

ORIGINAL

Decision No. 54341

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of HARRY C. WILSON and)
MARTHA A. WILSON, copartners doing)
business as SUMMER HOME PARK WATER)
CO., a public utility, for authori-)
zation to raise water rates.)

Application No. 37913
(As Amended)

Donald M. Scott, for applicant.
E. Ronald Foster, for the Commission staff.

O P I N I O N

Applicant, a copartnership, seeks an order increasing rates for domestic water service in the contiguous resort areas of Summer Home Park and Highcroft, on the Russian River near Hilton, Sonoma County. The requested rates are designed to produce an increase of approximately 40 percent in revenue, which applicant alleges to be necessary to defray increased operating and maintenance expenses and to permit the earning of a reasonable return on the investment.

Public hearing was held, after due notice, at Sebastopol before Examiner John M. Gregory on August 30, 1956, when the application was taken under submission.

The evidence disclosed that the utility served approximately 150 consumers in 1955. Applicant acquired the Horgan System, formerly serving the Highcroft area, in 1955 (Decision No. 51860, Application No. 36934). Water for the Summer Home Park area is derived from springs and the Russian River. The springs are adequate only in the winter months. Water pumped from the river and used to supply the Summer Home Park area is filtered and chlorinated and, with the spring water, is stored in interconnected

reservoirs and tanks having a total capacity of about 38,500 gallons. The water flows by gravity through the transmission and distribution system which, together with that in the Highcroft area, now interconnected with the Summer Home Park facilities, consists of approximately 20,000 feet of pipe of from 1/2 inch to 3 inches in diameter.

Water in the Highcroft section is pumped from a well to a 10,000-gallon redwood tank, from which it flows by gravity to serve about 11 customers.

Applicant's rates, which for the original Summer Home Park area have been in effect since 1948 (Decision No. 41672, Application No. 28913), include both flat-rate and metered service for the two areas presently served. They also include "resort rates" in the Highcroft area for service to units in addition to the initial service units for which the present minimum annual charge is made. Applicant proposes to discontinue these "resort rates", to increase the minimum annual and quantity charges for metered service and the annual charge for flat-rate service, as shown below. It is proposed to operate under one set of rates and rules for the combined utility systems. Only the basic rates and charges, present and proposed, are reproduced here .

Summer Home Park

General Metered Service

<u>Rates</u>	<u>Per Year</u>	
	<u>Present</u>	<u>Proposed</u>
Annual minimum charge, payable in advance, entitling consumer to 400 cu.ft. per mo., 5/8 x 3/4-inch meter	\$18.00	\$24.00
Quantity charges:	<u>Per Meter per Month</u>	
First 400 cu.ft. per mo.	\$ 1.50	\$ 2.00

Flat Rate

<u>Rates</u>	<u>Per Year</u>	
	<u>Present</u>	<u>Proposed</u>
Annual charge, payable in advance	\$18.00	\$24.00

Highcroft

Flat Rate

<u>Rates</u>	<u>Per Year</u>	
	<u>Present</u>	<u>Proposed</u>
Annual charge, payable in advance, entitling consumer to 400 cu.ft. monthly	\$18.00	\$ -
Minimum annual charge, payable in advance, entitling consumer to maximum of 400 cu.ft. per mo. for 4 mos.	14.00	-
Annual charge, payable in advance		24.00

Meter Rates

<u>Rates</u>	<u>Per Year</u>	
	<u>Present</u>	<u>Proposed</u>
Minimum charge:		
Annual minimum charge, payable in advance, entitling consumer to 400 cu.ft. per mo. for 4 mos.	\$14.00	
Annual charge, payable in advance		\$24.00
Quantity charge:	<u>Present</u>	<u>Proposed</u>
All use during other months, 400 cu.ft. or less	\$ 1.00	\$ -
First 400 cu.ft. or less		2.00

("Resort" rates not reproduced)

Results of operations of the system for the year 1955, adjusted, and as estimated for 1956, are shown below (from Commission staff exhibit - Exhibit 2):

