

**ORIGINAL**

Decision No. 54200

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of IRVEN L. WOFFORD, doing business as ARDEN WATER COMPANY, for authority to increase water rates and to es- tablish a flat rate for cooler service. (Section 454 of the Public Utilities Code.)	) ) ) ) ) ) ) ) ) )	Application No. 38077
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Louis R. Deadrich, for applicant;  
John S. McVay, for the California State  
 Division of Real Estate; Robert D.  
Thomas, Buelah Mae Thomas and  
Edward C. Uffert, in propria personae,  
 interested parties;  
Walter John Cavagnaro, for the Commission  
 staff.

O P I N I O N

By application filed May 24, 1956, Irven L. Wofford seeks an order authorizing him to increase the rates applicable to water service he renders under the name of Arden Water Company in supplying water to Wofford Subdivision Tract No. 1422 and adjacent territory, in Section 32, and in the W $\frac{1}{2}$  of Section 33, T.25 S., R.33 E., M.D.B.& M. in Kern County, all being land owned by applicant prior to its subdivision and sale. The application contains a summary of estimated earnings at applicant's present rates and estimated expense for 1956 and indicates a deficit of \$1,269.76. The profit and loss statement for the year 1955 indicates a loss during that 12-month period of \$3,219.86.

Public hearing was held in Wofford Heights, Kern County, California, before Examiner Rowe on October 23, 1956, and evidence both oral and documentary was adduced and the matter submitted for decision.

Several of applicant's water customers testified that they were of the opinion that the requested increase in rates was justified. Some of these witnesses complained of the service especially on week ends during the last two summers. Applicant indicated that he intended to better the service by equipping additional wells and installing approximately 40,000 gallons of additional storage capacity. It also appeared that service could be improved by means of having two of the existing wells operate at the same time and go on or off automatically, depending upon the amount of water in the storage tanks. This should eliminate the necessity of changing the wells alternately by personally turning one well off and the other on. The recent earthquake in this area caused severe damage to the system, necessitating additional capital investments. Two of applicant's own witnesses expressed the opinion that an equal flat rate charge should not be imposed on account of the use of the circulating type of non-water-wasting coolers.

A staff witness testified that the service area is located above the new Isabella Dam. At present the source of supply consists of two wells located in the service area. One well is 226 feet deep with a 12-inch casing, interlined and is gravel packed and is equipped with a 6-inch Johnson pump with a 25-horsepower motor, complete with electric starter and switches, which pumps water into a 21,000-gallon steel tank located at the highest elevation in the system. Another well at this same location is 245 feet deep, has a 12-inch casing and is gravel packed. A 25-horsepower motor is connected to a 6-inch Pomona pump and also supplies water to the above-mentioned tank. The distribution system consists of 18,750 feet of mains varying in size from 2 to 5 inches. There are also 20 fire hydrants installed in the tract.

The staff introduced, as Exhibit No. 15, a study of this system and its rates. Rate bases were developed for the year 1955 adjusted and for the year 1956 estimated. The rate base for 1955 is stated as \$52,530 and for 1956 as \$53,110.

The monthly rates presently being charged and those proposed by applicant are as follows:

	<u>Flat Rates</u>	
	<u>Present</u>	<u>Proposed</u>
Connection of 3/4-inch or less:		
Each residence .....	\$ 2.50	\$ 5.00
Each business having only one toilet facility .....	2.50	5.00
All other business users, except hotels and motels .....	5.00*	7.50
Hotels and Motels, Base Rate .....	5.00*	7.50
Each additional unit .....	1.00*	2.00
Special Rates:		
Circulating evaporative type water coolers. (Service to be used only during and charged for months of April through October, inclusive)	\$ -	\$ 0.75
Water-wasting evaporative-type coolers. (Service to be used only during and charged for months of April through October, inclusive)	-	1.00
Fire hydrants .....	-	To be es- tablished by negotia- tion.

GENERAL METERED SERVICE

Minimum Charge:

For 5/8 x 3/4-inch meter .....	\$ 2.25	\$ 3.45
For 3/4-inch meter .....	2.75	5.00
For 1-inch meter .....	3.75	7.00
For 1 1/2-inch meter .....	6.00	11.00
For 2-inch meter .....	10.00	17.00

Quantity Rates:

First 900 cu.ft. or less .....	2.25	3.45
Next 3,100 cu.ft., per 100 cu.ft.	.15	.30
Over 4,000 cu.ft., per 100 cu.ft.	.08	.16

\* Not filed

The following summary of earnings for applicant was included in Exhibit No. 15, for the year 1955 adjusted and for the year 1956 estimated.

Summary of Earnings  
Year 1955 Adjusted and Year 1956 Estimated

Item	1955 Adjusted		1956 Estimated		
	Present Applicant's Rates	Prop. Rates	Present Applicant's Rates	Proposed Metering 100% Metered Applicant's Rates	Prop. Rates
Operating Revenues	\$ 2,415	\$ 4,360	\$ 2,580	\$ 4,670	\$ 4,720
<u>Deductions</u>					
Oper. & Maint. Expenses Excluding Taxes & Depr.	2,600	2,600	2,620	2,620	2,590
Taxes Includ. Income	395	395	395	395	405
Depreciation	1,854	1,854	1,870	1,870	1,942
Total Deductions	4,849	4,849	4,885	4,885	4,937
Net Revenue	(2,434)	(489)	(2,305)	(215)	(217)
Rate Base	52,530	52,530	53,110	53,110	54,870
Rate of Return	loss	loss	loss	loss	loss

(Red Figure)

The staff witness who prepared the above estimate testified that subsequently he had learned that 10 units which he had believed to constitute a motel and charged as such were now found to constitute separate residences and were being so charged. With the adjustments necessitated by this change in billing he stated that instead of suffering a loss under the proposed rates applicant should just about break even.

