

**ORIGINAL**

Decision No. 47986

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of GEORGE W. HASEK and LOUIS C. )  
EVANGELISTI, operating under the )  
name of HACIENDA WATER COMPANY, )  
for Order authorizing an Increase )  
of Water Rates. )

Application No. 33253  
Amended

Frank W. Finn, for applicants;  
Leonard Counihan, interested party;  
Clyde F. Norris, for the Commission  
staff.

O P I N I O N

George W. Hasek and Louis C. Evangelisti (Hacienda Water Company) by the above-entitled application, filed March 26, 1952 and as amended August 13, 1952, seek authority to increase rates for water service rendered in the unincorporated community of Hacienda, near Hilton, Sonoma County.

A public hearing in the matter was held before Examiner Emerson on October 9, 1952 at Hacienda. Notification was mailed to all of applicants' customers and approximately 16 were in attendance.

Rates, Present and Proposed

Rates presently in effect have remained unchanged for many years and have been on file with the Commission since 1941.

The following tabulation is a comparison of present rates and those which applicants request.

<u>Flat Rates</u>	<u>Present Rate</u>	<u>Proposed Rate</u>
Annual Service	\$18.00	\$30.00
Summer Service (5 months)	14.00	25.00*
For Each Additional Month	1.00	1.75
Maximum Annual Charge	18.00	30.00

\* May to September, inclusive.

<u>Meter Rates</u>	<u>Present Rate</u>	<u>Proposed Rate</u>
Annual Minimum Charges:		
For 5/8 x 3/4-inch meter includes 400 cu. ft. per month	\$18.00	\$26.00
For 3/4-inch meter includes 800 cu. ft. per month	-	45.00
For 1-inch meter includes 1,600 cu. ft. per month	-	90.00
For 1 1/2-inch meter includes 2,400 cu. ft. per month	-	140.00
Seasonal Minimum Charge:		
For 5/8 x 3/4-inch meter	\$14.00	\$22.00*
For each additional month	1.00	-
Monthly Quantity Rates:		
First 1,000 cu. ft. over minimum, per 100 cu. ft.	\$ 0.25	\$ 0.40
Next 1,000 cu. ft. over minimum, per 100 cu. ft.	.20	.30
Over 2,000 cu. ft. over minimum, per 100 cu. ft.	.175	.25

\* May to September, inclusive.

On the average, the requested rates would increase the customer's bill by about 64%.

#### The System, Its Growth and Improvements

The system served 126 customers during 1951, and has a total of about 130 service connections at the present time. Eighty of the connections are metered.

During about nine months of the year the water supply is obtained from two 8-inch wells which are pumped, by means of two 7½ hp electric motors, into four 500-gallon storage tanks. During the remaining portion of each year, spring and rainfall runoff is impounded behind a dam at the north end of the system where storage of about 150,000 gallons is available. Because of the service which is required at the higher elevations of the service area, two booster pumps are used to maintain water in three 10,000-gallon and one 4,000-gallon tanks and at elevations about 147 feet above the booster pumps.

The area served is primarily a summer home area, although each year more year-round residents are served. About 25 families now maintain permanent residence while many others use or rent their property for week-end and holiday occupancy and in addition permit multiple occupancy during the summer period. All multiple-cottage premises are metered and have separate service connections.

With respect to the physical conditions and needs of this system the evidence indicates that customers receive, in the main, fully adequate service, except in times of emergency interruptions. Applicant Hasek testified, however, that a number of mains were badly deteriorated and subject to leaks and, further, that one storage tank needed replacing with one of larger capacity. The total estimated cost of needed system improvements approaches \$10,000 in fixed capital items. Applicants propose to make these improvements and to meter all customers as funds may become available.

#### Revenues, Expenses and Earnings

The evidence clearly shows that this system has operated at a loss for the past few years. In 1950 applicants lost about \$290. In 1951 they sustained a loss of over \$500. During such

years the pay roll charges were only \$20 per month. In this latter connection the Commission engineer who made an investigation of the operations of the system testified that "labor charged to operating and maintenance is abnormally low and does not reflect the labor required to operate the water company." It is readily apparent from the record in this proceeding that applicants have personally absorbed many of the costs of operation and that charges to the water system are considerably below those reasonable operating costs normally incurred.

Under the rates presently in effect, gross revenues in 1953 would approximate \$2,500 while normal expenses would total, without any consideration of applicable taxes on income, approximately \$3,400. During such year, therefore, applicants would suffer a loss of about \$900.

Under the rates which applicants have requested, 1953 revenues would total approximately \$4,100. With the same normal expenses applicants would receive a net revenue of about \$700 before payment of any taxes assessed against income.

The record shows that applicants' fixed capital during 1953 will average \$17,135. After allowing a reasonable sum for materials and supplies and deducting an average depreciation reserve of \$4,970, a depreciated rate base of \$12,315 is derived for such year. Applicants' 1953 net revenue, when related to such rate base indicates a rate of return of 5.68%. We find such return and rate base to be reasonable.

It is clear that applicants are entitled to relief in the form of increased revenues and in the total amount sought. Applicants' rate request will be granted.

Customer Participation

Two of applicants' customers, one a year-round resident and one a six-month resident, testified as to the service and the attention which applicant Hasek devotes to the system. Both were laudatory and urged granting of increased rates.

A member of the community's Improvement Club cross-examined witnesses and urged that a lower rate be established for summer users. Two others, who were unable to attend the hearing and therefore sent letters of protest, claimed rates were exorbitant for the usage made of applicants' water service during the summer vacation season.

