

**ORIGINAL**

Decision No. 48464

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of HAZEL M. CHICHIZOLA )	
doing business as JACKSON GATE WATER )	
WORKS for an order of the Public )	
Utilities Commission of the State of )	Application No. 33741
California to establish new rates in )	
the area served by the JACKSON GATE )	
WATER WORKS and to cancel and with- )	
draw presently effective rates. )	

Pierce Deasy, for applicant.  
Bernard Corden, for the Commission staff.

O P I N I O N

Nature of Proceeding

Jackson Gate Water Works, under which name Hazel M. Chichizola, recently deceased, for many years conducted a water distribution system at Jackson Gate, Amador County, requests an order from the Commission authorizing an increase in metered rates for domestic water service and in flat rates for fire hydrant service.

Public Hearing and Status of Applicant

Public hearing was held at Jackson before Examiner Gregory on March 2, 1953. A certified copy of an order of the Superior Court in and for the County of Amador, dated January 16, 1953, appointing Marian F. Chichizola administratrix of the Estate of Hazel M. Chichizola, Deceased, was offered by counsel for applicant, with the request that the proceedings be amended accordingly. Marian F. Chichizola is the daughter of Hazel M. Chichizola and is the person who, as Manager-Secretary of Jackson Gate Water Works, filed the present application. Counsel's request will be

granted, with the understanding that schedules of rates, rules and regulations to be issued and filed pursuant to the authorization to increase rates hereinafter to be granted will be issued and filed in the name of "Marian F. Chichizola, Administratrix of the Estate of Hazel M. Chichizola, Deceased, doing business as Jackson Gate Water Works." Furthermore, upon distribution of the estate, Marian F. Chichizola, or such other person as may then be entitled to possession of the utility properties, should file with the Commission a certified copy of the decree of distribution issued by the Superior Court in Amador County, together with an appropriate supplemental application in the instant proceeding requesting an order authorizing transfer of the utility properties to the person entitled thereto.

#### Description of System

Applicant and her predecessors have owned the system supplying water to residents of Jackson Gate for about 65 years. Water is purchased from the Pacific Gas and Electric Company, metered at the point of diversion from this company's Oneida pipeline; and conducted through applicant's 3-inch steel pipeline into the 50,000-gallon concrete lined reservoir owned by applicant. Applicant chlorinates the water at the inlet to the reservoir and supplies the customers, of whom there are 45, by gravity on a metered basis.

#### Present and Proposed Rates

The present minimum charge per month is \$2 for a 5/8-inch meter, which entitles the customer to 1,000 cubic feet of water. The proposed minimum charge for a 5/8-inch meter has been reduced to \$1.85 per month, which will entitle the customer to 600 cubic feet of water per month, with a charge of 25 cents per 100 cubic feet for the next 1,400 cubic feet of water used. About 54 per cent

of the 45 consumers, in 1952, used less than 1,000 cubic feet of water per month and about one third used less than 600 cubic feet per month. No increase in patronage or usage is anticipated by applicant in 1953. The proposed rates eliminate the present flat rate charge of \$2 per month for each dwelling or building and also increase the present 50 cents per month rate for each fire plug to 75 cents. Applicant's rates have not been adjusted since 1931, when the Chichizola Estate Company, a predecessor, was authorized to increase rates to the present level. (Decision No. 23835, Application No. 17321.)

#### Revenues and Expenses

Applicant's average recorded annual revenue from 1948 to 1952, both years inclusive, has amounted to \$1,795.80, derived from an average of 45 customers per year during the five-year period. Recorded 1952 revenue was \$1,966.

Operating expenses, including taxes and depreciation, as recorded in applicant's annual reports to the Commission, have ranged from \$918 in 1948 to \$1,848 in 1952, which amounts to an average per consumer ranging from \$20.40 to \$41.07. Applicant, according to exhibits attached to the application, experienced a net profit of \$407.83 in 1951 and has estimated a net loss of \$327.35 for the year beginning September 20, 1952, the date when increased rates for water purchased from the Pacific Gas and Electric Company went into effect.<sup>1/</sup>

According to a study placed in the record by an engineer of the Commission's Hydraulic Section, who used an adjusted revenue figure of \$1,970 for 1952, and adjusted 1952 operating expenses of \$2,135 in order to reflect an average year, applicant, under present

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<sup>1/</sup> The application was filed September 19, 1952.

rates and using a depreciated rate base of \$5,792, was shown to have experienced a net loss of \$165 for the year.

