

ORIGINAL

Decision No. 48645

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
ALFRED RAY MAEDE, doing business as)	
ANDERSON SPRINGS WATER CO., for) Application No. 33686
authority to increase rates and)
charges.)

A. R. Maede, in propria persona.
Colin Garrity, for the Commission staff.

O P I N I O N

This is an application by A. R. Maede, who operates a public utility water system for domestic and commercial purposes in the Anderson Springs resort area in Lake County, five miles west of Middletown, to increase flat and meter rates for water service, and to discontinue the present seasonal meter rate.

A public hearing was held, after due notice, at the Anderson Springs Resort on February 16, 1953, before Examiner Gregory. Several consumers, both permanent as well as seasonal residents, took part in the hearing.

The Evidence

a. Description of the System

The system, comprising two separate units, serves two tracts in the Anderson Springs Resort area in Lake County. The main source of supply is Gunning Creek, water from which is stored in two 5,000-gallon tanks and an 18,000-gallon concrete reservoir, supplemented by water from two springs which is stored in two additional 5,000-gallon tanks. There are no storage facilities for the system serving some 15 consumers in the smaller tract, but an ample supply of water is secured from Hansen Creek. There are approximately

29,071 feet of mains in the two units, varying in size from 3½ to 3/4 inches in diameter. The average number of consumers in 1951 was 89 and in 1952 was 97.

b. Present and Proposed Rates

Applicant proposes to increase the basic general meter rate from \$1.75 to \$2.75 per month, to discontinue the seasonal meter rate of \$18 per year, to increase the general flat rate for domestic service from \$2 to \$3 per month and for commercial service from \$3 to \$6 per month and to increase the flat rate for non-permanent residents from \$20 to \$33 per year. Applicant had no metered customers in 1952.

c. Results of Operation

Applicant's fixed capital, as reported to the Commission in 1950 and 1951 and as recorded in his books for 1952, was \$12,897, \$13,137 and \$15,338, for those years, respectively. Capital additions in 1952, consisting of a 5,000-gallon steel tank, 1,650 feet of 3/4 and 1½-inch pipe and 5 service connections, totalled \$1,339.38. Although no definite projects are anticipated for 1953, net additions to plant in 1953 are estimated at about \$250. According to applicant's profit and loss statement for 1951, he suffered a net loss for that year of \$354.54. A slightly smaller loss was experienced in 1952.

A study presented by an engineer of the Commission's Hydraulic Section reveals the following information:

Item	1952-Adjusted		1953-Estimated	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates
Total Revenues	\$ 2,118	\$ 3,330	\$ 2,250	\$ 3,598
Total Expenses, Including Depreciation and and Taxes	2,067	2,364	2,184	2,499
Net Revenues	51	1,016	66	1,099
Depreciated Rate Base	13,636	13,636	13,764	13,764
Rate of Return	.37%	7.45%	.48%	7.98%

Conclusions

a. Rate of Return

While the 7.98 per cent rate of return shown in the above tabulation appears to be somewhat high, it may be noted that the effective rate of return for 1953 will be less, due to the lapse of time before any increase in rates takes place this year. Also, with a system of this size, slight variations in revenue or expense tend to produce significant changes in the rate of return. We are of the opinion, however, that the requested increase of 65 per cent in the seasonal flat rate, as compared with the proposed increases in the residential and commercial rates of about 50 per cent, has not been justified. Accordingly, applicant will be authorized to file the rates set forth in Exhibit A, attached to this decision, which are designed, on an annual basis, to produce gross revenues of \$3,410 and net revenue of \$960. Related to a depreciated rate base of \$13,764, hereby adopted for the purpose of this proceeding, such net revenue will result in a rate of return of slightly under 7 per cent, which is hereby found to be reasonable.

b. Service

With regard to service, some consumers complained that the water is too warm for drinking purposes during the summer and that the water supply for the smaller tract is not sufficiently filtered or screened, thus permitting debris to accumulate in the water during the rainy season. Also, some of the nonpermanent residents voiced objection to paying higher flat rates on the ground that, during periods of peak demand, in the summer or over holidays, excessive use by a few consumers resulted in lower pressure for those at higher elevations.

Although his rules permit installation of meters at the option of the company, applicant has no present plans for metering

the system. The record establishes, however, that storage and pipe line facilities now in place would be more than adequate if the system were metered.

We conclude, from the standpoint of service, that applicant should give immediate consideration to filtering or screening the water supply from Hansen Creek and that he should also arrange to cover exposed distribution lines in order to prevent water from heating during summer, and the pipes from freezing during severe winters. We will at this time direct a change in the special conditions of the general flat rate schedule permitting installation of meters at the option of the utility or the customer.

