

**ORIGINAL**

Decision No. 48227

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
PEARL I. FELDMEYER for Order Auth- )  
orizing Increase of Water Rates )

Application No. 33549

Francis M. Passalacqua, for applicant.  
Bernard Corden, for the Hydraulic Section,  
Public Utilities Commission.

OPINION

Nature of Proceeding

Pearl I. Feldmeyer, sole owner of the Geyserville Water Works in the County of Sonoma, asks authority herein to increase her rates by 50 cents per month for each consumer.

Public Hearing

A public hearing was held before Examiner Gillard in Geyserville on December 30, 1952.

Description of Applicant's System

The Geyserville Water Works utilizes four wells, two pumps, two storage tanks with a total of 41,000 gallons capacity, and approximately 12,500 feet of mains varying in size from 3/4 inch to 4 inches in diameter. At the end of 1951 there were 136 customers of whom 31 were metered.

Present and Proposed Rates

Applicant's present basic rates, authorized by Decision No. 41319 dated March 16, 1948, are \$1.75 per month for 1,500 cubic feet on the metered service, and \$2 per month for a residence and 2,500 square feet of irrigable area on the flat rate service.

Applicant proposes to increase each of these rates, as well as

similar charges for other miscellaneous classifications, by 50 cents a month. No changes are proposed in the charges for additional water, which are 10 cents per 100 cubic feet over 1,500 cubic feet, and 5 cents for each 100 square feet over 2,500 square feet.

#### Revenue Per Consumer

Applicant testified that the capital investment in the water system amounted to \$13,617 at the end of 1951, and that for the calendar year 1951 she suffered a loss of \$42 based on revenues of \$3,448 and expenses of \$3,490. She estimates that the proposed increase would produce \$816 per year - \$6 per year for each of 136 consumers.

#### Estimated Earnings

A Commission staff engineer testified herein and introduced into evidence a report on his investigation of applicant's water system. The revenues, expenses and rate bases developed in this report are summarized as follows:

Item	: Year 1951:	Year 1952		Year 1953	
	: Adjusted	: Recorded & Est.	: Estimated	: Present	: Proposed
	: Rates	: Rates	: Rates	: Rates	: Rates
Operating Revenue	\$3,425	\$3,456	\$4,276	\$3,510	\$4,330
Operating Expenses, excluding taxes and depreciation	3,021	3,130	3,130	3,300	3,300
Depreciation Expense	265	315	315	328	328
Taxes	154	154	254	158	228
Total Operating Exp.	3,440	3,599	3,699	3,786	3,856
Net Revenue	(15)	(143)	577	(276)	474
Average Depreciated Rate Base	6,946	7,930	7,930	8,286	8,286
Rate of Return	-	-	7.28%	-	5.72%

(Red Figure)

For the year 1951 the gross figures for revenue and expense very closely approximate the figures submitted by applicant, but there were a number of adjustments in the individual accounts. Expense items for capital improvements and interest on indebtedness were eliminated, but reasonable allowances were added for rent, automobile, legal services and salary for applicant. Actual social security taxes were added and the depreciation expense was reduced.

#### Depreciation

This last reduction was caused by a change from a 3% straight-line depreciation expense used by applicant to a 2.45% remaining life depreciation rate. The engineer estimated the composite remaining life of the various depreciable assets to be 22 years. The 2.45% rate is based upon total depreciable assets of \$12,675 at the end of 1951. There is also \$610 worth of non-depreciable capital, which, when added to the \$12,875, gives a total capital investment closely approximating the figure submitted by applicant.

In computing the rate base, the engineer added \$300 for working cash and deducted \$5,945 book depreciation reserve in arriving at a depreciated rate base of \$7,840 at the end of 1951. Adjustments to this figure for additions in 1952 and necessary improvements contemplated for 1953 account for the average depreciated rate bases for those years given in the foregoing table.

#### Conclusions

On this record we find that the increased rate has been justified, that the rate of return of 5.72% on the 1953 rate base of \$8,286 is reasonable and that the foregoing operating results are reasonably calculated to produce such return.

No protest was made to the application, but one consumer testified that he believed it would be more equitable if applicant constructed her rate schedule so that those consumers who used the most water would be charged more, and vice versa. It is recommended that applicant install meters for those consumers with large usage or who visibly waste water in their gardens or homes.

The Commission engineer made a similar recommendation concerning the metered customers. In his opinion the allowance of 1,500 cubic feet per month for the minimum charge is too high and 1,000 cubic feet would be more equitable. We concur in this opinion.

Similarly, we are of the opinion that the rate for each 100 cubic feet above the minimum should be increased so as to reduce the spread between this rate and the minimum rate. To offset these increases, a decrease in the proposed minimum meter rate is required, and in the order to follow, this decrease will be made sufficient to equalize those increases so that the total increase to the metered customers will remain at approximately the amount sought by applicant.

#### O R D E R

Pearl I. Feldmeyer having applied to the Commission for an order authorizing an increase in water rates and charges, a public hearing 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 present rates, in so far as they differ from those herein prescribed, are unjust and unreasonable; therefore,

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

this order, in conformity with General Order No. 96, the schedule of rates and charges shown in Exhibit A attached hereto, and, on not less than five (5) days' notice to the Commission and the public, to make said rates and charges effective for service rendered on and after March 1, 1953.

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

Dated at Los Angeles, California, this 2nd day of February, 1953.

R. F. [Signature]  
President.

Justus J. Calver  
Harold A. Kula

[Signature]  
[Signature]  
Commissioners.

EXHIBIT A  
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## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

In and in the vicinity of the town of Geyserville,  
Sonoma County.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 1,000 cu. ft. or less .....	\$1.90
Over 1,000 cu. ft., per 100 cu. ft. ....	.11
 Minimum Charges:	
For 5/8-inch meter .....	\$1.90
For 3/4-inch meter .....	2.25
For 1-inch meter .....	3.25
For 1 1/2-inch meter .....	5.25
For 2-inch meter .....	8.25

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  
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## Schedule No. 2

GENERAL FLAT RATE SERVICEAPPLICABILITY

Applicable to all flat rate water service.

TERRITORY

In and in the vicinity of the town of Geyserville,  
Sonoma County.

RATES

	<u>Per Month</u>
For single family residence to include the irrigation of 2,500 square feet of lawn and gardens .....	\$2.50
For area irrigated in addition to that included with above residence rate during the months of May to October, inclusive, per 100 square feet ..	.05
For each additional cabin, house or apartment served through a single service .....	1.75
For service where the use of water is very limited, no garden, lawn, large household or similar use .....	1.75
For small commercial use .....	2.00 to 3.00
For large commercial or industrial use, according to consumption, to be determined by meter or otherwise and not to exceed the meter rates herein established.	

SPECIAL CONDITION

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, General Metered Service.