

ORIGINALDecision No. 45524

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JOSEPH A. DeCRISTOFORO)
 and ANTHONY DeCRISTOFORO, JR., oper-)
 ating under the name of DeCRISTOFORO)
 WATER SYSTEM (formerly the WM DREHER)
 WATER COMPANY) to increase charges for) Application No. 33708
 water service; (PUC Section 454); and)
 to establish the name of the enter-)
 prise as THE AMERICAN RIVER WATER)
 SERVICE.)

Anthony Kennedy, for applicants.
Bernard Corden, for the Commission staff.

O P I N I O NNature of Proceeding

Applicants, who operate a public utility water system in the vicinity of the William Dreher Tract, situated on an extension of Sixteenth Street about 400 feet north of the northerly city limits of Sacramento, allege that present rates, filed August 24, 1932, are insufficient to meet operating expenses and provide an equitable return on the capital invested. They seek an increase in rates estimated to produce an additional \$2,100 in revenue for 1953, or an increase, percentagewise, of 80.8 per cent over revenues estimated for 1953 at present rates. Although increases in rates for both metered and flat rate service are proposed, the few meters installed on the system are inoperative and all revenues are collected for service under flat rates.

Public Hearing

A public hearing was held, after due notice, at Sacramento on February 9, 1953, before Examiner Gregory. No opposition to the proposed increases in rates was manifested.

Present and Proposed Rates

The present meter rates, established in 1932 by applicants' predecessor at the time he secured a certificate (Dec. 24924, 6-27-32, Appl. 18144), are basically \$1.25 minimum per month for a 5/8-inch meter, entitling the consumer to the use of 500 cubic feet of water per month, \$0.20 per 100 cubic feet for the next 1,500 cubic feet, \$0.15 per 100 cubic feet for the next 3,000 cubic feet and \$0.10 per 100 cubic feet for all usage over 5,000 cubic feet per month. An increase is sought to increase these rates to \$2.50 minimum per month for a 5/8-inch meter, entitling the consumer to a monthly consumption of 500 cubic feet of water, \$0.45 per 100 cubic feet for the next 1,000 cubic feet, \$0.25 per 100 cubic feet for the next 1,500 cubic feet, \$0.15 per 100 cubic feet for the next 2,000 cubic feet, and \$0.10 per 100 cubic feet for all usage over 5,000 cubic feet per month. Residential flat rates, also first established in 1932, are proposed to be increased from \$1.25 to \$2.50 per month and commercial and industrial flat rates from \$2.50 to a range of \$7.00 to \$12.50 per month, depending upon the type of establishment and the season.

Description of System

The system was originally installed by William Dreher in 1922 and was certificated in 1922. Applicants acquired it by transfer authorized in 1952 (Dec. 47022, 6-22-52. Appl. 33147).

Water is produced by a 40-hp electrically driven pump from a well 300 feet deep and is pumped into a 6,000-gallon pressure tank from which it is delivered to 82 consumers, including many commercial and industrial users, through approximately 5,100 feet of mains ranging from 2½ to 4 inches in diameter.

The utility and the nearby American River Fire District have made use of each other's facilities for several years in an

effort to avoid unnecessary duplication. Pursuant to a contract executed April 8, 1952, the district has granted to the utility, for a period of 25 years, the right to use all its water lines and tanks, now installed or to be installed, for the purpose of furnishing water to the utility's domestic customers. The utility has granted to the district the right to flow or pump water from any source through the utility's pipelines located within the boundaries of the district and it has also agreed to install and maintain a well, pump and electric motor close to the district's main line and tank and to flow additional water through the district's main line from a well and pump now operating on the utility's land. The district has agreed to furnish necessary material and labor, at a cost not in excess of \$1,000, to connect the wells and pumps by an 8-inch main to its own main line. The utility, further, has agreed to pay the district \$25 per year during the term of the agreement as additional compensation for use of the district's facilities. The record indicates that the cost to the district of the facilities available to the utility is about \$30,000 and that additional pipelines, to cost the district approximately \$16,000, are soon to be installed.

