

ORIGINAL

Decision No. 48285

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of MADDEN CREEK WATER)
COMPANY for increase in rates.)

Application No. 33504
(Amended)

Anthony J. Kennedy, for applicant;
Harold Young and Mrs. Andrew Pfeifer,
interested parties; Clyde F. Norris,
for the Commission staff.

O P I N I O N

By the above-entitled application, filed June 18, 1952 and as amended August 25, 1952, Thelma S. Schwimley (Madden Creek Water Company) seeks an order of this Commission authorizing increases in rates and charges for water service rendered in Homewood, Placer County.

A public hearing was held in Sacramento before Examiner Emerson on December 11, 1952 and the matter was submitted on receipt of a late-filed exhibit on December 17, 1952.

Rates, Present and Proposed

Applicant seeks an increase of 50% in all rates and charges for water service. Basically, present rates are \$18 for residential use during a five-month season. Applicant requests that this charge now be increased to \$27 per season. Resorts, hotels and similar enterprises are now billed on the basis of combined initial charges, with additional occupancy units being charged at progressively lower rates. Applicant requests that these charges be increased by 50% also.

Applicant's present basic tariffs have been in effect since 1930 and all rates have remained unchanged since 1931 when certain reductions were made for multiple occupancy premises.

Applicant's Operations

Water is obtained by diversion from Madden Creek and is delivered by gravity flow through a reinforced concrete filter box and reservoir to a distribution system of about 15,000 feet of mains ranging in size from 6 inches to 1 inch in diameter. The subdivisions within applicant's originally certificated service area contain 260 lots. The system now serves 98 consumers.

System operations are confined to the summer season because of the severe weather and inaccessibility during the winter. In order to preserve the system, many mains are above ground and are completely drained before snow falls. Even so, considerable damage is suffered during winter storms and the system must be thoroughly renovated each spring before the consumers return to the area.

Revenues and Expenses

Evidence adduced in this proceeding shows the following revenues and expenses recorded for this utility since 1947:

	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>
Revenues	\$1,858	\$1,906	\$1,960	\$1,882	\$2,051	\$1,968
Expenses	1,340	1,215	1,538	1,605	2,102	2,204
Net Revenues	518	691	422	277	(51)	(236)

(Loss)

In none of the above-tabulated expenses is there any amount included for wage or salary of the owner or provision for office space rental for utility operations.

With respect to estimated results of operations during 1953 the evidence shows that applicant, barring extraordinary winter damage, will sustain a loss of about \$285 if present rates remain unchanged, all present consumers continue to take service and all consumers pay their bills. Under both the present rates

and the rates proposed by applicant and assuming normal operations the exhibit presented in this proceeding by the Commission staff shows the following estimated results of operations in 1953:

<u>Item</u>	<u>Year 1953</u>	
	<u>Present Rates</u>	<u>Requested Rates</u>
Operating Revenues	\$2,031	\$3,047
Operating Expenses		
Before Taxes	2,223	2,223
Taxes	92	255
Total Operating Expenses	<u>2,315</u>	<u>2,478</u>
Net Revenue	<u>(284)</u>	569

(Loss)

Applicant is clearly in need of increased revenues.

Rate of Return

The record in this proceeding establishes that the total average fixed capital, or plant in service, during 1953 will amount to \$14,766. Since applicant maintains no stock of materials on hand and since revenues are advance payments, such amount will be adopted as applicant's undepreciated rate base. Deducting an average depreciation reserve of \$5,957 develops a depreciated rate base of \$8,809. Relating the above-tabulated 1953 net revenue to such base indicates a rate of return of 6.46% under the requested rates. For the purposes of this proceeding we find such rate base and rate of return to be reasonable.

Customer Participation

By testimony at the hearing and by correspondence a number of applicant's consumers stated their positions relative to applicant's requested rates. In general there was little opposition to increased rates. However, all were concerned about the methods of applying the rates and several urged that meters be installed.

