

ORIGINALDecision No. 55754

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PINWOOD WATER COMPANY, a corporation,) Application No. 38785
 for authority to increase rates and)
 charges.)

Scott Elder, for applicant.
John D. Reader, for the Commission staff.

O P I N I O NNature of Proceeding

Applicant corporation by this application filed February 1, 1957, and amended August 14, 1957, and again on September 6, 1957, requests authority to increase its rates. The proposed rates are estimated by applicant to produce a rate of return of approximately 5½% on a depreciated rate base which it computes as \$53,589.

Public Hearing

Public hearing was held before Examiner John A. Rowe in Lake Tahoe Community Presbyterian Church (between Tahoe Valley and Al Tahoe), on September 11, 1957, at which time evidence both oral and documentary was adduced and the matter duly submitted for decision. Adequate notice of the application and of the hearing thereon was given to the public and the customers, but no one appeared in opposition.

Applicant's Operations

This utility obtains its water from three wells located within the service area. Two wells located in Lakeside Lodge Subdivision are the main source of supply, since the two systems were connected by the installation of 1,500 feet of 4-inch pipe in 1956.

A third well is located in the Triangle Tract Subdivision. Pinewood Terrace and adjacent territory are also served and service will soon be extended into a new subdivision known as Tahoe Terrace. Some other customers are served by means of a private pipeline, which is not owned by applicant, lying east of Lincoln Highway (U. S. Highway 50) to the Nevada State Line. This pipeline also extends almost to the lake near the Nevada State Line.

The following tabulation summarizes the residential and business customers served during the summer and winter of 1956 together with estimates of these customers for the year 1957.

<u>Summer Season</u>	<u>Year 1956</u>	<u>Est. Year 1957</u>
Residential	139	150
Duplex	3	5
Business	<u>6</u>	<u>11</u>
Subtotals	148	166
 <u>Winter Season</u>		
Residential	4	25
Business	<u>2#</u>	<u>5#</u>
Totals	154	196

Two additional customers served at unfiled annual rates, included above.

Study by Commission Staff

A study and report was prepared by the Commission staff, dated August 30, 1957. Also, Exhibit No. 7 is a revision of this report to reflect the additional request contained in the second amendment to the application. Applicant estimates its operating revenue under present rates for 1957 as \$10,240 and the staff as \$10,220. Under proposed rates applicant's estimate is \$13,509 and that of the staff is \$13,040. Applicant estimates operating expenses as \$10,477 and the staff as \$9,380. The staff computes the

rate of return for 1957 under present rates as 3.23% and under the proposed rates as 6.72%. The corresponding percentages arrived at by applicant are 1.45% and 5.58%. The staff uses a depreciated rate base estimated at \$54,500 which is somewhat higher than the \$53,589 figure of applicant. The differences are not very great and result mostly from applicant's including electric power, office and rate proceeding expenses which exceed those estimated by the staff and from divergent views as to the method of treating replacement of pipes and the effect upon the depreciation reserve. The necessity for replacing pipes has been extensive. A large part of this work has been done but more will be required and is planned for next year.

Rates

Pinewood Water Company has flat and meter rate schedules on file with the Commission for service in the area formerly served by Lakeside Lodge Utility and for service in the area formerly served by T. F. Martin until July of 1948, and subsequently by C. R. Parks, doing business as Pinewood Water Company. The rates for service in the Lakeside Lodge area were authorized when this utility was certificated by Decision No. 44979, dated November 8, 1950, in Application No. 31700, and the rates for service in Pinewood Heights and Triangle Tracts were authorized when this utility was certificated by Decision No. 38907, dated May 6, 1946, in Application No. 27233. The meter rates for the two areas differ materially, both as to form and the amount for minimum and quantity charges. However, the meter rates are not being applied.

The original application requested a winter season rate for the Lakeside Lodge Subdivision and vicinity only; however, an amendment asks that the winter rates be authorized for the entire area. The increase which would result under the flat rates proposed would be greater to the residential customers in the Pinewood and Triangle Tracts than to those in the Lakeside Lodge area.

The present and proposed flat rates are as follows:

Seasonal Flat Rate Service

Rates Per Service Connection Per Season

	Present Rates & Charges		Proposed Increased Rates & Charges Both Service Areas	
	Pinewood Service Area - Summer Season only	Lakeside Service Area Summer and Winter Seasons - Each	Summer Season	Winter Season
1. For a single-family dwelling on a single premises	\$20.00	\$30.00	\$40.00	\$30.00
2. For a two-family dwelling on a single premises		55.00	75.00	55.00
3. For a hotel, apartment or motel, first unit or room.		30.00	40.00	30.00
For each additional unit with toilet, shower, lavatory and sink		25.00	35.00	20.00

For each additional unit with toilet, shower and lavatory.		20.00		

For each of the first four additional units (above one) with toilet, shower and lavatory in a hotel, apartment or motel with no more than five units			30.00	15.00
For the first five additional units (above one) with toilet, shower and lavatory in a hotel, apartment or motel with six or more units			130.00	80.00
For each additional unit (above six) with toilet, shower and lavatory in a hotel, apartment or motel with more than six units			20.00	12.50

For each additional unit without plumbing		10.00	10.00	6.50
4. For each additional utility building or public lavatory		20.00	20.00	12.50
5. For irrigation of lawns, shrubs, garden or trees for the summer season per 1,000 sq. ft. of irrigated land		3.00		
Outside taps, each			3.00	

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Pinewood Water Company
COMPARISON OF PRESENT AND PROPOSED METER RATES

Applicability

Applicable to all metered water service furnished on a seasonal basis.

