



system throughout the years, the original tariffs have been expanded until there are presently some 30 separate rate descriptions and charges. Until the year 1923 all charges were specified by means of flat rates. In that year applicant was directed<sup>1/</sup> to file rates for metered service but was authorized to continue the then existing flat rates until metering devices were installed. With one exception (service for a limited period to a trailer camp) applicant has supplied no metered service. The system was originally, has been for over 40 years, and is today a flat rate system. The meter rates have been used only as a possible curb on wastage of water.

The present household and business service is charged \$12 per year. Applicant seeks authority to charge \$24 per year for such service. For irrigation service the basic charge is \$5 per acre. Applicant seeks to increase this charge to \$10 per acre. No increases are sought in charges to the City of Folsom, the schools, the cemeteries or the railroad.

For irrigation, mining and other large-scale water deliveries from ditches, where the flow may be measured, applicant proposes to increase the present rate of 8 cents to 16 cents per miner's inch flow of 24 hours. Where irrigation service is taken from the piped distribution system, applicant proposes to replace the present flat-rate charge of \$5 per acre with a measured delivery rate of \$45 per miner's inch flow per season. Assuming a water duty of 3½-acre feet of water per acre, this rate would be equivalent to a flat-rate charge of about \$22.

#### Applicant's System

At the present time, the company obtains water for the system from the south fork of the American River by means of a

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<sup>1/</sup> By Decision No. 11465, issued January 3, 1923, in Application No. 6975.

diversion dam approximately  $10\frac{1}{2}$  miles upstream from the City of Folsom. The water is then transported by canals to the City of Folsom and to the various irrigation customers and gold dredges the company serves.

The main canal is approximately  $17\text{-}\frac{3}{4}$  miles long and flows into the Willow Hill Reservoir from which water is supplied to the gold dredges by means of the Rebel Hill ditch which is approximately 4 miles long. Irrigation customers are served by allowing water to flow from the Willow Hill Reservoir down Alder Creek for approximately  $1\text{-}\frac{3}{4}$  miles to the Alder Creek dam, then through the Alder Creek and Valley ditches which are approximately  $9\frac{1}{2}$  miles long.

Water for the City of Folsom is obtained from the main canal approximately  $12\frac{1}{2}$  miles from the point of diversion. The water is then transported through the Folsom ditch which is approximately  $5\frac{1}{2}$  miles long to the two Folsom reservoirs where it is chlorinated and then delivered to the residential and commercial customers. The two reservoirs have a combined capacity of 3,400,000 gallons. The distribution system contains approximately 40,350 feet of pipe varying in size from  $1\frac{1}{2}$  inches to 14 inches in diameter and consisting of cast iron, cement-lined steel, redwood, cement asbestos and galvanized and black iron pipe. The system served approximately 750 residential and commercial customers during the year 1954.

A group of customers on the west side of town are at approximately the same elevation as the present reservoirs and the utility serves these customers by means of a 30-horsepower booster pump and hydropneumatic tank. There are also three irrigation customers just south of the City of Folsom who receive water from the Comstock ditch. Water is turned into this ditch from the Folsom ditch at the Folsom reservoir site.

When Folsom Dam becomes operative and sufficient water is stored behind the dam, approximately 12.6 miles of the main canal,

the diversion dam, the Mormon Island ditch and a small section of the Folsom ditch will be abandoned and replaced by approximately 3.4 miles of new ditch and pipeline, in accordance with the Company's contract with the United States of America.<sup>2/</sup> When such replacement is accomplished, the company will install 6,700 feet of 16-inch and 24-inch pipe and place in operation a 7,000,000-gallon reservoir to improve the quality and quantity of water available to the City of Folsom. This new reservoir will eliminate the need of the present reservoirs and booster pump and therefore the chlorinator will be moved to the new reservoir site.

When the new reservoir and pipeline for the City of Folsom are placed in operation, the company will abandon the Folsom ditch and the Comstock ditch. Abandonment of the Comstock ditch, which now serves irrigation customers, will require extension of existing distribution mains to three parcels of land south of the City of Folsom since the utility is obligated to continue providing public utility service to such parcels.

#### Results of Operations

Applicant, through its president and its superintendent, presented testimony and 11 exhibits respecting the results of its operations. The Commission staff presented one exhibit, supported by the testimony of an accountant and an engineer, which constituted a report of the staff investigation of applicant's operations. No customers, city or county officials or others who might be affected by applicant's rate proposal took part in the proceeding.

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<sup>2/</sup> Approved by Decision No. 46212, issued September 24, 1951, in Application No. 32739.

The following tabulation sets forth in summary form a comparison of the past and estimated future results of operations presentations of applicant and the Commission staff.

Results of Operations

Item	PRESENT RATES			
	Year 1953		Year 1954	
	Applicant	Staff	Applicant	Staff
Operating Revenues	\$ 30,133.16	\$ 30,130	\$ 28,020.44	\$ 28,460
Operating Expenses				
Before Taxes & Depr.	18,706.07	20,040	16,492.60	20,420
Taxes	4,867.35	4,805	5,078.24	4,985
Depreciation	2,865.48	8,690	3,951.20	8,808
Total Oper. Exps.	26,438.90	33,535	25,522.04	34,213
Net Revenue	3,694.26	(3,405)	2,498.40	(5,753)
Rate Base, Depreciated	316,737.83	324,465	312,786.63	320,560
Rate of Return	1.17%	loss	0.80%	loss

(Red Figure)

a. As adjusted to a "normalized" year.

