reflect the statement of such accounts as of December 31, 1951, as shown on page 5, Exhibit No. 1, filed in this proceeding.
4. That applicant shall file with the Commission the journal entries to place on its books of accounts the results of such restatement of its fixed capital and depreciation reserve accounts.

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

Dated at San Francisco California, this 30th day of June, 1952.

[Signature]
President.

[Signature]

[Signature]

[Signature]

Commissioners.

Commissioner Justus E. Craemer, being necessarily absent, did not participate in the disposition of this proceeding.

EXHIBIT A

Schedule No. 1

MONTHLY FLAT RATESAPPLICABILITY

Applicable to all unmeasured, commercial and industrial use of water.

TERRITORY

Within the established 550-acre service area located in Sections 5, 7, 8 and 17, Township 9 North, Range 2 West, S.B.B. & M., San Bernardino County, approximately four miles westerly of the town of Barstow.

RATES

	<u>Per Month</u>
For 3/4-inch service connection, per single-family unit	\$3.00
or single lot not in excess of 10,000 square feet and \$0.04 per month for sprinkling or irrigation of each additional 100 square feet..	
For each additional dwelling	2.00
For 1-inch service connection, per single-family unit	3.75
or single lot not in excess of 10,000 square feet and \$0.04 per month for sprinkling or irrigation of each additional 100 square feet.	
For each additional dwelling	2.00