The utility has included in its statement of assets both the contract, listed at \$30,000, and an interest in a small plot of land, listed at \$2,500. The land has been leased from applicants' father for a period of 25 years from May 1, 1952, as a location for the new well and pump, at an annual rental of \$420, payable at the rate of \$35 per month commencing July 1, 1952.

Results of Operations and Rate Base

The utility's properties were appraised by the Commission's staff on January 1, 1932, at \$6,656. The annual report for 1951, adjusted in accordance with suggestions made by the staff to the utility and accepted by it, fixed the capital at \$7,131. The land,

well, pumping plant and accessories owned by applicants' predecessor, listed in the annual report at \$1,684, were not transferred in 1952. Instead, applicants during that year installed a new well, pumping plant and housing at a cost of approximately \$5,000. The utility's balance sheet, as of December 31, 1952, lists assets and liabilities, including the contract and leasehold items mentioned above, amounting to \$45,011. Owners' equity is stated at \$35,728.23..

The following tabulation, containing essential data from the report of an engineer of the Commission's Hydraulic Section, who made the study in connection with this proceeding, and from data submitted by the utility at the hearing, indicates estimated results of operation for 1952 and 1953 at both present and proposed rates.

Item	1952-Staff		1953-Staff		Company
	Adjusted	Estimated	Present	Proposed	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates	1953 Estimated Present Rates
Operating Revenue	\$ 2,580	\$ 4,700	\$ 2,600	\$ 4,700	\$ 2,584
Operating Expenses,					
Excl. Taxes & Depr.	3,037	3,037	3,037	3,037	4,517
Depreciation Expense	312	312	485	485	448
Taxes	100	332	100	293	30
Total Oper. Exps.	3,449	3,681	3,622	3,815	4,995
Net Revenue	(869)	1,019	(1,022)	885	(2,411)
Average Depreciated					
Rate Base	7,929	7,929	12,018	12,018	-
Rate of Return	-	12.9%	-	7.36%	-

(Red Figure)

The utility's expense figures include \$25 for annual rental fee for use of the district's facilities pursuant to the contract; a \$300 standby charge for the emergency pump used in connection with the interchange of facilities with other properties owned by applicants' father and the sum of \$420 for rental of the plot of land on which the new pumping plant is located. The Commission engineer did not include, for 1953, the standby charge of \$300. No rate base calculation, comparable to that made by the

Commission's engineer, was submitted by the utility. The Commission's engineer did not include the contract and leasehold items, totaling \$32,500, in his determination of the rate base. He did, however, make provision in his estimates of operating expenses and fixed capital for 1953 for installation of a sand trap in order to furnish sand-free water service, improve pressure, prevent meters from clogging and materially lower pumping expense. Otherwise, to the extent that the engineer's and the utility's estimates are comparable, there appears to be no important divergence requiring special comment. We adopt the rate base determined by the Commission's engineer for the purpose of this proceeding.

Conclusions

The record establishes that this utility is in need of rate relief. The loss for the year 1953 of \$1,022 at present rates, determined by the Commission's engineer, would be converted to net revenue of \$885 if the proposed rates were in effect during the entire year, producing a rate of return of 7.36 per cent on a depreciated rate base of \$12,018. The revenues for 1953, however, actually will be somewhat less than indicated above, due to the lapse of time before the new rates become effective. Also, though installation of a sand trap has been recommended, the record is silent as to whether that improvement is feasible at this time without further study by the utility under existing operating conditions. Applicants will be directed to make such a study. The estimated rate of return will be subject to further decline due to continued high power costs in the absence of such an installation. Accordingly, we find that the estimated rate of return and the proposed rates are reasonable.

The Commission's engineer also recommended that the utility initiate a program during the current year of rehabilitating its existing meters and of placing meters of suitable size on the

services to all nonresidential services. In addition, he recommended that the utility file up-to-date rules and regulations, under the name of the present ownership, in accordance with the Commission's General Order No. 96. Both recommendations are reasonable and the utility will be directed to carry them out. Incidentally, the present owners have requested that the Commission authorize a change in the name under which they have conducted the utility business from "DeCristoforo Water System" to "American River Water Service". No authority is required for such a change in name, provided all tariffs and other documents filed with the Commission henceforth bear the correct fictitious designation under which the owners actually are conducting the business.