Results of Operations

Item	PROPOSED RATES			
	Year 1954		Year 1955	
	Applicant	Staff	Applicant	Staff
Operating Revenues	\$ 53,564.18	\$ 54,650	\$ 52,621.90	\$ 55,680
Operating Expenses				
Before Taxes & Depr.	16,492.60	20,480	18,495.13	15,657
Taxes	13,278.24	12,040	12,135.11	15,090
Depreciation	3,951.20	8,808	5,146.26	8,345
Total Oper. Exps.	33,722.04	41,328	35,776.50	39,092
Net Revenue	19,842.14	13,322	16,845.40	16,588
Rate Base, Depreciated	312,786.63	320,560	375,764.28	374,780
Rate of Return	6.34%	4.16%	4.48%	4.43%

The differences apparent for the years 1953 and 1954, in these tabulations, basically result from the staff's adjustment of applicant's records in order to correct erroneous bookkeeping entries or methods which have inadvertently crept into applicant's accounts over a long period of time. In the main, applicant is in agreement with the staff's analyses.

In connection with the tabulated figures for the year 1955 it should be kept in mind that, as the evidence clearly shows, they are not comparable to those for prior years because they are normalized estimates assuming full-year operations under conditions which will prevail when the system is supplied from Folsom Dam. In effect, they are for "near-future" operations, with substantial rearrangement of physical plant and with corresponding adjustments to fixed capital and operating expenses.

#### Conclusions

The evidence is clear, and the above tabulations illustrate, that applicant has been operating at a loss under existing water rates. It is equally clear that applicant is not, at this time, seeking a full return on its investment. Applicant is in need of and entitled to increased revenues substantially in the total amount sought and will be accorded such rate relief.

This system has been a flat-rate system from its inception and, as the evidence shows, is satisfactorily meeting the needs of both the consumers and the utility by such flat-rate service. We see no reason for meters on the system either at this time or in the near future except as a means of curbing possible water wastage, a situation which the evidence indicates is not presently prevalent. In our opinion, partial metering of the system, except for those uses not specifically provided for in the flat rate schedule or for consumptions found to be materially in excess of average, would produce discriminatory treatment of consumers. The rates to be authorized herein therefore basically will be flat rates with optional meter rates to control wastage.

We find it to be for the over-all benefit of the system and in the public interest to permit applicant to take its Comstock Ditch out of service. This ditch now supplies irrigation water to three

parcels of land located in an area of mining-operation tailings. No future expansion of agriculture in such area seems possible. The demands of the existing irrigators can be met by supplying them from the piped town system without adversely affecting such system provided certain restrictions are made as to the peak flow of the respective deliveries. The irrigators will be assured of an adequate quantity of water per season but its delivery will be restricted to a lesser rate of flow and supplied over a slightly longer period per irrigation than those enjoyed in the past. We find such restrictions to be both necessary and reasonable.

The record discloses that applicant has in the past rendered service at other than filed rates. Such situation creates unreasonable discrimination between customers and classes of customers and, if now practiced, must be terminated at once.

The record indicates that some adjustments are required in applicant's plant accounts. It is particularly important in this respect that applicant's books reflect correctly the substantial plant changes incident to operation of the Folsom Dam and the proper entry of such items as those contained in Exhibit No. 12 in this proceeding.

Applicant's method of depreciation accounting is unsuitable to its present-day operations. It will be required to adopt the straight-line remaining life method of depreciation accounting for future accruals to the depreciation reserve.

Applicant's rules are in some respects outdated. Applicant will be required to file new rules reflecting present-day practices.

O R D E R

Natomas Water Company having applied to this Commission for an order authorizing increases in rates and charges for water service,

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 and charges, in so far as they differ from those herein authorized, for the future are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission, on or after the effective date of this order and in conformity with the provisions of General Order No. 96, the tariffs attached to this order as Appendix A and, upon not less than one day's notice to the public and to this Commission, to make said tariffs effective for all service rendered on and after June 1, 1955.

IT IS HEREBY FURTHER ORDERED as follows:

1. Within thirty days of the effective date of this order applicant shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, rules and regulations, together with tariff service area map and forms currently used, reflecting present-day operations and relations with its customers. Such filing shall become effective upon five days' notice to the public and to the Commission after filing as hereinabove provided.
2. Effective July 1, 1955, applicant 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, applicant shall review such accruals when major changes occur in plant composition and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.
3. Within ninety days after the effective date of this order applicant shall file four copies each of maps showing the town distribution system and the entire water system, drawn to indicated scales not smaller than 400 feet to the inch and one mile to the inch, respectively, delineating by appropriate markings the various tracts of land and territory served, the principal water production, storage, transmission, open ditch and distribution facilities, and the location of the various properties of applicant.