Territory

(1) The unincorporated communities known as Pinewood Heights, Pinewood Terrace and the Triangle Tract, El Dorado County.

(2) The unincorporated community known as Lakeside Lodge Subdivision and vicinity, El Dorado County.

Rates

	<u>Present Rates</u>		Proposed Rates Entire System
	(1) Pinewood Service Area	(2) Lakeside Service Area	
<u>Monthly Quantity Rates</u>	<u>Rates Per Meter Per Month</u>		
First 700 cu.ft. or less, included in minimum charge			
Next 1,300 cu.ft., per 100 cu.ft.	\$ 0.25		
Next 2,000 cu.ft., per 100 cu.ft.	.20		
Next 4,000 cu.ft., per 100 cu.ft.	.175		
First 800 cu.ft., or less per month		\$ 4.00	\$ 5.00
Next 1,200 cu.ft., per 100 cu.ft.		.40	.45
Next 3,000 cu.ft., per 100 cu.ft.		.30	.35
Next 5,000 cu.ft., per 100 cu.ft.		.20	.25
All over 10,000 cu.ft., per cu.ft.		.15	.20
<u>Seasonal Minimum Charge</u>	<u>Rates Per Meter Per Season.</u>		
For 5/8 x 3/4-inch meter	\$20.00	\$ 24.00	\$ 30.00
For 3/4-inch meter		30.00	35.00
For 1-inch meter		54.00	60.00
For 1 1/2-inch meter		90.00	100.00
For 2-inch meter		180.00	200.00

The seasonal minimum charge will entitle the customer to the quantity of water each month which one-sixth of the seasonal minimum charge will purchase at the monthly quantity rate.

Special Conditions

1. The summer season is defined as the six-month period, May 1, through October 31, and the winter season is defined as the six-month period, November 1 through April 30. (Service in Pinewood Service Area rendered in summer season only under present rates).

2. The seasonal minimum charge is payable in advance on or before the initial day of the season.

3. The charge for water used in excess of the quantity allowed each month for the seasonal minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility on a noncumulative monthly consumption basis.

Conclusions

Certain of applicant's proposed rates have not been justified by evidence and will not be approved. No justification was shown for a rate differential representing a sink in a rental unit or for a charge for outside taps nor did revenue estimates reflect such charges. With respect to applicant's proposal to change its fire hydrant schedule, no rate provision was made for utility owned hydrants. The existing fire hydrant schedule will therefore be retained and no additional fire hydrant rates approved at this time. Should applicant enter into an agreement with public fire district authorities, such rate modifications could be made in accordance with the procedures outlined in General Order No. 96.

The record discloses that the utility collected certain service connection charges from new customers in the Pinewood Tract during 1956. Such charges were collected without authorization and therefore must be refunded. The staff engineer made certain other recommendations relative to rates and operating procedures which will be adopted in the order which follows.

It is found as a fact that the increases in rates and charges as approved are justified and that existing rates and charges insofar as they differ therefrom are for the future unjust and unreasonable.

According to the testimony of record, a few customers along an unowned pipe line are being served at other than filed tariff rates. This has been done upon advice of counsel that service to these customers is not a part of applicant's authorized utility service and consequently such charges are not subject to filed tariffs. These customers are not located in applicant's presently authorized service area and some are not even in the State of California. By Application No. 38510 applicant seeks authority to serve the territory where such California customers are located. The propriety of serving these customers is a matter more appropriately to be considered in that proceeding.

O R D E R

Based upon the evidence and findings and conclusions contained in the foregoing opinion,

IT IS ORDERED:

(1) That applicant is authorized to file in quadruplicate with this Commission, after the effective date of this decision and in conformity with the provisions of General Order No. 96, the schedules of rates attached to this order as Appendix A, and upon not less than five days' notice to the public and to this Commission, and to make said rates effective for service rendered on and after December 1, 1957.

(2) That applicant shall diligently proceed to refund all unauthorized service connection charges collected during 1956 and submit a written statement to the Commission on or before December 31, 1957, verifying that all such charges have been refunded.

(3) That applicant, within sixty days after the effective date of this order, shall file in quadruplicate with this Commission and in conformance with the provisions of General Order No. 96, current

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sample forms normally used in connection with customer service. Such sample form tariff sheets shall become effective upon five days' notice to the Commission and to the public after filing as herein provided.

