

ORIGINALDecision No. 52348

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GARBERVILLE WATER)
 COMPANY, INC., a corporation, for) Application No. 37258
 authority to revise and raise)
 rates for water service.)

Fred Hurlbutt and Alfred Bean, for applicant.
Clyde Norris and L. L. Thormod, for the
 Commission staff.

O P I N I O NNature of Proceeding

By the above-entitled application, filed August 29, 1955, Garberville Water Company, a California corporation, seeks an order of this Commission authorizing increased rates and charges for water service rendered in Garberville and vicinity in Humboldt County. Applicant basically seeks an annual increase of about \$7,200 in gross revenues, an increase of about 50 per cent on the basis of the level of business during the year 1955.

Public Hearing

After due notice to the public and to each customer, public hearing in the matter was held before Examiner Emerson on November 17, 1955, at Garberville. No customers appeared at the hearing to protest the proposed increased water rates or to otherwise comment upon the service or request of applicant.

Rates, Present and Proposed

Applicant's present rates have been effective since January 1, 1943. Of the total of 289 customers served, 270 are

supplied metered service. A comparison of charges for typical usages is shown in the following tabulation.

Quantity (Cubic Feet)	Monthly Charge		Per Cent
	Present Rate	Proposed Rate	Increase
0	\$ 1.50	\$ 2.50	66.7%
500	1.50	2.50	66.7%
1,000	2.75	4.25	54.6
1,500	4.00	6.00	50.0
1,900 (Average Usage, 1954)	5.00	7.40	48.0
2,500	6.25	9.25	48.0
5,000	11.25	16.75	48.9
10,000	21.25	31.75	49.4

Applicant's Operations

Although applicant has two wells and a number of surface sources and springs, the South Fork of the Eel River is its primary source of supply. Water from the river is lifted approximately 380 feet, through 1,400 feet of 4-inch steel pipe, to a reinforced-concrete reservoir of 175,000 gallons' capacity from which it flows through an 8-inch main to the town. Water from Bear Canyon Creek and from a spring on Buck Mountain is conveyed to a 50,000-gallon reservoir north of town and thence via a 3-inch steel pipeline to the distribution system. The two dug wells are located in town and are connected to the mains there but they produce little water and have been relegated to standby emergency use. Water entering each of the reservoirs is chlorinated. An average pressure of 75 psi is maintained in the town.

Numerous improvements to the system have been made in recent years. Applicant is now constructing, and had almost completed by the date of hearing, a large infiltration gallery at the river. By its use clear water will be available to the town throughout the year.

Summary of Presentations

Applicant and the Commission staff presented testimony and exhibits showing the results of applicant's operations. The respective showings are summarized as follows:

Summary of EarningsPRESENT RATES

Item	: Year 1954 : : Recorded :	: Estimated : : Year 1955 : : CPUC Staff :	: Estimated : : Year 1956 : : CPUC Staff :
Operating Revenues	\$12,750	\$13,618	\$14,284
Operating Expenses			
Before Taxes and Deprec.	8,068	9,512	10,090
Taxes	676	1,004	1,012
Depreciation	2,788	2,227	2,588
Total Oper. Exps.	<u>11,532</u>	<u>12,743</u>	<u>13,690</u>
Net Revenue	1,218	875	594
Rate Base (Deprec.)	35,559	38,482	41,278
Rate of Return	3.4%	2.3%	1.4%

As illustrated by the above, the evidence is clear that applicant is not earning a reasonable return on its investment, nor will it in the future if present water rates are continued.

Applicant has 100 shares of \$250 par value per share stock outstanding. No dividends have been paid since the year 1946. All net earnings, together with depreciation expense and advances for construction, in subsequent years have been devoted to financing plant additions. By this rate proceeding applicant seeks a fair and reasonable return on its investment and one which will enable it adequately to service its securities.

The testimony of applicant's secretary-treasurer indicates that expenses of operating the water system have been and are now less than normal. Such situation arises from the fact that applicant's officers are engaged in ranching and other operations which are drawn upon for labor, transportation and certain materials which applicant could not of itself have continuously available. Such

"donations" of these types of expenses tend to minimize applicant's costs. The full costs of operation, therefore, are not shown by applicant's books according to this witness.

Conclusions

Applicant is in need of and entitled to an improvement in its earnings position. In view of the evidence we conclude that a rate of return of 6.5 per cent on a depreciated rate base of \$42,000 is fair and reasonable for this utility. The rates hereinafter authorized will provide applicant with funds adequate to meet fully its operating expenses and service its securities. We find, therefore, that the increases in rates and charges hereinafter authorized are justified and that present rates and charges, in so far as they differ from those authorized herein, are for the future unjust and unreasonable.

