

ORIGINAL

Decision No. 53558

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 WESTERN TRUCK LINES, LTD. to establish)
 joint rates with DELTA LINES, INC.)
 INTERLINES MOTOR EXPRESS, MERCHANTS)
 EXPRESS CORP., OREGON-NEVADA-CALIFORNIA)
 FAST FREIGHT, INC. and Walter E. and)
 Myron D. Peters, doing business as)
 PETERS TRUCK LINES.)

Application No. 38134

OPINION AND ORDER

Applicants are highway common carriers of general commodities. Western Truck Lines, Ltd. operates between the Los Angeles area, on the one hand, and the San Francisco area, Sacramento and Stockton, on the other hand. The other carriers operate between various points in northern California. They presently maintain joint rates with interchange of freight at San Francisco or Oakland. By this application they seek the addition of Sacramento and Stockton as interchange points.

It appears that the establishment of the proposed interchange points, on ten days' notice, is not adverse to the public interest and should be authorized. A public hearing is not necessary.

Therefore, good cause appearing,

IT IS HEREBY ORDERED that applicants be and they are hereby authorized to establish, on not less than ten days' notice to the Commission and the public, the interchange points of Sacramento and Stockton in connection with joint rates previously authorized.

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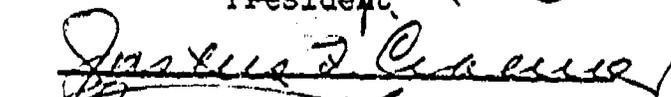
IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 7th day of August, 1956.



President







Commissioners

water to the applicant under its Schedule No. 2.³

Applicant's Proposal Concerning Rates and Service

By the application as filed the applicant proposes to drill a well, install a deep well turbine pump, construct a 20,000-gallon surge basin, and install multiple booster pumps with a 3,500-gallon pneumatic tank as well as to enlarge and extend the mains. After discussion with the Commission staff, the applicant agreed that the cost of water to applicant would be less if the water were purchased from Park Water Company than if the applicant developed its own wells. Applicant will, therefore, at the outset of its operations purchase its water from the Park Water Company and distribute it through a system of 6-, 4- and 2-inch mains. The proposed system, as it will appear when completely installed, is depicted on

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Schedule No. 2

METER RATES

APPLICABILITY

Applicable to all domestic and industrial metered water service.

TERRITORY

Within all service areas in Los Angeles and San Bernardino Counties..

RATES

Monthly Quantity Charges:

First	2,000 cu.ft., per 100 cu.ft.	\$.15
Next	8,000 cu.ft., per 100 cu.ft.	.12½
Next	90,000 cu.ft., per 100 cu.ft.	.10
Next	200,000 cu.ft., per 100 cu.ft.	.08
Over	300,000 cu.ft., per 100 cu.ft.	.07½

Monthly Minimum Charges:

For 2-inch meters	\$ 3.00
For 6-inch meters	20.00

The monthly minimum charge will entitle the customer to the quantity of water which that monthly minimum charge will purchase at the Monthly Quantity Charges.

Exhibit No. B (amended) herein and includes a 6-inch main along 166th Street between Clarkdale Avenue and Elaine Avenue; 6-inch mains on Clarkdale Avenue and Elaine Avenue between 166th Street and 168th Street; and 4-inch mains on Clarkdale Avenue and Elaine Avenue south of 168th Street. At the commencement of service there will be no meters. Applicant has proposed both meter and nonmeter rates as follows:

METER RATES AND FLAT RATES

A. Applicability

Applicable to metered water service for household and domestic purposes.

B. Territory

Entire area of service within and in the vicinity of Norwalk in Los Angeles County, California, as shown on the map in Exhibit D.

C. Meter Rates

Minimum Charges:	Per Month Per Meter
For 5/8 x 3/4-inch meter	\$ 2.50
For 3/4-inch meter	3.25
For 1-inch meter	5.00
For 1 1/4-inch meter	7.00
For 1 1/2-inch meter	9.00
For 2-inch meter	12.00
For 3-inch meter	18.00
For 4-inch meter	27.00

Quantity Rates:

First	700 cu.ft. or less	\$ 2.50
Next	2,000 cu.ft., per 100 cu.ft.	.28
Next	2,000 cu.ft., per 100 cu.ft.	.24
Next	2,000 cu.ft., per 100 cu.ft.	.18
Over	6,700 cu.ft., per 100 cu.ft.	.14

Water meters at the option of the company, normally may be read at intervals of approximately 2 months instead of 1 month. The charge for service rendered in each 2-month period will be computed by doubling the applicable monthly minimum charge and the number of cu.ft. to which each block rate is applicable on a monthly basis.