Such maps shall reflect the revisions to applicant's water system which will prevail when its system is supplied from Folsom Dam.

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

Dated at San Francisco, California, this 10<sup>th</sup> day of May, 1955.

[Signature]  
President

[Signature]

[Signature]

[Signature]

Commissioners

APPENDIX A  
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## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all treated water service rendered on a metered basis.

TERRITORY

The City of Folsom and adjacent unincorporated territory, Sacramento County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 1,000 cu.ft. or less .....	\$ 1.75
Next 2,000 cu.ft., per 100 cu.ft. ....	.15
Next 7,000 cu.ft., per 100 cu.ft. ....	.12
Over 10,000 cu.ft., per 100 cu.ft. ....	.10
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 1.75
For 3/4-inch meter .....	2.50
For 1-inch meter .....	3.75
For 1 1/2-inch meter .....	6.50
For 2-inch meter .....	10.00
For 3-inch meter .....	16.00

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

Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all treated water service rendered on a flat rate basis for domestic, commercial and industrial purposes.

TERRITORY

The City of Folsom and adjacent unincorporated territory, Sacramento County.

RATES

	<u>Per Service Connection</u> <u>Per Year</u>
1. For each single-family residence on a single lot .....	\$24.00
a. For each additional single-family residential unit on the same lot served from the same service connection .....	18.00
b. For each additional lot on which water is used to irrigate a garden or lawn served from the same service connection .....	6.00
2. For each residential unit of a duplex or apartment building .....	18.00
3. For each store or office having no other plumbing fixtures than lavatories and toilets .....	12.00
a. Additional for commercial refrigeration using water for cooling purposes .....	60.00
4. For each hotel or rooming house .....	24.00
5. For each laundry .....	36.00
6. For each restaurant or soda fountain ..	24.00
7. For each service station or garage ....	18.00
a. Additional for each wash rack .....	6.00

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Schedule No. 2

GENERAL FLAT RATE SERVICE

RATES Contd.

	<u>Per Service Connection</u> <u>Per Year</u>
8. For each cemetery .....	\$ 12.00
9. For Southern Pacific Company water tank	372.00
10. For Folsom High School .....	465.00
11. For Theo Judah School .....	144.00
12. For Granite School .....	72.00
13. For City of Folsom .....	300.00

SPECIAL CONDITIONS

1. A customer may elect to pay the annual charge on a monthly basis equal to one twelfth of the annual charge.
2. All general service not covered by the above classifications will be furnished only on a metered basis.
3. In lieu of flat rate service under any of the above classifications, the Company, at its option, may install a meter at any time to serve any customer and thereafter will render service to such customer under Schedule No. 1, General Metered Service, for a period of not less than 12 consecutive months.

Schedule No. 3

FLAT RATE IRRIGATION SERVICE

DITCH SYSTEM SERVICE

APPLICABILITY

Applicable to all untreated water service from ditches rendered on a flat rate basis for the irrigation of orchards, vineyards, and crops grown for livestock feed.

TERRITORY

The area served from the Company's ditch system lying generally southwest of the City of Folsom and south of the American River, Sacramento County.

RATE

	<u>Per Season</u>
Per acre irrigated .....	\$10.00
.....	\$0.00

SPECIAL CONDITIONS

1. Application for service must be made on or before March first of the year service is desired.

2. The water supplied under this schedule is untreated water from open ditches. The Company does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption.

Schedule No. 4

FLAT RATE IRRIGATION SERVICE  
TOWN SYSTEM

APPLICABILITY

Applicable to all treated water service supplied from a limited portion of the Folsom town system on a flat rate basis for commercial irrigation service.

TERRITORY

The area lying generally to the south of the City of Folsom and served from Company mains in or along Bidwell Street.

RATE

Per Season

Per acre irrigated ..... \$12.00

SPECIAL CONDITIONS

1. Service under this schedule will be at limited rates of flow, as follows:
  - a. For premises not exceeding 5 acres in area, the rate of delivery will not exceed 60 gallons per minute per acre.
  - b. For premises whose area exceeds 5 acres, the rate of delivery will not exceed 35 gallons per minute per acre.
2. Continuous (24-hour) delivery will be provided for a period not exceeding seven days per irrigation.
3. Written application for service must be made on or before March first of the year service is desired.
4. The customer shall notify the Company at least 48 hours in advance of each irrigation delivery desired, stating the time of commencement and duration thereof.
5. In so far as reasonably possible, the Company will meet the delivery dates and periods desired by the irrigator. However, in accordance with the Company's rules deliveries are subject to interruption, limitation or termination as circumstances may require.

Schedule No. 5

MINING AND DREDGING SERVICE

APPLICABILITY

Applicable to water service supplied from the Rebel Hill Ditch for mining and dredging purposes.

TERRITORY

The area served from the Company's Rebel Hill Ditch.

RATE

Per Miner's Inch  
Per 24-hour Day

For water delivered ..... \$0.16

SPECIAL CONDITIONS

1. A miner's inch is defined as one fiftieth of a cubic foot of water per second.
2. Water supplied under this schedule is untreated water from open ditches. The Company does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption.