

ORIGINALDecision No. 51417

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
 WASHINGTON WATER AND LIGHT COMPANY,)
 a corporation, for an order author-)
 izing an increase in rates for)
 water service rendered in and ad-)
 joining the unincorporated communi-)
 ties of Broderick, Bryte and West)
 Sacramento, Yolo County, California.)

Application No. 35787

William Stava, for applicant.
Boris H. Lakusta and John F. Donovan,
for the Commission staff.

O P I N I O N

Washington Water and Light Company, a corporation, requests an increase in rates for water service in the unincorporated communities of Broderick, Bryte and West Sacramento.

A public hearing was held before Examiner Thomas E. Daxy on March 24, 1955, and the matter was submitted.

Past Operations

Applicant was organized on February 12, 1897, and commenced supplying water to the community of Broderick. As of January 1946, service was provided to 341 consumers and its gross utility plant amounted to \$55,096. Service was subsequently extended to Bryte and West Sacramento. As of October 1954, applicant was serving 2,808 consumers and its gross utility plant amounted to \$615,672.33.

Water System

Water is obtained from six wells. The installation of an additional well is contemplated. Each is equipped with a deep-well turbine pump directly connected to an electric motor. The system consists of approximately 238,000 feet of mains that vary from

2 to 12 inches in diameter. Of its 2,808 customers, 97 are served under meter rates and 2,711 under flat rates. Service is also provided to 207 public fire hydrants and 13 private fire hydrants.

Other Available Water Supply

In a portion of applicant's certificated area a competitive service is conducted by the West Sacramento Water Company. Applicant serves approximately 500 consumers in this area at a flat rate of \$2 per month whereas the West Sacramento Water Company serves approximately 400 consumers at a monthly charge of \$1.50.

Financing

A comparative balance sheet for the years 1952, 1953 and for the first 10 months of 1954 discloses the following:

<u>Item</u>	<u>Oct.31,1954</u>	<u>Dec.31,1953</u>	<u>Dec.31,1952</u>
<u>Assets</u>			
Net Utility Plant	\$506,797.18	\$386,582.23	\$366,583.94
Net Other Physical Property	1,203.79	1,386.19	1,581.07
Total Current Assets	16,108.24	16,406.98	14,021.71
Unamortized Debt Expense	5,894.51	6,220.01	6,610.61
Total Assets	<u>\$530,003.72</u>	<u>\$410,595.41</u>	<u>\$388,797.33</u>
<u>Liabilities</u>			
5% Preferred Stock \$10 Par	\$105,000.00	\$105,000.00	\$100,000.00
Common Stock \$10 Par	33,000.00	33,000.00	23,000.00
Mtg.Pay.-Pac.Mut.Life Ins.Co.	166,000.00	175,000.00	187,000.00
Total Current Liabilities	18,525.37	22,242.98	13,322.03
Advances for Construction	183,972.49	54,448.64	47,490.67
Earned Surplus	14,392.89	11,790.82	8,871.66
Capital Surplus	9,112.97	9,112.97	9,112.97
Total Liabilities	<u>\$530,003.72</u>	<u>\$410,595.41</u>	<u>\$388,797.33</u>

Present and Proposed Rates

Applicant claims that the present rates do not yield a reasonable return on its investment. For the years 1953 adjusted and 1954 estimated it assertedly received a rate of return of 4.28 per cent and 2.97 per cent respectively. The proposed rates are allegedly designed to produce an additional \$21,500, which would be a 20 per cent increase in revenue.

The present flat rate for a single family dwelling of five rooms or less with 2,500 square feet of gardening area is \$2.00 and 10 cents more for each additional room. A charge of 5 cents is provided for every 100 square feet over and above 2,500 square feet. The proposed rate would be \$2.50 for a 3/4-inch service to a single family dwelling on a lot of 6,000 square feet or less. For each additional dwelling on the same lot served through the same 3/4-inch connection there would be an additional charge of \$1.50. For each 3,000 square feet over and above 6,000 square feet up to and including 18,000 square feet, the rate would increase 50 cents. For every 1,000 square feet over and above 18,000 square feet there would be a charge of 20 cents.

On meter rates the present minimum charge is \$1.75 per month for 700 cubic feet or less of water supplied through a 5/8-by 3/4-inch meter. Applicant proposes to increase the minimum charge to \$2.25 per month for 900 cubic feet or less of water. Typical billings under applicant's present and proposed rates are as follows:

<u>Monthly Consumption in Cubic Feet</u>	<u>Charge per Month</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
0 - 900	\$2.15	\$2.25
1,000	2.35	2.45
1,100	2.55	2.65
1,200	2.75	2.85
1,300	2.95	3.05
1,400	3.15	3.25
1,500	3.35	3.45
2,000	4.35	4.45

The present charges for service to fire hydrants is \$1.25 for wharf-type hydrants, with 2½-inch diameter riser, or smaller, and \$1.50 for any type of hydrant with a 3-inch diameter riser, or larger. Applicant proposes a rate of \$1.50 for all hydrants owned by a fire district and a rate of \$2.00 for service to any hydrant which it owns.