This application should be considered in the light of Decision No. 42839, dated May 3, 1949, in Application No. 29653 of which the Commission takes official notice. At the time of this decision when the present applicant was serving only 10 customers, in

its opinion and order on rehearing, the Commission, in discussing applicant's present rates, said:

"When as few as 60 customers are being served, the Commission believes that the water system will reasonably be paying its way on the prescribed rates. Just as soon as any substantial development takes place, the Commission will entertain a supplemental application to set proper rates if on actual experience these rates prove to be unsatisfactory."

There are still only about 56 customers who are served. This approximates the number of 60, at which time it was estimated the system under present rates would become self-supporting. Apparently, this community has not reached a leveling off position in its growth. However, according to the testimony of applicant's bookkeeper there are only three new users in prospect. Since costs have risen materially during the last seven years, it appears that the increase in rates will just about put applicant in the financial position envisioned by the Commission in its 1949 decision.

The staff made five recommendations which the Commission feels should be carried out by applicant. First, it is recommended that the utility file a tariff service area map showing the boundaries of the territory served. Second, it is recommended that a comprehensive map be filed on which will be delineated the various tracts of land and area served, the principal water production, storage, transmission and distribution facilities, and the location of applicant's various properties. Third, it is recommended that beginning with the year 1956 applicant determine depreciation expense by multiplying the depreciable fixed capital, exclusive of plant provided through contributions in aid of construction, by a rate of 3.8 per cent. Fourth, it is recommended that meters be installed on all services, including the premises owned by applicant. Fifth, it is finally recommended that applicant install fences to inclose the

pump and tank areas. Allowance for fences enclosing these areas has been included in additions to plant for 1956 in the staff's computations.

Complete metering of the system will eliminate the necessity of a permanent flat rate schedule. A temporary flat rate schedule to be used only until meters can be installed and in no event after March 31, 1957, will be provided for by the order which follows:

Applicant has indicated that he will attempt to improve service by the installation of additional facilities. It appears that, concurrently with the installation of meters, applicant should proceed with its plan of installing additional storage capacity to alleviate water shortages which have heretofore occurred over week ends. In the order which follows, applicant will be required to install a minimum of 40,000 gallons additional storage capacity.

While several customers of applicant criticised the service, it was generally agreed that the increases requested should be allowed in case service should be improved. In view of the record herein the Commission finds 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, are, for the future, unjust and unreasonable. Applicant has indicated an intention to refund to Dr. Barrows the excess charges collected from him. Applicant will be expected to make such refund.

O R D E R

Irven L. Wofford having applied to this Commission for an order authorizing increases in rates and charges for water service rendered by him in Wofford Heights and vicinity in Kern County, public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED:

1. That applicant is authorized to file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, the schedules of rates and charges set forth in Appendix A attached to this order, and, on not less than five days' notice to the public and to this Commission, to make said rates and charges effective for all service rendered on and after January 1, 1957.

2. That within sixty days after the effective date of this order applicant shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, a tariff service area map showing the boundaries of the territory served. Such 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 within sixty days after the effective date hereof applicant shall file with this Commission four copies of a comprehensive map drawn to an indicated scale of not smaller than 200 feet to the inch, on which shall be delineated by appropriate markings the various tracts of land and area served, the principal water production, storage, transmission, and distribution facilities, and the various properties of applicant.

4. That beginning with the year 1956, applicant shall determine depreciation expense by multiplying the depreciable utility plant by a rate of 3.8 per cent, that this rate shall be used until review indicates it should be revised, that applicant shall review the depreciation rate, using the straight-line remaining life method whenever substantial changes in depreciable utility plant occur and at intervals of not more than five years, and that results of these reviews shall be submitted to the Commission.

5. That applicant shall install by not later than March 31, 1957, meters on all active service connections.

6. That applicant shall install and place in operation by not later than May 15, 1957, additional storage capacity of not less than 40,000 gallons.

7. That applicant shall install by not later than May 31, 1957, fences enclosing all pump and tank installations.

8. That applicant shall inform this Commission in writing of the completion and placing in operation of the facilities ordered in the above paragraphs 5 to 7, inclusive, not more than five days after each such completion.

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

Dated at San Francisco, California, this 18<sup>th</sup> day of DECEMBER, 1956.

*John E. Mitchell*  
President  
*Raulo Vesterinen*  
*William J. Dade*  
*R. H. Hurd*  
*E. L. Fox*  
Commissioners



APPENDIX A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated community of Wofford Heights, approximately 2 miles south of Kernville, Kern County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 900 cu.ft. or less .....	\$ 3.45
Next 3,100 cu.ft., per 100 cu.ft. ....	.30
Over 4,000 cu.ft., per 100 cu.ft. ....	.16
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	3.45
For 3/4-inch meter .....	5.00
For 1-inch meter .....	7.00
For 1 1/2-inch meter .....	11.00
For 2-inch meter .....	17.00

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. 2LX

LIMITED TEMPORARY FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated community of Wofford Heights, approximately 2 miles south of Kernville, Kern County.

RATES

	<u>Per 3/4-inch Service Connection per Month</u>
1. For each single family residence including premises .....	\$5.00
2. For each business establishment, except hotels and motels, having no plumbing fixtures other than one toilet and one lavatory .....	5.00
a. Additional for each toilet in excess of one .....	.50
b. Additional for each bathtub or shower bath .....	.75
3. For the first unit of a hotel or motel including central bath and utility room .....	7.50
a. For each additional unit .....	2.00

SPECIAL CONDITIONS

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

2. Service under this schedule will be furnished to existing customers only until such time as meters are installed. This schedule will be effective only to and including March 31, 1957.