The Commission has carefully considered these viewpoints as well as all evidence of record in this proceeding. That summer or week-end residents feel that the cost of water is high for the relatively few days that they avail themselves of the service is understandable. They should be aware, however, that the water system must be kept in operation continuously. The water facilities must be adequate during the heavily used summer period as well as during the lesser used remainder of the year. Stretching the facilities for three months and shrinking them for nine months is impossible. The costs of making water available for the demands of all consumers must equitably be spread through rates. Nothing presented in this proceeding indicates to us that the application of the proposed rates will be unreasonable to the consumers or in any way discriminatory. Annual and seasonal rates will be continued.

O R D E R

George W. Hasek and Louis C. Evangelisti (Hacienda Water Company) having applied to this Commission for an order authorizing

increases in rates and charges, a public hearing having been held, and the matter being now ready for decision,

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

IT IS HEREBY ORDERED that applicants are authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with General Order No. 96, the schedule of rates set forth in Exhibit A attached to this order and, upon not less than five (5) days' notice to the Commission and the public, to make such rates effective for all service rendered on and after January 1, 1953.

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

Dated at San Francisco, California, this 2<sup>nd</sup> day of December, 1952.

[Signature]  
President..  
Justice J. Caswell  
Harold A. Hula  
[Signature]  
[Signature]  
Commissioners..

EXHIBIT A  
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Schedule No. I

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water service rendered annually on a metered basis.

TERRITORY

In and in the vicinity of the unincorporated community of Haciends, Sonoma County.

RATES

Annual Minimum Charge:	<u>Per Meter</u> <u>Per Year</u>
For 5/8 x 3/4-inch meter.....	\$ 26.00
For 3/4-inch meter.....	45.00
For 1-inch meter.....	90.00
For 1 1/2-inch meter.....	140.00

  

Monthly Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 400 cu. ft. or less.....	\$2.17
Next 1,000 cu. ft., per 100 cu. ft.....	.40
Next 1,000 cu. ft., per 100 cu. ft.....	.30
Over 2,400 cu. ft., per 100 cu. ft.....	.25

The Annual Minimum Charge will entitle the consumer to the quantity of water which 1/12 of the annual minimum charge will purchase each month at the Monthly Quantity Rates.

SPECIAL CONDITIONS

1. The annual minimum charge is payable in advance and is applicable to service for a calendar year.
2. The charge for water used in excess of the quantity allowed per month for the minimum charge will be payable upon presentation of the monthly bill for such excess quantity.

EXHIBIT A  
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Schedule No. 2

SEASONAL RESIDENTIAL METERED SERVICE

APPLICABILITY

Applicable to all seasonal residential water service rendered on a metered basis.

TERRITORY

In and in the vicinity of the unincorporated community of Hacienda, Sonoma County.

RATES

Seasonal Minimum Charge:	<u>Per Meter</u> <u>Per Season</u>
For 5/8 x 3/4-inch meter, entitling the consumer to 400 cu. ft. of water during each of the months on a noncumulative basis, May to September, incl.	\$22.00
Upon payment of the seasonal minimum charge, for each additional month of the same calendar year up to the annual minimum charge specified in Schedule No. 1.....	<u>Per Meter</u> <u>Per Month</u> \$2.00
Monthly Quantity Rates:	
For water used in excess of the quantity allowance under seasonal minimum charge:	
First 400 cu. ft., included in seasonal charge.	
Next 1,000 cu. ft., per 100 cu. ft.....	\$0.40
Next 1,000 cu. ft., per 100 cu. ft.....	.30
Over 2,400 cu. ft., per 100 cu. ft.....	.25

SPECIAL CONDITIONS

1. The seasonal minimum charge is payable in advance.
2. The charge for water used in excess of the quantity allowed per month for the minimum charge will be payable upon presentation of the monthly bill for such excess quantity.



EXHIBIT A  
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Schedule No. 3

ANNUAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all water service rendered annually on a flat rate basis.

TERRITORY

In and in the vicinity of the unincorporated community of Hacienda, Sonoma County.

RATES

Per Year

Annual flat rate for each single family dwelling or commercial establishment.....	\$30.00
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SPECIAL CONDITIONS

1. The annual charge is payable in advance and is applicable for a calendar year.

2. Meters may be installed at the option of the utility or the customer, in which event service thereafter will be rendered only on the basis of Schedule No. 1, Annual General Metered Service or Schedule No. 2, Seasonal Residential Metered Service. A consumer's request for change from flat rate to metered service must be made in writing.

Schedule No. 4

SEASONAL FLAT RATE SERVICE

FLAT RATE SERVICE

APPLICABILITY

Applicable to all seasonal residential water service rendered on a flat rate basis.

TERRITORY

In and in the vicinity of the unincorporated community of Hacienda, Sonoma County.

RATES

Seasonal Minimum Charge:	<u>Per Season</u>
For flat rate service during each of the months May to September, inclusive.....	\$25.00
	<u>Per Month</u>
Upon payment of the seasonal minimum charge, for each additional month of the same calendar year up to the annual charge specified in Schedule No. 3.....	\$2.50

SPECIAL CONDITIONS

1. The seasonal minimum charge is payable in advance.
2. Meters may be installed at the option of the utility or the customer, in which event service thereafter will be rendered only on the basis of Schedule No. 1, Annual General Metered Service or Schedule No. 2, Seasonal Residential Metered Service. A consumer's request for change from flat rate to metered service must be made in writing.