

ORIGINAL

Decision No. 48221

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
BIDWELL WATER COMPANY for an order )  
authorizing it to increase rates for )  
water service. )

Application No. 33620

John C. Luthin, for applicant; Board of Supervisors  
of Plumas County, interested party, by Supervisor  
E. J. Humphrey; Clyde F. Norris, for the Commission  
staff.

O P I N I O N

By the above-entitled application, filed July 30, 1952, Bruce and Adelaide S. Bidwell (Bidwell Water Company) seek an order of this Commission authorizing increases in rates for water service rendered in and about Greenville, Plumas County.

A public hearing in the matter was held before Examiner Emerson on December 9, 1952, at Greenville. No person appeared at the hearing to protest the granting of applicants' request for increased rates.

Rates, Present and Proposed

Rates for service from this system were originally established in 1920 and revised in 1925. In 1941 this Commission by its Decision No. 34176 ordered revised schedules of rates which reduced many of the charges which had been in effect since 1925. The present proceeding is the first request for an increase in rates since 1925.

Requested increases vary between about 33% and 50% for flat rate customers and between about 33% and 98% for metered customers. The average consumer would experience an

increase of approximately 40% in his monthly bill under the requested rates. During the year 1952 the utility served an average of 360 flat rate consumers and 55 metered services.

Typical billings under present and requested rates and under those rates hereinafter authorized are as follows:

<u>Classification</u>	<u>Flat Rates</u>		
	<u>Charge Per Month</u>		
	<u>Present Rate</u>	<u>Requested Rate</u>	<u>Authorized Rate</u>
For 5-room residence	\$2.00	\$2.70	\$2.60
For retail store	1.50	2.00	2.00
For doctor's office	1.50	2.00	2.00
For barber shop, single chair	1.00	1.50	1.50
For large garage or service station	5.50	7.70	7.70
For public hall or church	1.25	1.70	1.70

<u>Quantity</u>	<u>Meter Rates</u>		
	<u>Charge Per Month</u>		
	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Authorized Rate</u>
0-500 cubic feet	\$1.50	\$2.00	\$1.85
600 cubic feet	1.50	2.25	2.10
700 cubic feet	1.50	2.50	2.35
800 cubic feet	1.70	2.75	2.60
1,000 cubic feet	2.10	3.25	3.10
1,500 cubic feet	3.10	4.50	4.35
2,000 cubic feet	3.85	5.50	5.35
3,000 cubic feet	5.35	7.50	7.35
5,000 cubic feet	7.35	11.50	11.35
10,000 cubic feet	9.85	19.00	18.85

The flat rates proposed are similar to those now charged with the exceptions that certain unused classifications have been discontinued and the allowance of 500 square feet of irrigated area under the basic residential charge is proposed to be eliminated.

With respect to meter rates, applicants allege that if all customers were to be metered, revenues under present rates would be less than those now derived from flat rates and that, therefore, meter rates must be substantially increased. The utility plans to meter all services, as the availability of funds permit, in order to reduce waste of water and lessen demands.

The intent in installing meters is not to increase revenues over those derivable from flat rates but to preserve the present adequacy of the system and to spread more equitably the charges for service between users.

Summary of Presentations

Applicants, through a consulting engineer, presented a report and testimony regarding the financial results of operations of the utility. The Commission staff also presented a report and testimony on the results of its investigation of the utility's operations. The respective presentations are summarized in the following tabulation:

<u>Period</u>	<u>Present Rates</u>		<u>Requested Rates</u>	
	<u>Applicant</u>	<u>CPUC Staff</u>	<u>Applicant</u>	<u>CPUC Staff</u>
<u>Estimated Year 1952</u>				
Operating Revenues	\$15,495	\$15,861	\$21,375	\$22,759
Operating Expenses	15,598	14,099	17,553	16,386
Net Revenue	(103)	1,762	3,822	6,373
Rate Base (Depreciated)	58,553	58,546	58,553	58,286 <sup>a</sup>
Rate of Return	Loss	3.01%	6.5%	10.93%
<u>Estimated Year 1953</u>				
Operating Revenues	\$16,225	\$16,083	\$22,475	\$23,068
Operating Expenses	16,916	14,390	18,846	16,692
Net Revenue	(691)	1,693	3,629	6,376
Rate Base (Depreciated)	59,743	59,481	59,743	59,081 <sup>a</sup>
Rate of Return	Loss	2.85%	6.1%	10.79%

(Red Figure)

- a. Recognizes lower working cash requirement under increased rates.

The differences apparent in this tabulation arise primarily from the respective methods used in computing depreciation accrual and income taxes, and in the respective allowances of salaries for the owners. Applicants computed income taxes on a corporate basis while the staff computed taxes on income for an individual. With respect to salaries, applicants included an increase of \$1,200, on an annual basis, as added compensation

for their own efforts in managing, operating, constructing, maintaining and financing the system. In this respect the evidence is clear that applicants, to the present time, have not been able fully to draw the monthly salaries charged on the utility books because of lack of sufficient revenues, although the owners rely almost entirely upon such salaries for their total income. The Commission staff included no increased salaries in its estimates.

Heretofore depreciation expense has been computed by the utility by applying 5% sinking fund depreciation factors to the recorded fixed capital. Applicants now propose to use the remaining life method on a straight-line basis. Their consultant, therefore, made a reserve requirement study, adjusted the reserve and reapportioned it to capital accounts and recalculated the depreciation expense. The staff, on the other hand, followed its standard practice by which gross depreciable plant, less net salvage and apportioned recorded depreciation reserve, is spread over the remaining life of the property and the annual expense calculated thereon. For the purposes of this proceeding we shall adopt the latter method.