The initial capital costs of installing meters might well equal one-half the rate base hereinabove found to be reasonable. In addition, because of the nature of the terrain and the severity of winter seasons, meters would necessarily have to be removed each fall and reset each spring. Such a procedure, in addition to the labor costs of removal and resetting, would require yearly meter overhaul and repairs and add greatly to the costs of operation. From the practical standpoint the resulting additional cost burden would have to be met by further increases in water rates. In our opinion meters, although usually providing an equitable means of spreading charges between consumers, are not feasible for this particular utility system.

Some of the present customers feel that they are now paying excessive water bills for the short periods in which they are able to be at their summer homes. It should be apparent to them, however, that the water system must be so constructed and maintained that the total demands of all customers may adequately be served. The physical system may not be expanded during periods of high demand and contracted during periods when little water is used, nor can adequate maintenance and repairs be foregone if the system is to continue adequately to serve its customers. The present costs of operation, as above tabulated and discussed, are in no instance more than reasonable. The present method whereby billings are made on an annual basis, payable in advance, will be continued. However, provision for adjustment of residential charges paid will be made in those instances where no water was consumed during the season. This will recompense the utility in some measure for its seasonal cost of restoring service throughout the area and also provide the customer a reasonable refund in such situations.

Intermingling of Waters

Of record in this proceeding are instances wherein customers having their own wells permit mixing of well water with that supplied by the utility. The health regulations of this state require that under such conditions, where the customer's supply is not approved by the State Board of Health as safe and potable for human use, each service connection to the public water system shall be protected against backflow of water from the customer's premises into the public system. Applicant will be ordered to file rules and regulations which will include a provision whereby the utility may refuse or discontinue service to any consumer's premises wherein any such detrimental condition may exist, until such time that an approved dependable device shall have been installed, in a manner approved by the utility and at the expense of the consumer, to effectively protect against possible backflow of water.

Conclusion.

In view of the evidence and the entire record in this proceeding we conclude that applicant is entitled to relief in the form of increased rates and in the total amount sought. Applicant's requests will be granted.

O R D E R

Thelma S. Schwimley (Madden Creek Water Company) having applied to this Commission for an order authorizing increases in rates and charges for water service rendered in Homewood and vicinity, Placer County, 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 and charges authorized herein are justified and that present rates,

in so far as they differ from those herein authorized for the future, are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission, in conformance with the provisions of General Order No. 96, the schedule of rates and charges set forth in Exhibit A attached to this order and, after not less than five days' notice to this Commission and to the public, to make said rates and charges effective for all service rendered on and after April 1, 1953.

IT IS HEREBY FURTHER ORDERED that within forty-five days from and after the effective date of this order, applicant shall file in quadruplicate with this Commission, in conformance with the provisions of General Order No. 96, a tariff service area map and a complete set of rules and regulations revised to reflect present-day operations and customer relations and containing therein Rule and Regulation No. 9 and Rule and Regulation No. 11 set forth in Exhibit B attached to this order.

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

Dated at San Francisco, California, this 17th day of February, 1953.

R. T. [Signature]
President

James F. [Signature]

Harold [Signature]

[Signature]

[Signature]
Commissioners.

EXHIBIT A
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Schedule No. 1

FLAT RATE SERVICEAPPLICABILITY

Applicable to all water service.

TERRITORY

Throughout the entire service area in and about Homewood, Placer County.