The over-all average rate increase granted herein amounts approximately to 26 per cent. At present water rates the average user, for a consumption of 1,900 cubic feet, is charged \$5.00. At the rates which applicant proposed, such charge would be \$7.40. At the rates authorized herein such charge will be \$6.20, or an increase of approximately 24 per cent.

O R D E R

Garberville Water Company having applied to this Commission for an order authorizing increases in rates and charges for water service rendered in Garberville and vicinity, Humboldt County, public hearing thereon having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. Applicant is authorized to file in quadruplicate with this Commission, on or after the effective date of this order and in conformance with the provisions of General Order No. 96, the schedules


of rates attached to this order as Appendix A and, after not less than five days' notice to the public and to this Commission, to make such rates effective for all service rendered on and after January 16, 1956.

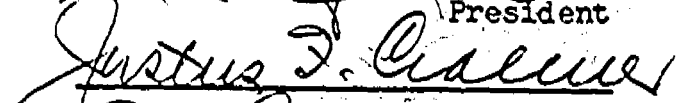
2. Beginning with the year 1956 applicant shall determine depreciation expense by multiplying the dollar amount of its depreciable fixed capital by a rate of 3.8 per cent, using such rate thereafter until review indicates that it should be revised. Further, applicant shall review said rate, using the straight-line remaining life method of depreciation accounting, whenever major changes in plant composition occur and at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

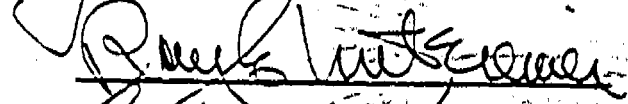
3. Within sixty days after the effective date of this order, applicant shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale of approximately 100 feet to the inch, delineating by appropriate markings the various tracts of land and territory served, the production, storage and distribution facilities and the various utility properties of applicant.

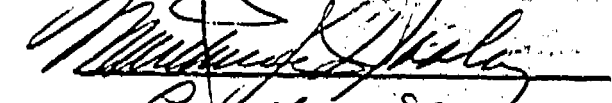
The effective date of this order shall be twenty days after the date hereof.

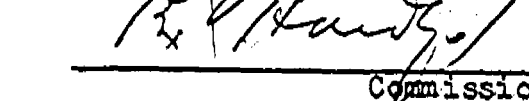
Dated at San Francisco, California, this 17th day of December, 1955.



President








Commissioners

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated community of Garberville, and vicinity, Humboldt County.

RATES

	<u>Per Meter per month</u>
Quantity Rates:	
First 500 cu.ft. or less	\$2.00
Next 1,500 cu.ft., per 100 cu.ft.....	.30
Next 8,000 cu.ft., per 100 cu.ft.....	.24
Next 10,000 cu.ft., per 100 cu.ft.....	.20
Over 20,000 cu.ft., per 100 cu.ft.....	.15
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 2.00
For 3/4-inch meter	3.00
For 1-inch meter	4.50
For 1-1/2-inch meter	6.50
For 2-inch meter	10.00
For 3-inch meter	16.00
For 4-inch meter	24.00

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

FLAT RATE SERVICEAPPLICABILITY

Applicable to all water service furnished on a flat rate basis.

TERRITORY

The unincorporated community of Garberville, and vicinity, Humboldt County.

RATES

	<u>Per Service Connection per Month</u>
1. For each single family residence including premises not exceeding 7,500 square feet	\$2.25
a. For each additional residential unit on the same premises served from the same service connection	1.25
b. For each additional 100 square feet of area of premises in excess of 7,500 square feet, June 1 to October 31, inclusive02
2. For garden areas devoted to truck gardens and commercial crops, minimum period of three months, per 100 square feet02

SPECIAL CONDITIONS

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

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

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for private fire protection purposes.

TERRITORY

The unincorporated community of Garberville, and vicinity, Humboldt County.

RATE

Per Month

For each 2-inch wharf type hydrant..... \$2.00

SPECIAL CONDITIONS

1. Hydrants will be installed and maintained by the utility at its expense.
2. For water delivered for other than private fire protection purposes, charges will be made under Schedule No. 1, General Metered Service.
3. A main extension required solely to furnish private fire protection service will be installed by the utility at the cost of the applicant for such service.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to fire hydrant service furnished to the Garberville Fire Protection District.

TERRITORY

The unincorporated community of Garberville, and vicinity, Humboldt County.

RATES

	<u>Per Month</u>
1. For fire hydrants owned and maintained by the utility:	
a. First 12 double outlet, 2 $\frac{1}{2}$ -inch diameter, fire hydrants	\$25.00
b. Each such additional fire hydrant	2.00
2. For each fire hydrant owned and maintained by Garberville Fire Protection District	1.50

SPECIAL CONDITION

Hydrants owned by the fire protection district will be installed by the utility at the cost of the district.