O R D E R

A. R. Maede, doing business as Anderson Springs Water Company, 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 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 that applicant shall:

1. Within thirty days after the effective date hereof, provide adequate filtration or screening of the water supply serving Anderson Springs Annex Subdivision, in order to eliminate, so far as possible, surface contamination of said supply from debris or other causes.
2. Within ninety days after the effective date hereof, provide adequate covering on exposed portions of distribution pipe lines throughout the water system, in order to eliminate, as far as possible, excessive heating of water or freezing of pipes.
3. Within thirty days after compliance with paragraphs 1 and 2, above, respectively, so notify the Commission in writing.

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

Dated at San Francisco, California, this 26th day of May, 1953.

[Signature]
President

Justice J. Colwell
Harold H. Hulse

[Signature]
[Signature]
Commissioners

EXHIBIT A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to consumers who reside permanently in the service area.

TERRITORY

In approximately 140 acres including Anderson Springs Subdivision Tract No. 1, Anderson Springs Annex Subdivision Tract No. 1 and adjacent and intervening territory in Sections 25 and 26 of T. 11 N., R. 8 W., and Section 30 of T. 11 N., R. 7 W., M.D.B. & M., near Middletown, Lake County.

RATES

		<u>Per Meter</u> <u>Per Month</u>
Monthly Quantity Rates:		
First	400 cu.ft. or less	\$ 2.75
Next	600 cu.ft., per 100 cu.ft.60
Next	1,000 cu.ft., per 100 cu.ft.45
Next	3,000 cu.ft., per 100 cu.ft.30
Over	5,000 cu.ft., per 100 cu.ft.20
Annual Minimum Charge:		
For	5/8 x 3/4-inch meter	\$33.00
For	3/4-inch meter	39.00
For	1-inch meter	54.00

The Annual Minimum Charge will entitle the consumer to the quantity of water each month which one twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

SPECIAL CONDITIONS

1. The above annual minimum charges apply to service during the calendar year and are due in advance on January 1. A customer who has established his permanency by having paid for service during the preceding 12 months may elect to pay the annual minimum charge on a monthly basis equal to one twelfth of the annual minimum charge.

Schedule No. 1

GENERAL METERED SERVICE

SPECIAL CONDITIONS --contd.

2. When the annual minimum charge is paid annually in advance, charges for water used in excess of the monthly allowance under the annual minimum charge may be billed monthly, bimonthly, or quarterly at the option of the utility on a noncumulative monthly consumption basis.

EXHIBIT A
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Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to consumers who reside permanently in the service area.

TERRITORY

In approximately 140 acres including Anderson Springs Subdivision Tract No. 1, Anderson Springs Annex Subdivision Tract No. 1 and adjacent and intervening territory in Sections 25 and 26 of T. 11 N., R. 8 W., and Section 30 of T. 11 N., R. 7 W., M.D.B. & M., near Middletown, Lake County.

RATES

Per Year

For 3/4-inch domestic service connection	\$36.00
For 1-inch commercial service connection	72.00

SPECIAL CONDITIONS

1. Meters may be installed at the option of the utility or of the customer.
2. The above annual flat rates apply to service during the calendar year and are due in advance on January 1. A customer who has established his permanency by having paid for service during the preceding 12 months may elect to pay the annual flat rate charge on a monthly basis equal to one twelfth of the annual flat rate charge.

TERRITORY

In approximately 140 acres including Anderson Springs Subdivision Tract No. 1, Anderson Springs Annex Subdivision Tract No. 1 and adjacent and intervening territory in Sections 25 and 26 of T. 11 N., R. 8 W., and Section 30 of T. 11 N., R. 7 W., M.D.B. & M., near Middletown, Lake County.

RATES

Per Year

For 3/4-inch domestic service connection	\$36.00
For 1-inch commercial service connection	72.00

SPECIAL CONDITIONS

1. Meters may be installed at the option of the utility or of the customer.

Schedule No. 3

SEASONAL FLAT RATE SERVICE

APPLICABILITY

Applicable to consumers not permanent residents of the service area who require water service during the summer or vacation period, weekends and holidays.

TERRITORY

In approximately 140 acres including Anderson Springs Subdivision Tract No. 1, Anderson Springs Annex Subdivision Tract No. 1 and adjacent and intervening territory in Sections 25 and 26 of T. 11 N., R. 8 W., and Section 30 of T. 11 N., R. 7 W., M.D.B. & M., near Middletown, Lake County.

RATES

Per Year

For 3/4-inch service connection \$31.00

SPECIAL CONDITIONS

1. When a customer taking service under this schedule receives service continuously for ten consecutive months other than as specified under the applicability clause, the utility may transfer the customer from this schedule to the general flat rate schedule commencing with the eleventh month. Such customer shall pay \$5.00 for the remainder of the calendar year if transferred.

2. The above seasonal flat rate charge is payable in advance on January 1.