

Decision No. 55661

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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|-------------------------------------|-----------------------|
| Application of E. B. HICKS, dba) | |
| E. B. HICKS WATER COMPANY,) | |
| Bakersfield, California, for an) | Application No. 39057 |
| increase of established Water) | |
| Rates, in Tracts No. 1449 and) | |
| No. 1348, Kern County, California.) | |

Earl B. Hicks, applicant.
T. B. Rodgers, J. B. Bills, Mrs. E. B. Fleming,
 protestants.
Dorothy M. Donahoe, interested party.
Clyde F. Norris for the Commission staff.

O P I N I O N

Applicant commenced this proceeding on May 9, 1957, seeking to obtain an increase in rates. His system assesses flat rates exclusively. The basic residential rate is \$2.50 per month with a charge of \$0.05 per one hundred square feet of lawn and garden area. It is requested that permission be given to increase these rates to \$4.50 and \$0.10 respectively. Similar increases are sought in other rates presently assessed.

A public hearing was held at Bakersfield before Examiner Power on August 22, 1957, and after receipt of evidence the matter was submitted.

The evidence revealed that the system has been sustaining a substantial out-of-pocket loss. The Commission staff's exhibit (No. 1) indicated that even the proposed rates will not be fully compensatory if a reasonable allowance is made for the applicant's personal services. Applicant does provide services both of managerial and labor types and is entitled to be compensated therefor. An increase in the basic residential flat rate will be

allowed, but the garden rate should be cancelled on all lots of normal size.

The applicant's tariff requires revision. In some respects it is ambiguous. For example, item 3 of the flat rate schedule reads, "For each...(commercial establishment)...using large quantities of water - \$4.50." Item 4 reads, "For each office, store or shop not included in item 3 - \$2.50." These two items suggest a completely subjective selection of rate level.

The tariff contains no water cooler rates. This omission is hard to understand. Such rates are almost universally charged in San Joaquin Valley flat rate systems. To omit them gives rise to two injustices: first, between those who have coolers and those who have none; second, between those who have water-conserving and those who have water-wasting types.

The Commission finds and concludes, then, that the sought rate increases are justified and should be granted, that the tariff must be simplified, that water cooler rates on two levels should be added, and that charges for yard water should be eliminated except on lots of abnormal size.

A number of customers appeared at the hearing. They protested any increase at all in some instances. In others they protested only the size of the increase. The protests as to the increase must be overruled. A utility is legally entitled to recapture of its operating costs and to a return upon its investment.

In the course of the hearing, however, a number of customer grievances came to light. First, it appears that applicant has been supplying free water to one or more stores in return for which the storekeepers have been accepting payments of water

bills. This free water should be billed, and persons rendering services to the utility should be paid for such services.

A second grievance was the failure of applicant to collect for water furnished to some customers, especially renters. This is unfair to owner customers and to the utility. Furthermore, it violates a special condition in applicant's tariff, requiring payment of flat rates in advance. Applicant should progressively install shut-off valves on all services to permit enforcement of its filed tariffs.

A third grievance concerns system pressures. The evidence on this point conflicts to some extent. It appears, however, that most pressure failures have coincided with pump failures. Applicant employs a pump firm to do his pump repairs. Apparently applicant has delayed ordering pump repairs or the pump repairmen have delayed execution of orders received. Applicant should place orders promptly and follow them up so as to put the system back into operation more quickly.

Although the records of applicant are not in satisfactory condition, applicant has indicated that it will take the steps necessary to correct deficiencies.

A basic flat rate of \$4.25 will be allowed, together with additive charges for water coolers and lots in excess of the basic 8,000 square foot size. These rates will yield revenues approximately equivalent to the rates proposed by applicant. Although applicant proposed discontinuance of its meter rates, a revised schedule will be provided to permit metering as and if necessary.

The Commission finds and concludes that the increases in rates and charges authorized herein are justified and that present rates, in so far as they differ from those herein prescribed, for the future are unjust and unreasonable.

O R D E R

Earl B. Hicks, doing business as E. B. Hicks Water Company, having applied to this Commission for an order authorizing increases in rates, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS ORDERED that:

1. Applicant is authorized to file, in quadruplicate, with this Commission, after the effective date of this order, in conformity with General Order No. 96, the schedule of rates shown in Appendix "A" attached hereto, and, after not less than five days' notice to the Commission and to the public, to make said rates, rules and conditions effective for service rendered on and after November 1, 1957.

2. Applicant, within forty days after the effective date of this order, shall file in quadruplicate with this Commission rules governing customer relations revised to reflect present-day operating practices, 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 100 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 1957, applicant shall determine depreciation expense by multiplying the depreciable utility plant by a rate of 5.6 percent. This rate shall be used until review indicates it should be revised. Applicants 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 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 twenty days after the date hereof.

Dated at San Francisco, California, this 8th day of October, 1957.

[Signature]
President
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Two unincorporated areas, one of which is Tract No. 1348, located near U. S. Highway 99, 6 miles south of Bakersfield, and the other Tract No. 1449, located on the Weedpatch Highway, approximately 6 miles southeast of Bakersfield, and vicinity, Kern County. ✓

RATES

| Quantity Rates: | <u>Per Meter Per Month</u> |
|--|--------------------------------|
| First 800 cu. ft. or less | \$ 4.00 |
| Next 1,200 cu. ft., per 100 cu. ft. | .35 |
| Next 3,000 cu. ft., per 100 cu. ft. | .25 |
| Over 5,000 cu. ft., per 100 cu. ft. | .15 |

Minimum Charge:

| | |
|--------------------------------|---------|
| For 5/8 x 3/4-inch meter | \$ 4.00 |
| For 3/4-inch meter | 6.00 |
| For 1-inch meter | 8.50 |
| For 1 1/2-inch meter | 12.00 |

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. 2

FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Two unincorporated areas, one of which is Tract No. 1348, located near U. S. Highway 99, six miles south of Bakersfield, and the other Tract No. 1449, located on the Weedpatch Highway, approximately six miles southeast of Bakersfield, and vicinity, Kern County. ✓

RATES

| | <u>Per 1-Inch or Smaller Service Connection Per Month</u> |
|--|---|
| For a single-family residence or business establishment including premises not exceeding 8,000 sq. ft. in area | \$4.25 |
| a. For each 100 sq. ft. of area in excess of 8,000 sq. ft. | .02 |
| b. For each evaporative-type cooler, in addition to regular flat rates, during the six-month period May through October: | |
| Circulating type | .25 |
| Noncirculating type | .75 |

SPECIAL CONDITIONS

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

2. A meter may be installed at option of utility or customer for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service. When a meter is installed at option of customer, metered service must be continued for at least 12 months before service will again be furnished at flat rates.