#### Depreciation

The company's book reserve for depreciation at the end of 1951 was \$5,798. The staff engineer computed 1952 depreciation expense at \$292, using the straight-line remaining life method and an estimated composite remaining life of 20 years for depreciable plant.

#### Rate Base and Summary of Earnings

In 1931, the utility's properties were appraised by the Commission staff at \$8,098 on an historical cost basis,<sup>2/</sup> following replacement of the former system by new facilities. In the present case, the staff engineer added to the 1931 appraisal the additions and betterments shown by the utility's annual reports to the end of 1952 and estimated the capital additions for 1953 to reflect the utility's recent experience in regard to miscellaneous additions.<sup>3/</sup> The average depreciated rate bases so developed, including an allowance of \$150 for working cash, are \$5,792 for 1952 and \$5,615 for 1953. Those rate bases will be adopted for the purpose of this proceeding.

Rates of return, under present and proposed rates, as adjusted by the staff for 1952 and as estimated by it for 1953,

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<sup>2/</sup> See Decision No. 23835, Application No. 17321.

<sup>3/</sup> The utility's annual report for 1936 lists fixed capital at \$9,796 from January to June and at \$5,066 from July to December of that year. In September, 1936, the Commission authorized the Chichizola Estate Company to transfer the utility's assets to James A. Chichizola.

are indicated in the following tabulation: The utility did not present a similar study.

Item	1952		1953	
	Staff-Adjusted Present Rates	Staff-Adjusted Proposed Rates	Staff-Estimated Present Rates	Staff-Estimated Proposed Rates
Operating Revenue	\$1,970	\$2,600	\$2,000	\$2,625
Operating Expenses, Excluding Taxes and Depreciation	1,706	1,706	1,730	1,730
Depreciation Expense	292	292	294	294
Taxes	137	244	140	246
Total Operating Expenses	2,135	2,242	2,164	2,270
Net Revenue	(165)	358	(164)	355
Average Depreciated Rate Base	5,792	5,792	5,615	5,615
Rate of Return	-	6.18%	-	6.32%

(Red Figure)

#### Conclusion

We find, on this record, that a rate of return of 6.32 per cent on a depreciated rate base of \$5,615 is reasonable and that the increased rates proposed by applicant, estimated to produce an additional \$625 of revenue, are justified.

#### O R D E R

Marian F. Chichizola, as administratrix of the Estate of Hazel M. Chichizola, Deceased, hereby ordered substituted in this proceeding in the place of said Hazel M. Chichizola, doing business as Jackson Gate Water Works, having applied to this Commission for an order authorizing increases in rates, 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 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, the schedules of rates as shown in Exhibit A attached hereto, and, after not less than two days' notice to the Commission and to the public, to make said rates effective for service rendered on and after May 1, 1953 and concurrently to withdraw and cancel all of the existing rate schedules presently applicable to water service being rendered by applicant.

IT IS HEREBY FURTHER ORDERED that applicant, within forty days from the effective date of this order, shall file with this Commission four sets of rules and regulations governing customer relations, each set of which shall contain a suitable map or sketch drawn to an indicated scale upon a sheet 8½ by 11 inches in size, delineating thereupon by distinctive markings the boundary of applicant's present service area and the location thereof with reference to the immediate surrounding territory; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service, or portion thereof.

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

Dated at Los Angeles, California, this 7<sup>th</sup> day of April, 1953.

R. Z. [Signature]  
President.  
Justin F. [Signature]  
[Signature]  
[Signature]

Commissioners.

EXHIBIT A  
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## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

In the community of Jackson Gate and vicinity, Amador County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 600 cu.ft., or less .....	\$1.85
Next 1,400 cu.ft., per 100 cu.ft. ....	.25
Next 3,500 cu.ft., per 100 cu.ft. ....	.20
Over 5,500 cu.ft., per 100 cu.ft. ....	.15
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$1.85
For 3/4-inch meter .....	2.25
For 1-inch meter .....	3.50
For 1 1/2-inch meter .....	6.00
For 2-inch meter .....	9.50

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

FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service rendered to fire hydrants attached to the utility's mains.

TERRITORY

In the community of Jackson Gate and vicinity, Amador County.

RATES

Per Month

For each fire hydrant ..... \$0.75

SPECIAL CONDITIONS

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