O R D E R

Joseph A. DeCristoforo and Anthony DeCristoforo, Jr., heretofore doing business as DeCristoforo Water System and henceforth proposing to do business under the fictitious firm name and style of American River Water Service, 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 applicants are authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the schedules of rates shown in Exhibit A attached hereto, and, after

not less than five days' notice to the Commission and the public, to make said rates effective for service rendered on and after July 1, 1953.

IT IS HEREBY FURTHER ORDERED as follows:

1. That applicants shall file in quadruplicate with this Commission, within thirty days after the effective date of this order, a complete set of rules and regulations, and four copies of a tariff service area map, in conformity with the Commission's General Order No. 96.
- 2.a. That applicants forthwith shall initiate a program of placing water meters of suitable size on the services to all nonresidential consumers, which program shall be completed as quickly as possible and in no event later than December 31, 1953.
- b. That applicants shall file with this Commission on the first day of each month, commencing July 1, 1953, a statement showing the number and sizes of meters placed on the services to non-residential consumers, as required in ordering paragraph 2.a. hereof, and the names of the consumers thus metered during the previous month, until all nonresidential consumers being served by applicants shall have meters installed on their services.
3. That applicants shall immediately begin an investigation and within sixty days after the effective date of this order shall file a written report with this Commission showing the necessity, feasibility and estimated capital cost of installing a sand trap or other suitable device to eliminate sand from the water supply at its source in order to (1) improve the quality of water delivered to the consumers,

- (2) avoid the clogging of water meters, and
- (3) reduce the operating cost involved in the present practice of flushing water mains.

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

Dated at San Francisco, California, this 19th day of May, 1953.

A. J. [Signature]
President.

Justus J. [Signature]

Harold A. [Signature]

[Signature]

[Signature]
Commissioners.

EXHIBIT A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Within the William Dreher Tract and adjacent territory, located on an extension of Sixteenth Street about 400 feet north of the northerly city limits of Sacramento, Sacramento County.

RATES

	<u>Per Meter Per Month</u>
Quantity Rates:	
First 500 cu.ft. or less	\$2.50
Next 1,000 cu.ft., per 100 cu.ft.45
Next 1,500 cu.ft., per 100 cu.ft.25
Next 2,000 cu.ft., per 100 cu.ft.15
Over 5,000 cu.ft., per 100 cu.ft.10
Minimum Charges:	
For 5/8 x 3/4-inch meter	\$2.50
For 3/4-inch meter	3.00
For 1-inch meter	4.00
For 1-1/2-inch meter	6.00
For 2-inch meter	7.00
For 3-inch meter	10.00
For 4-inch meter	35.00

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

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Schedule No. 2

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all residential flat rate water service.

TERRITORY

Within the William Dreher Tract and adjacent territory, located on an extension of Sixteenth Street about 400 feet north of the northerly city limits of Sacramento, Sacramento County.

RATES

Per Month

For each single family residence, including reasonable and necessary quantities of water for an irrigated area of not over 2,000 square feet of lawns, gardens, shrubbery and trees \$2.50

In addition to that included with the above residence rate, for all irrigated areas in excess of 2,000 square feet, payable during the six months of May through October, inclusive, per 100 square feet05

SPECIAL CONDITION

1. Meters may be installed on services to residential consumers 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.

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Schedule No. 3 .

NONRESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all nonresidential flat rate water service.

TERRITORY

Within the William Dreher Tract and adjacent territory, located on an extension of Sixteenth Street about 400 feet north of the northerly city limits of Sacramento, Sacramento County.

RATES

Per Month

Commercial:

For each commercial establishment, during the eight months of October through May, inclusive \$7.00

For each commercial establishment, during the four months of June through September, inclusive 8.50

Industrial:

For each industrial establishment, during the eight months of October through May, inclusive ... \$10.00

For each industrial establishment, during the four months of June through September, inclusive 12.50

SPECIAL CONDITION

1. Meters will be installed on services to all commercial and industrial establishments as soon as possible and in no event later than December 31, 1953. Thereafter services to all nonresidential consumers will be rendered only on the basis of Schedule No. 1, General Metered Service.