

ORIGINALDecision No. 48842

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PAUL F. PORTER and PEGGY K. MARQUARD,)
 a copartnership doing business under)
 the firm name and style RANCHO DEL)
 MONTE WATER CO., for an increase in)
 rates for water service.)

Application No. 34152

Stanley Lawson of Noland, Lawson & Hamerly,
 for applicants.
Bernard Corden, for the Commission staff.

O P I N I O N

On March 12, 1953, applicants filed their application for authorization to increase rates being charged for service rendered their customers in Carmel Valley, Monterey County. A public hearing on this application was held before Examiner W. E. Cline, Monday, June 8, 1953, at Carmel. At the hearing the application was amended to propose a minimum monthly charge of \$1.85 for 3/4-inch meter service. The matter was submitted and is now ready for decision.

Description of System

Applicants' certificated area includes some 775 acres lying on both sides of the Carmel River. About 180 lots are included in the approximately 400 acres which have been subdivided. As of the end of 1952 there were 82 consumers, all of whom were metered.

Applicants' system consists of two drilled wells from which water is pumped to two wood-stave tanks elevated on a hillside. Water is distributed from these tanks through 33,400 feet of distribution mains ranging from 8 to 2 inches in diameter.

Present and Proposed Rates

The table below sets forth applicants' present and proposed rates. The minimum charges presently in effect are authorized on an annual basis, but for purpose of comparison with the proposed rates they are shown below on a monthly basis.

Meter Rates

| | <u>Present Rates</u> Per Month | <u>Proposed Rates</u> Per Month |
|------------------------------------|-----------------------------------|------------------------------------|
| Quantity Rates: | | |
| First 300 cu.ft. or less | \$ 1.00 | \$ 1.85 |
| Next 700 cu.ft., per 100 cu.ft. | .26 | .38 |
| Next 9,000 cu.ft., per 100 cu.ft. | .20 | .31 |
| Over 10,000 cu.ft., per 100 cu.ft. | .15 | .25 |

Minimum Charges:

| | | |
|--------------------------------|---------|---------|
| For 5/8 x 3/4-inch meter | \$ 1.00 | \$ 1.85 |
| For 3/4-inch meter | 1.00 | 1.85 |
| For 1-inch meter | 1.25 | 2.50 |
| For 1 1/2-inch meter | 2.00 | 5.00 |
| For 2-inch meter | 4.00 | 8.00 |
| For 3-inch meter | 6.75 | 13.00 |
| For 4-inch meter | 10.75 | 25.00 |

Fire Hydrant Service:

| | | |
|---|---------|------|
| Each 2 1/2-inch hydrant with 3-inch riser | \$ 1.50 | \$ - |
| Each 2 1/2-inch hydrant with 4-inch riser | 2.00 | - |
| Per hydrant | | 4.00 |

Results of Operation

The Commission staff engineer computed depreciation on a straight-line remaining life basis. His estimates of average service life considerably exceeded the estimates used by the applicants. Depreciation expense for the year 1953 was estimated by the staff engineer at \$1,363. This expense results in a composite annual depreciation rate of 2.87 per cent of the average depreciable plant. The order which follows will require applicants to base future book depreciation accruals on the composite rate developed by the staff engineer as indicated above.

The estimates of the Commission staff engineer for the year 1953 at present rates showed an operating loss of \$643 and at proposed rates a net operating revenue of \$1,514. On an average depreciated rate base of \$38,269, the estimated rate of return at proposed rates for this period would be 3.96 per cent. Estimates of operating results submitted by applicants were considerably less favorable. We hereby adopt said rate base of \$38,269 and find that the rate of return of 3.96 per cent is reasonable. The rates proposed by applicants and set forth in Exhibit A attached hereto are hereby found to be reasonable.

Service

No consumer witnesses appeared to testify at the hearing. Witness Porter testified that the only service complaint has been an occasional request by a consumer at the end of the line to have his line blown out. Such requests have been complied with.

O R D E R

The above-entitled application having been considered, 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; 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, together with rules and regulations and tariff service area map acceptable to this Commission, and, on not less than one day's notice to the public and to this Commission, make said rates, rules and regulations effective for all water service rendered on and after August 1, 1953.

IT IS HEREBY FURTHER ORDERED that:

1. Applicants shall file with this Commission, within forty days after the effective date of this order, four copies of a comprehensive map, drawn to an indicated scale not smaller than 200 feet to the inch, delineating by appropriate markings the various tracts of land and territory served and the location of the various properties of applicants.
2. Applicants shall base future accruals to the reserve for depreciation upon a spreading of the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property; further, applicants shall review such accruals when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

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

Dated at San Francisco, California, this 9th day of July, 1953.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners

Commissioner Peter E. Mitchell being necessarily absent, did not participate in the adoption of this proceeding.

EXHIBIT A
Page 1 of 2

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as the southwesterly three fifths of Parcel No. 3 and a 100-acre strip located in the southerly portion of Parcel No. 2, including Subdivision 3 of Lot 4B, Rancho Los Laurels, situated in Carmel Valley, approximately 12 miles easterly of Carmel, Monterey County.

RATES

| | <u>Per Meter</u> <u>Per Month</u> |
|---|--------------------------------------|
| Quantity Rates: | |
| First 300 cu.ft. or less | \$ 1.85 |
| Next 700 cu.ft., per 100 cu.ft. | .38 |
| Next 9,000 cu.ft., per 100 cu.ft. | .31 |
| Over 10,000 cu.ft., per 100 cu.ft. | .25 |
| Minimum Charge: | |
| For 5/8 x 3/4-inch meter | \$ 1.85 |
| For 3/4-inch meter | 1.85 |
| For 1-inch meter | 2.50 |
| For 1 1/2-inch meter | 5.00 |
| For 2-inch meter | 8.00 |
| For 3-inch meter | 13.00 |
| For 4-inch meter | 25.00 |

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

Schedule No. 2

FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to service to fire hydrants which are attached to the utility's distribution mains for fire protection purposes.

TERRITORY

The unincorporated area known as the southwesterly three fifths of Parcel No. 3 and a 100-acre strip located in the southerly portion of Parcel No. 2, including Subdivision 3 of Lot 4B, Rancho Los Laurels, situated in Carmel Valley, approximately 12 miles easterly of Carmel, Monterey County.

RATES

Per Month

For each fire hydrant \$4.00

SPECIAL CONDITIONS

1. The above rates include use of water for fire fighting and for no other purpose. Quantities of water delivered through fire hydrants for any other purpose will be estimated or measured and charges therefor will be at general metered service rates.

2. 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.