<u>Item</u>	<u>1955 Adjusted</u>		<u>1956 Estimated</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Operating Revenues	\$2,799	\$3,730	\$3,030	\$4,035
Operating Expenses, Excl. Taxes and Depr.	2,840	2,840	2,865	2,865
Taxes, Other Than Income	210	210	225	225
Depreciation	369	369	372	372
Taxes Based on Income	0	65	0	120
Total Deductions	\$3,419	\$3,484	\$3,462	\$3,582
Net Revenue	(520)	246	(432)	453
Avg. Depr. Rate Base	10,260	10,260	10,000	10,000
Rate of Return	Loss	2.4%	Loss	4.5%

(Red Figure)

Customer growth on this system has not been rapid. Between 1947 and 1956 there were 39 new consumers and three more are expected in 1957 in the Highcroft area. Applicant plans capital improvements in the near future, consisting of a larger capacity pump at Highcroft, enlarged mains in Summer Home Park, and some main extensions, all of which applicant proposes to finance out of personal funds, since there is no accumulation of reserve for capital improvements.

The condition of Mr. Wilson's health will not permit him to maintain the system; consequently, hired help will have to be employed for that purpose.

During periods of peak demand, in the summer of 1955, certain sections experienced pressure inadequacies, which were eliminated in 1956 by the installation of two 500-gallon tanks.

No one manifested opposition at the hearing to the proposed increase in rates.

Certain recommendations, appearing in Chapter 12 of the staff exhibit, having to do, among other matters, with the filing of up-to-date rules and maps, are hereby found to be reasonable and the utility will be directed to carry them out.

Conclusions

We conclude, from the record, that this utility has need of increased revenue for the purposes stated above. The proposed rates, together with the rate base of \$10,000 and rate of return of 4.5 percent, shown in the staff exhibit, are hereby found to be reasonable for the purposes of this proceeding.

Since the annual rates are payable in advance each year, and the year 1957 is drawing close, this decision will be ordered to become effective on the date of issuance and the increased rates will be authorized to become effective on not less than one day's published notice.

O R D E R

Public hearing having been held herein and the Commission now being fully advised,

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 prescribed, for the future are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED that:

1. Applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformance with General Order No. 96, the schedules of rates shown in Appendix A attached hereto, and upon not less than one day's notice to the Commission and the public, to make said rates effective for service rendered on and after January 1, 1957.


2. Applicant, within forty days after the effective date of this order, shall file with this Commission four sets of up-to-date rules governing relations with its customers, together with four copies of a tariff service area map, acceptable to the Commission and in accordance with the requirements of General Order No. 96. Such rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

3. Applicant, within forty days after the effective date of this order, shall file with this Commission four copies of a comprehensive map drawn to an indicated scale not smaller than 400 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. Beginning with the year 1956, applicant shall determine depreciation expense by multiplying the depreciable fixed capital by a rate of 2.8 percent. This rate shall be used until review indicates it should be revised. Applicant shall review the depreciation rate using the straight-line remaining life method whenever substantial changes in depreciable fixed capital occur and at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to the Commission.

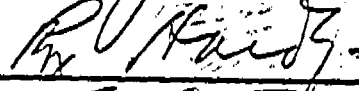
The effective date of this order shall be the date hereof


Dated at San Francisco, California, this 28th day of December, 1956.



President







Commissioners

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

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated communities of Summer Home Park and Highcroft, along the Russian River, Sonoma County.

RATES

Annual Minimum Charge:	<u>Per Meter per Year</u>
For 5/8 x 3/4-inch meter	\$24.00

Monthly Quantity Rates:	<u>Per Meter per Month</u>
First 400 cu.ft. or less, per month, included in Annual Minimum Charge	\$ 2.00
Next 1,000 cu.ft. per 100 cu.ft.35
Over 1,400 cu.ft. per 100 cu.ft.25

SPECIAL CONDITIONS

1. The above annual minimum charge applies to service during the 12-month period commencing January 1 and is due and payable in advance.
2. Charges for water used in excess of the monthly allowance under the annual minimum charge may be billed monthly, bimonthly, or quarterly at the option of the utility on a noncumulative monthly consumption basis.

Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated communities of Summer Home Park and Highcroft, along the Russian River, Sonoma County.

RATE

	<u>Per Service Connection per Year</u>
For a 3/4-inch service connection	\$24.00

SPECIAL CONDITIONS

1. The above flat rate applies to service during the 12-month period commencing January 1 and is due and payable in advance.
2. Motors may be installed at option of utility or customer in which event service thereafter will be rendered only on the basis of Schedule No. 1, General Metered Service.