#### Conclusions

It is apparent that applicants are not now earning a reasonable return, nor will they earn a reasonable return if present rates are continued. They are entitled to rate relief.

In view of the evidence we hereby adopt and find the following tabulation to be a reasonable estimate of the results .

of operations of this utility to be expected in the year 1953 under the rates which applicant has requested.

Operating Revenues	\$22,500
Operating Expenses	18,250
Net Revenue	4,250
Rate Base (Depreciated)	59,500
Rate of Return	7.15%

Such a return, in this instance, would be in excess of a reasonable rate of return. We shall authorize rates, therefore, which should produce gross revenues of approximately \$21,800. After allowance for reasonable operating expenses in a total amount of \$18,100 a net revenue of \$3,700 will result thus indicating a rate of return of 6.22% on a depreciated rate base of \$59,500. For the purposes of this proceeding we find such rate base and rate of return to be reasonable.

Applicants are now furnishing fire hydrant service without a filed rate therefor. An appropriate rate for such service will be authorized. Applicants will be required to file an up-to-date set of rules governing customer relations. The present agricultural irrigation rate, long unused, may be cancelled. The schedule for general metered service will no longer provide that the customer pay the cost of meter installation.

#### O R D E R

Bruce and Adelaide S. Bidwell (Bidwell Water Company) having applied to this Commission for an order authorizing increases in rates and charges for water service in Greenville and vicinity, Plumas County, 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 and charges authorized herein are justified and that the

existing rates, in so far as they differ from those authorized herein, are unjust and unreasonable; therefore,

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

IT IS HEREBY FURTHER ORDERED that applicants shall file in quadruplicate with this Commission within ninety (90) days after the effective date of this order a complete set of rules and regulations, including service area map, revised to reflect present-day practices and relations with its customers.

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

Dated at San Francisco, California, this 27<sup>th</sup> day of January, 1953.

A. J. [Signature]  
President.

Justin J. [Signature]

Harold P. [Signature]

[Signature]

[Signature]  
Commissioners.

EXHIBIT A  
Page 1 of 4

## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

In the unincorporated town of Greenville and vicinity, Plumas County.

RATES

Quantity Rates:	Per Meter Per Month
First 500 cu. ft. or less.....	\$1.85
Next 1,000 cu. ft., per 100 cu. ft.....	.25
Next 3,500 cu. ft., per 100 cu. ft.....	.20
Next 5,000 cu. ft., per 100 cu. ft.....	.15
Over 10,000 cu. ft., per 100 cu. ft.....	.08

## Minimum Charge:

For 5/8 x 3/4-inch meter.....	\$ 1.85
For 3/4-inch meter.....	2.50
For 1-inch meter.....	3.50
For 1½-inch meter.....	7.00
For 2-inch meter.....	9.00
For 3-inch meter.....	15.00

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

EXHIBIT A  
Page 2 of 4

## Schedule No. 2

FLAT RATE SERVICEAPPLICABILITY

Applicable to all flat rate water service.

TERRITORY

In the unincorporated town of Greenville and vicinity, Plumas County.

RATES

	<u>Per Month</u>
For each residence, flat, apartment, boarding or rooming or lodging house of five rooms or less, including reasonable and necessary quantities of water for an irrigated area of not over 500 square feet of lawns, gardens, shrubbery and trees.....	\$2.00
For each additional dwelling unit of five rooms or less on same premises and taking water through the same service connection.....	1.75
For each additional room.....	.10
For each bathtub or shower.....	.30
For each flush toilet.....	.30
Sprinkling or irrigation of lawns, gardens and shrubbery, for all water area in excess of 500 square feet for each residential establishment payable during the five-month period of May to September, inclusive.	
First 500 square feet.....	No Charge
Next 4,500 square feet, per 100 square feet.....	\$0.065
Over 5,000 square feet, per 100 square feet.....	.03
Hotels:	
General Use.....	\$3.40
In addition to general use:	
Each room with running water.....	.15
Each bathtub or shower.....	.20
Each flush toilet.....	.20
Each unit of seating capacity in dining room, coffee shop.....	.15



EXHIBIT A  
Page 3 of 4

## Schedule No. 2

FLAT RATE SERVICE  
(Continued)

RATES (Continued)

	<u>Per Month</u>
For each restaurant, lunch counter, cafe, per unit of seating capacity.....	\$0.15
Minimum charge.....	2.70
Barber shops and beauty parlors	
For single chair or operator.....	1.50
For each additional chair.....	.35
For each bathtub or shower for public use.....	.70
For each flush toilet.....	.35
Doctors' and dentists' offices	
For not more than two rooms with water service.....	2.00
For each additional room.....	.70
Garages and service stations.....	
For each automobile wash rack.....	2.50
For each flush toilet.....	3.50
	.70
For each public hall, lodge room or church.....	1.70
For each drugstore, soft drink parlor, saloon.....	3.40
For each retail store, shop, bank.....	2.00
For each window box type air-cooling unit, in addition to regular flat rates, during months of June, July, August and September.	
For water wasting type.....	.55
For water recirculating type.....	.30

SPECIAL CONDITIONS

1. All service not covered by the above classifications will be furnished only on a metered basis.

2. Meters may be installed at option of the utility or the consumer for above classifications in which event service thereafter will be rendered only on the basis of Schedule No. 1, General Metered Service.

Schedule No. F-1

FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to fire hydrant service for private or public agencies.

TERRITORY

The entire territory served from the company's piped distribution system.

RATES

	<u>Per Month</u>
Per hydrant.....	\$2.00

SPECIAL CONDITIONS

1. The company will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

2. The customer shall indemnify the company and save it harmless against any and all claims arising out of service under this schedule and shall further agree to make no claim against the company for any loss or damage resulting from service hereunder.