Results of Operations

Independent studies were prepared by applicant and the staff and received in evidence as Exhibits 2 and 4 respectively. The record discloses that the staff is in substantial agreement with applicant. There is no material difference between the rate base of applicant and that of the staff.

A difference is encountered in the treatment of cost pertaining to the replacement or cement lining of approximately 23,000 feet of water main. Due to corrosive soil conditions, steel pipe which was installed between 1948 and 1951 is in critical condition. Applicant has determined that the average cost of replacement, or cement lining, will be approximately \$2 a foot or a total of \$50,000. Applicant feels that because there is insufficient depreciation reserve these costs should be considered as extraordinary property losses and amortized over a 10-year period. The staff was in agreement as to the amount of \$50,000, but treated the account in a different manner. It estimated the amount of pipe to be either replaced or lined during 1955. It was determined that 6-inch and 4-inch mains would be replaced. It therefore capitalized the cost of the new pipe and retired the original cost of the old pipe. Ninety per cent of the cost of lining 8-inch and 10-inch main was capitalized and 10 per cent of the cost was charged to expense.

Applicant anticipated the loss of approximately \$1,500 in revenue during 1955 to its competitor West Sacramento Water Company. Because there was no valid method for making an estimate the staff made no such allowance.

Comparison of Applicant's and Staff's Studies

1955

Item	Staff		Applicant	
	Present	Proposed	Present	Proposed
	Rates	Rates	Rates	Rates
Revenue	\$125,377	\$146,048	\$122,348	\$142,632
Expenses	110,198	118,793	110,766	118,653
Net Revenue	15,179	27,255	11,582	23,979
Rate Base (Depreciated)	335,600	335,600	318,912	318,912
Rate of Return	4.52%	8.12%	3.6%	7.5%

Public Witness Testimony

Many consumers testified that they would have no objection to the increased rates if the water itself were improved. For the most part they complained about its taste and the odor. Several witnesses were annoyed by the presence of sand in the water. In response it was stated that the presence of large quantities of manganese and iron make it impractical to chlorinate in sufficient quantities to remove the objectionable taste and odor. Applicant contemplates the use of sodium hexametaphosphate, which will permit a greater use of chlorine. No explanation could be given for the presence of sand.

During the course of hearing it was determined that approximately 11 per cent of the recorded flat rate revenue during 1953 was derived from charges which were different from those set forth in applicant's filed rates. In these instances water was supplied to large businesses, schools, or for industrial use. In most cases such charges were based on the minimum meter rates.

Conclusion and Findings

After consideration the Commission adopts the staff's figures. The proposed rates have not been justified. Attached hereto as Appendix A (by reference made a part hereof) are rates which when predicated upon the results shown in Exhibit No. 4

for the year 1955 are designed to render a rate of return of 6.8 per cent. Based upon the evidence of record the Commission hereby finds said rates to be just and reasonable.

Applicant shall take the necessary steps to improve the water by removing the unpleasant taste and odor. Applicant should file up-to-date rules, which should include a provision for bimonthly billing. It should also meter all commercial, industrial, and school services, and other services larger than 3/4-inch. Use of the depreciation accrual rates shown in Table 7-A of Exhibit 4 in this proceeding should be made by applicant until such time as major changes in plant composition occur or a future review indicates that such accrual rates are inappropriate.

O R D E R

Application having been filed, a public hearing having been held thereon, 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 therefrom, are for the future unjust and unreasonable; therefore,

IT IS HEREBY ORDERED:

1. That applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order, in conformity with the provisions of General Order No. 96, the schedules of rates attached hereto as Appendix A and, upon not less than five days' notice to the Commission and to the public, to make said rates effective for service rendered on and after June 1, 1955.

2. That applicant shall, within thirty days after the effective date of this order, file with this Commission four copies of up-to-date rules concerning practices and relations with its

customers, including provision for bimonthly billing and an up-to-date tariff service area map, acceptable to this Commission, in conformity with the provisions of General Order No. 96. Such rules and tariff service area map shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

3. That applicant, within sixty days after the effective date of this order, shall file four copies of a comprehensive map drawn to an indicated scale not smaller than 600 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of various properties of applicant.