D. Flat Rates

Each residence \$3.75 provided service is 3/4-inch or smaller. Above this 1 1/2 times minimum charge for the size of service set.

Meters may be installed at the option of either the individual or the water company.

Using the applicant's proposed flat rate of \$3.75 per month per consumer and assuming 250 consumers in 1956, and allowing for reasonable growth thereafter, the staff computed the following results of the applicant's operations (page 17, Exhibit No. 5):

<u>Item</u>	<u>Estimated Year</u>		
	<u>1956</u>	<u>1957</u>	<u>1958</u>
Operating Revenue	\$11,250	\$12,523	\$13,768
Operating Expenses			
Maintenance and Operating Expense ..	5,900	6,410	6,760
Depreciation	726	952	1,142
Taxes	<u>1,953</u>	<u>2,221</u>	<u>2,532</u>
Total Operating Expense	8,579	9,583	10,434
Net Revenue	2,671	2,940	3,334
Average Depreciated Rate Base ⁴	24,547	28,341	32,688
Estimated Rate of Return	10.88%	10.37%	10.19%

Using a flat rate of \$3 per month per consumer and assuming the same number of consumers as above, the staff computed the following results of the applicant's operations (Exhibit No. 6):

<u>Item</u>	<u>Estimated Year</u>		
	<u>1956</u>	<u>1957</u>	<u>1958</u>
Operating Revenue	\$ 9,000	\$ 9,900	\$10,800
Operating Expenses			
Maintenance and Operating Expenses ..	5,900	6,410	6,760
Depreciation	726	952	1,142
Taxes	<u>1,206</u>	<u>1,361</u>	<u>1,562</u>
Total Operating Expenses	7,832	8,723	9,464
Net Revenue	1,168	1,177	1,336
Average Depreciated Rate Base ⁴	24,547	28,341	32,688
Estimated Rate of Return	4.75%	4.15%	4.08%

It is apparent that a reasonable rate would be somewhere between the \$3 and the \$3.75 monthly flat rates for which rates of

⁴ The rate base is developed on pages 15 and 16 of Exhibit No. 5

return have been computed above. A flat rate of \$3.25 per month under the assumptions indicated in Exhibit No. 5 would result in net revenue of about \$1,650 and a rate of return of 6.7 per cent for the year 1956. We hold that a return of 6.7 per cent is reasonable and the applicant will be authorized to establish this flat rate in the following order.

The Stock Issue

The cost of the system, plus a pickup truck, and \$4,322 operating cash, is estimated by the applicant to be \$28,000 (Exhibit 8). Applicant intends to finance said costs and to secure the required cash by issuing 28,000 of its \$1 par value common stock to Utility Management Company. Mr. W. E. Coble, the president of the applicant company, is one of the four owners of the said company.

The Staff's Report

The staff studied the proposal and made several recommendations. Among these were recommendations that within 60 days the three delivery points from Park Water Company through three 2-inch meters be combined through one 6-inch meter on Arkansas Street with an 8-inch supply main connecting this meter to the grid system at Clarkdale and Arkansas Street, and that the 4- and 6-inch mains proposed for Elaine Avenue should be installed to minimize service pressure drop.

The requirement for the installation of the 4- and 6-inch mains on Elaine Avenue within 60 days appears to be reasonable and will be ordered. It does not appear, however, that the Park Water Company will permit applicant to connect to its system with a 6-inch meter.