(4) That beginning with the year 1957, applicant shall determine depreciation expense by multiplying the depreciable utility plant by a rate of 4.2 per cent. Applicant shall review the depreciation rate using the straight-line remaining life method during 1959 and thereafter whenever substantial changes in utility plant occur and at intervals of not more than five years, and shall revise the above rate in conformance with such review. Results of these reviews shall be submitted to the Commission.

(5) That applicant shall file on or before November 1, 1958, four copies of a comprehensive map to an indicated scale not smaller than 200 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 the various water system properties.

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

Dated at San Francisco, California, this 29th day of October, 1957.

[Signature]
President

[Signature]

[Signature]

Commissioners

Peter E. Mitchell

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

APPENDIX A
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Schedule No. 1S

SEASONAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on a seasonal basis.

TERRITORY

The unincorporated areas known as Pinewood Heights, Pinewood Terrace, Triangle Tract, Lakeside Lodge, and vicinity, located adjacent to U. S. Highway 50, Lake Tahoe, El Dorado County.

RATES

Quantity Rates:

	<u>Per Meter per Month</u>
First 800 cu.ft. or less	\$5.00
Next 1,200 cu.ft., per 100 cu.ft.45
Next 3,000 cu.ft., per 100 cu.ft.35
Next 5,000 cu.ft., per 100 cu.ft.25
Over 10,000 cu.ft., per 100 cu.ft.20

Seasonal Minimum Charge:

	<u>Per Meter per</u>	
	<u>Summer Season</u> (May 1 through October 31)	<u>Winter Season</u> (November 1 through April 30)
For 5/8 x 3/4-inch meter	\$ 30.00	\$ 30.00
For 3/4-inch meter	35.00	35.00
For 1-inch meter	60.00	60.00
For 1-1/2-inch meter	100.00	100.00
For 2-inch meter	200.00	200.00

The Seasonal Minimum Charge will entitle the customer to the quantity of water each month which one-sixth of the seasonal minimum charge will purchase at the Monthly Quantity Rates.

SPECIAL CONDITIONS

1. Customers may take service under this schedule for either the summer season, the winter season, or both seasons.
2. The seasonal minimum charge is payable in advance on or before the initial day of the season.

Schedule No. 1S

SEASONAL METERED SERVICE---Contd

SPECIAL CONDITIONS--- Contd

3. The charge for water used in excess of the quantity allowed each month for the seasonal minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility on a noncumulative monthly consumption basis.

APPENDIX A.
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Schedule No. 28

SEASONAL FLAT RATE SERVICEAPPLICABILITY:

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

TERRITORY

The unincorporated areas known as Pinewood Heights, Pinewood Terrace, Triangle Tract, Lakeside Lodge, and vicinity, located adjacent to U. S. Highway 50, Lake Tahoe, El Dorado County.

<u>RATES</u>	<u>Per Service Connection per</u>	
	<u>Summer Season</u> (May 1 through October 31)	<u>Winter Season</u> (November 1 through April 30)
1. For a single residential unit, including premises	\$40.00	\$30.00
2. For two residential units on the same premises and served from the same service connection	75.00	55.00
3. For a hotel, apartment or motel, including premises and first living unit	40.00	30.00
a. For additional living units with water service:		
Next 4, per unit	30.00	15.00
Over 5, per unit	20.00	12.50
b. For additional living units without water service, per unit	10.00	6.50
c. For laundry room or public lavatory	20.00	12.50
4. For a store, restaurant or lunch counter:		
a. Without rest room facilities	40.00	30.00
b. With rest room facilities	75.00	55.00

Schedule No. 2S

SEASONAL FLAT RATE SERVICE—Contd

SPECIAL CONDITIONS

1. Customers may take service under this schedule for either the summer season, the winter season, or for both seasons.
2. The seasonal charge is payable in advance on or before the initial day of the season.
3. All service not covered by the above classifications will be furnished only on a metered basis.
4. A meter may be installed at option of utility or customer for above classifications, in which event service thereafter will be furnished only on the basis of Schedule No. 1S, Seasonal Motored Service. When a customer desires to change from flat rate to motored service, the request must be made in writing.

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for privately owned fire protection systems.

TERRITORY

The unincorporated areas known as Pinewood Heights, Pinewood Terrace, Triangle Tract, Lakeside Lodge, and vicinity, located adjacent to U. S. Highway 50, Lake Tahoe, El Dorado County.

RATE

Per Service
per Month

For each inch of diameter of service \$1.25

SPECIAL CONDITIONS

1. All water used for other than fire extinguishing purposes shall be billed on the basis of the quantity rates under the Seasonal Metered Service schedule.
2. Connections for private fire protection systems shall be equipped with standard detector type meters approved by the Board of Fire Underwriters and the cost of the meter and appurtenant structures shall be paid, without refund, by the applicant.
3. If a distribution main of adequate size to serve a private fire service in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served hereunder, then a service main from the nearest existing main of adequate capacity will be installed by the company at the cost of the applicant. The amounts paid by the applicant hereunder to establish private fire protection service shall not be subject to refund.