RATES

<u>Class of Service</u>	<u>Seasonal Charge Per Connection</u>
RESIDENTIAL SERVICE	
For single dwelling.....	\$27.00
Each additional single family dwelling on same premises.....	15.00
For first unit of multiple occupancy dwelling.....	24.00
For second unit of multiple occupancy dwelling.....	12.00
For each unit over two of multiple occupancy dwelling.....	10.00
COMMERCIAL SERVICE	
For each retail store.....	18.00
For each public garage or service station.....	20.00
Each wash rack, additional.....	6.00
Hotels	
General usage, main building and grounds.....	90.00
Each cabin having running water, additional.....	9.00
Each camping tent having running water, additional.....	6.00
Each bathtub or shower in cabin, additional.....	3.00
Each flush toilet not in main building, additional.....	3.00
Each public bathhouse, including toilets, additional.....	12.00
Public dining rooms	
Operated in conjunction with hotels, motels, tent camps or groups of cabins.....	30.00

EXHIBIT A
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Schedule No. 1

FLAT RATE SERVICE
(Continued)

RATES (Continued)

<u>Class of Service</u>	<u>Seasonal Charge Per Connection</u>
Motels and Groups of Cabins	
Units having running water only	
The first five cabins, each.....	\$ 9.00
The next five cabins, each.....	6.75
Each cabin over ten.....	5.25
Units having running water, toilet and bath	
The first five cabins, each.....	15.00
The next five cabins, each.....	9.00
Each cabin over ten.....	7.50
Tent Camps	
For groups of camping tents with water provided from outside faucets, per faucet.....	
Each public bathhouse, including toilets.....	6.00
Each flush toilet not in public bathhouse.....	12.00
	3.00

SPECIAL CONDITIONS

- Charges for service under this schedule are due and payable upon presentation of bill on or about May 1.
- Service under this schedule is for the regular season commencing on or about May 15 and ending on or about October 15 each year. No service will be rendered outside of such regular season.
- Service under this schedule is for a single utility connection to the premises served. Additional connections will be considered as separate services and will be separately billed.
- When any residential seasonal charge has been paid in advance and no water has been consumed on the premises served during the season, the residential seasonal charge, less \$10 for seasonal restoration of service costs, will be credited to the customer's next succeeding residential seasonal charge. No carry-over of such credit will be made beyond the first season following the season of nonusage.

Rule and Regulation No. 9

RENDERING AND PAYMENT OF BILLS

A. Rendering of Bills

1. Billing Period

Bills for water service will be rendered annually unless otherwise provided in the rate schedules.

2. Initial Billing

Bills for the initial year's service will not be less than the established seasonal charge set forth in the rate schedules.

3. Prorata Usage

After the initial year's service the annual bill will be based upon the maximum usage made during the preceding regular service period. Increased or decreased usage thereafter, as determined by application of the rate schedules, will be prorated on the basis of the number of days the now usage bears to the total number of days in the regular service period.

B. Payment of Bills

1. Bills are due and payable on presentation and payment may be made at the utility's office or to an authorized collector.

Rule and Regulation No. 11

DISCONTINUANCE AND RESTORATION OF SERVICE

A. Nonpayment of Bills

A consumer's water service may be discontinued for nonpayment of a bill for water service furnished if the bill is not paid within 15 days after presentation. A consumer's service, however, will not be discontinued until the amount of the deposit made to establish credit for that service has been fully absorbed.

B. Unsafe Apparatus

The utility may refuse to furnish water and may discontinue service to any premises where apparatus, appliances or equipment using water is dangerous or unsafe.

C. Service Detrimental to Other Consumers

The utility may refuse to furnish water and may discontinue service to any premises where the use of water thereon by apparatus, appliances, equipment or otherwise may be or is detrimental or injurious to the water service furnished to other consumers.

D. Fraud and Abuse

The utility shall have the right to refuse or to discontinue water service to any premises if necessary to protect itself against fraud or abuse.

E. Noncompliance

The utility may, unless otherwise provided, discontinue water service to a consumer for noncompliance with any of these rules, if the consumer fails to comply therewith, within five days after receiving written notice of intention to discontinue service.

F. Consumer's Request for Service Discontinuance

A consumer may have his service discontinued by giving notice of his desire not less than five (5) days before its effective date.

G. Restoration - Reconnection Charge

The utility may charge \$5 for restoring water service which has been discontinued for noncompliance with any of these rules.

When water service has been discontinued at the request of the customer the utility may charge \$10 for restoring service during the same annual service period.