Conclusion

After consideration of the record herein the Commission is of the opinion that public convenience and necessity require the

granting of the certificate as requested. This certificate is subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate, or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

The Commission is also of the opinion that the money, property or labor to be procured or paid for by the issue of stock is reasonably required for the purposes set forth herein and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

O R D E R

Application having been filed, a public hearing having been held thereon, and the Commission having made the foregoing findings, and based upon said findings,

IT IS HEREBY ORDERED as follows:

1. That a certificate of public convenience and necessity be and it hereby is granted to County Water Company, a corporation, to acquire, construct and operate a public utility water system within the area set forth in the map, Exhibit No. 7 and delineated by a blue line thereon. The authority herein granted is subject to the restriction that applicant shall not extend its service area without further order of this Commission.
2. That applicant is authorized to file, after the effective date of this order, the rates set forth in Appendix A attached hereto, to be effective on or before the date service is first rendered to the public together with rules and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such rates, rules and tariff service area map shall become effective on five days' notice to the Commission and to the public after filing as hereinabove provided.

3. That applicant shall notify this Commission, in writing, of the date service is first rendered to the public, within ten days thereafter.
4. That applicant shall file within ninety days after the system is placed in operation under the rates and rules authorized herein, four copies of a comprehensive map, drawn to an indicated scale not smaller than 100 feet to the inch, delineating by appropriate markings the various tracts of land and territory served for which this certificate is issued; the sources of water supply and the distribution facilities; and the location of the various properties of the applicant.
5. That applicant shall, within sixty days after the commencement of operations, install 6-inch mains in 166th Street and 4- and 6-inch mains in Elaine Avenue as shown in Exhibit B attached to the application. Applicant shall notify this Commission in writing within ten days after completion of the installations as herein presented.
6. That beginning with the year 1956, applicant shall determine depreciation expense by multiplying the depreciable fixed capital by a rate of 3.5 per cent. This rate shall be used until review indicates that it should be revised. Applicant shall review the depreciation rate using the astraight-line remaining life method whenever substantial changes in depreciable fixed capital occur and at intervals of not more than five years and revise the above rate in conformance with such reviews. Results of such reviews shall be submitted to the Commission.
7. That applicant may issue not to exceed \$28,000 par value of its capital stock for the purposes described in the foregoing opinion.
8. That none of the shares of stock authorized by paragraph 7 hereof shall be sold or issued unless and until applicant corporation first shall have selected an escrow holder and said escrow holder first shall have been approved by the Commission; that when issued all documents evidencing any of said shares of stock shall be deposited with said escrow holder forthwith, to be held as an escrow pending the further written order of the Commission; that the receipt of said escrow holder for said documents shall be filed with the Commission; and that the owners or persons entitled to said shares shall not consummate a sale or transfer of said shares, or any interest therein, or receive any consideration therefor, until the written consent of the Commission shall have been obtained so to do.
9. That applicant shall file with the Commission monthly reports, as required by General Order No. 24A,

which order, in so far as applicable, is hereby made a part of this order.

- 10. That the authorization herein granted shall expire if not exercised within one year from the date hereof.

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

Dated at San Francisco, California, this 7th day of August, 1956.

John E. Mitchell
President

James J. Caswell

George J. Dool

R. Hardy

Commissioners

Commissioner Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
Page 1 of 2

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the area lying generally east of Pioneer Boulevard between Alondra Boulevard and 170th Street in the vicinity of Norwalk, Los Angeles County.

RATES

Per Meter
Per Month

Quantity Rates:

First	700 cu.ft. or less	.....	\$ 2.50
Next	2,000 cu.ft., per 100 cu.ft.	.....	.28
Next	2,000 cu.ft., per 100 cu.ft.	.....	.24
Next	2,300 cu.ft., per 100 cu.ft.	.....	.18
Next	7,000 cu.ft., per 100 cu.ft.	.....	.14

Minimum Charge:

For	5/8 x 3/4-inch meter	.....	\$ 2.50
For	3/4-inch meter	.....	3.25
For	1-inch meter	.....	5.00
For	1 1/4-inch meter	.....	7.00
For	1 1/2-inch meter	.....	9.00
For	2-inch meter	.....	12.00
For	3-inch meter	.....	18.00
For	4-inch meter	.....	27.00

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

APPENDIX A
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Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Portions of the area lying generally east of Pioneer Boulevard between Alondra Boulevard and 170th Street in the vicinity of Norwalk, Los Angeles County.

RATE

Per 3/4-Inch
Service Connection
Per Month

For each single family residence including lot not exceeding 5,000 square feet in area	\$3.25
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SPECIAL CONDITIONS

1. All service not covered by the above classification will be furnished only on a metered basis.
2. Meters may be installed at option of utility or customer for the above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.