4. That applicant, within ninety days after the effective date of this order, shall install meters on the services to all commercial and industrial customers, to all schools, and to all other customers supplied through larger than a 3/4-inch service connection, except such separate services used for fire protection purposes only. Beginning June 1, 1955, and as of the first day of each succeeding month until completed, applicant shall file a progress report showing the number of meters of each size installed in conformity herewith, such report to include the name of each customer and the size of the service connection in which each such meter has been installed.

5. That applicant shall improve the water by removing its unpleasant taste and odor and shall file a report, within ninety days after the effective date of this order, setting forth the action taken.

6. That applicant shall determine future accruals for depreciation by dividing the original cost of plant less estimated net salvage less depreciation reserve by the estimated remaining life of the plant, and shall review the accruals when major changes in plant composition occur and for each plant account at intervals of not more than three years. Results of these reviews shall be submitted to this Commission.

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

Dated at San Francisco, California, this 3rd day of May, 1955.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated communities of Broderick, Bryte and West Sacramento, and vicinity, Yolo County.

RATES

		<u>Per Meter per Month</u>
Quantity Rates:		
First	700 cu.ft. or less	\$2.10
Next	2,300 cu.ft., per 100 cu.ft.....	.21
Next	27,000 cu.ft., per 100 cu.ft.....	.16
Next	70,000 cu.ft., per 100 cu.ft.....	.12
Over	100,000 cu.ft., per 100 cu.ft.....	.09
Minimum Charge:		
For	5/8 x 3/4-inch meter	\$ 2.10
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	9.00
For	3-inch meter	16.00
For	4-inch meter	30.00
For	6-inch meter	55.00

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

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Schedule No. 2

RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

Applicable to water service rendered to residential customers on a flat rate basis.

TERRITORY

The unincorporated communities of Broderick, Bryte and West Sacramento, and vicinity, Yolo County.

RATES

	<u>Per 3/4-Inch Service Connection per Month</u>
For each single family residence including a lot having an area of:	
8,000 sq.ft. or less	\$2.35
8,001 to 8,500 sq.ft.....	2.45
8,501 to 9,000 sq.ft.....	2.55
9,001 to 9,500 sq.ft.....	2.65
9,501 to 10,000 sq.ft.....	2.75
10,001 to 11,000 sq.ft.....	2.95
11,001 to 12,000 sq.ft.....	3.15
12,001 to 13,000 sq.ft.....	3.35
13,001 to 14,000 sq.ft.....	3.55
14,001 to 15,000 sq.ft.....	3.75
Over 15,000 sq.ft., for each additional 1,000 sq.ft. or fraction thereof	0.15
For each additional residential unit on the same lot and served through the same service connection	1.50

SPECIAL CONDITIONS

1. All service not covered by the above classifications will be furnished only on a metered basis.

2. A meter may be installed at option of utility or customer for above classifications in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.

Schedule No. 3

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to fire hydrant service furnished to municipalities, duly organized or incorporated fire districts, or other political subdivisions.

TERRITORY

The unincorporated communities of Broderick, Bryte and West Sacramento, and vicinity, Yolo County.

RATES

	<u>Per Month</u>
For each fire hydrant owned by a fire district or other political subdivision	\$1.50
For each fire hydrant owned by the utility	2.00

SPECIAL CONDITIONS

1. The above rates include use of water for fire fighting and for no other purposes. Quantities of water delivered through fire hydrants for any other purpose will be estimated or measured and charges will be made at the monthly quantity rates under the General Metered Service schedule.

2. The utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.

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Schedule No. 4

FIRE PROTECTION SERVICEAPPLICABILITY

Applicable to water service furnished to fire sprinkler systems, and fire hydrants other than those hydrants covered by Schedule No. 3, Public Fire Hydrant Service.

TERRITORY

The unincorporated communities of Broderick, Bryto and West Sacramento, and vicinity, Yolo County.

RATES

	<u>Per Month</u>
For each 2-inch service connection	\$ 3.00
For each 3-inch service connection	4.50
For each 4-inch service connection	6.00
For each 6-inch service connection	9.00
For each 8-inch service connection	12.00

SPECIAL CONDITIONS

1. The customer will pay without refund the entire cost of installing the fire protection service connection.
2. The above rates are applicable only to fire hydrants and fire sprinkler systems to which no connections for other than fire protection purposes are allowed, and, which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of said utility.
3. If a distribution main of adequate size to serve a fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served hereunder, then a service main from the nearest existing main of adequate capacity will be installed by the utility at the cost of the applicant.
4. The utility may install the standard detection type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water.
5. The utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.