

**ORIGINAL**Decision No. 56528

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of ROCKET TOWN WATER CO., INC., )  
for authority to increase rates. )

Application No. 39335

William I. Zidell, for applicant.  
Kenneth M. Smith, for property owners  
and users of Rocket Town Water Com-  
pany, Inc.  
Donald B. Steger and Thomas L. Deal,  
for the Commission staff.

O P I N I O N

The applicant is a public utility water company operating under authority of this Commission issued by Decision No. 43716, dated January 17, 1950, in Application No. 30483. It serves an area near Ridgecrest, California, which area is known as Ridgecrest Heights or Rocket Town. Authority is requested herein to increase rates.

A public hearing was held before Examiner Grant E. Syphers on March 11, 1958, at Inyokern, California, at which time evidence was adduced and the matter submitted.

The testimony discloses that the water system was installed at a cost of \$86,492.37 by the original subdividers. Inasmuch as there are now only 34 regular users of this system, plus a very few so-called haulage customers who purchase water from the utility and haul it away in their own containers, the testimony disclosed and we now find that all of the investment in the water system is not now used and useful in utility service. According to this record we now find that the depreciated rate base of this utility for the year 1957 was \$17,640, and for the year 1958 the estimated rate base will be \$16,940.

The evidence also discloses that the applicant, during the years 1956 and 1957, suffered a loss and that it will continue to suffer a loss if the proposed rates are put into effect for the year 1958. A table showing the results of operations is set out hereinafter.

<u>Item</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	
			<u>Present Rates</u>	<u>Proposed Rates</u>
Operating Revenues	\$ 468	\$1,944	\$2,088	\$3,564
<u>Operating Expenses</u>				
Operating Expenses	763	2,503	2,529	2,529
Taxes	844	881	881	881
Subtotal	<u>1,607</u>	<u>3,384</u>	<u>3,410</u>	<u>3,410</u>
Net Revenue before Depr.	(1,139)	(1,440)	(1,322)	154
Depreciation	2,715	707	707	707
Net Revenue	(3,854)	(2,147)	(2,029)	(553)

(Red Figure)

The present rates of the company are based upon a flat rate of \$3 per month for each dwelling or house "for water used inside the house only." In addition, there is a charge provided of 5 cents per 100 square feet for irrigation or sprinkling of gardens, shrubbery and trees. In this application it is proposed to increase the minimum flat rate to \$6 for service to a dwelling house, which rate includes the irrigation of 1,000 square feet of land. The applicant also requests the Commission to allow an additional charge for each additional 500 square feet of land which may be irrigated.

The applicant has rates now on file for its haulage service for which no increase is requested. It likewise has rates on file for metered service for which no change is requested. It will be noted that there are very few haulage customers and that there are no meters in the territory.

One further request of applicant is that it be permitted to make a service charge of \$8.50 for each new water connection.

Opposition to these proposals was expressed by various residents of the area. This testimony indicated that the residents were not opposed to some rate increase but did not believe it should go to \$6. Likewise these residents had some criticisms of low pressure.

A consideration of all of this record leads us to the conclusion, and we now find, that the applicant is entitled to some increase in its rates and charges and that the present rates of this utility, so far as they differ from those hereinafter described, are for the future unjust and unreasonable. Specifically we find that the flat rate for each dwelling should be increased to \$6 a month, which charge should include sprinkling for shrubbery and trees without any limitation as to the number of square feet irrigated. This record discloses that this area is not one which is conducive to much gardening, and we are of the opinion that a rate based upon the number of square feet irrigated would be difficult to enforce. It is to be noted that the utility has the option to install meters as necessary. We further find that the present haulage rates are reasonable and should remain in effect. As to the existing meter rates, we find that the monthly minimum charge for a 5/8 by 3/4-inch meter should be changed from \$3 to \$5. While there are no meters in the system at the present time, this change is being authorized in order to conform existing meter rates to the authorized flat rates. As to the request of applicant to make a charge of \$8.50 for the installation of each new water service, we are of the opinion that such a charge is not justified and upon this record it will be denied.

Inasmuch as this record discloses that there are certain problems relative to the water pressure in the area, and it further discloses that these problems can probably be corrected by increasing the pumping pressure, the ensuing order will require the applicant to take the necessary steps to provide adequate pressure.

O R D E R

Application as above entitled having been filed, public hearing having been held thereon, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED:

1. That the Rocket Town Water Company, Inc., be and it 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 as shown in Appendix A attached hereto, and, upon not less than five days' notice to the Commission and to the public, to make said rates effective for service rendered on and after June 1, 1958.

2. Beginning with the year 1958, applicant shall determine depreciation expense by multiplying the depreciable utility plant by a rate of 3.4 per cent. This rate shall be used until review indicates that it should be revised. Applicant shall review the depreciation rate using the straight-line remaining life method when major changes in utility plant composition 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 this Commission.

3. That applicant shall file, within ninety days after the effective date of this order, four copies of a comprehensive map drawn to an indicated scale of not smaller than 600 feet to the inch, delineating by appropriate markings the various tracts of land and the territory served; the principal water production, storage and distribution facilities; and the location of various water system properties of applicant.

4. That applicant, within thirty days after the effective date of this order, shall take the necessary steps to increase the water pressure on its distribution system so as to provide service within the limits of pressure required by General Order No. 103 of this Commission and shall notify the Commission in writing within ten days thereafter, of the action taken and the resultant minimum and maximum pressures on the system.

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

Dated at San Francisco, California, this 15th day of April, 1958.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

APPENDIX A  
Page 1 of 2

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated subdivisions known as Tracts Nos. 1466, 1494, 1520 and 1552, and vicinity, located approximately 2 miles southwest of the community of Ridgecrest, Kern County.

RATES

Quantity Rates:

Per Meter  
Per Month

First 800 cu.ft. or less .....	\$ 5.00
Next 1,200 cu.ft., per 100 cu.ft. ....	.30
Next 1,000 cu.ft., per 100 cu.ft. ....	.25
Over 3,000 cu.ft., per 100 cu.ft. ....	.20

Minimum Charge:

For 5/8 x 3/4-inch meter .....	\$ 5.00
For 1-inch meter .....	7.00
For 1 1/2-inch meter .....	10.00
For 2-inch meter .....	14.00

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

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated subdivisions known as Tracts Nos. 1466, 1494, 1520 and 1552, and vicinity, located approximately 2 miles southwest of the community of Ridgecrest, Kern County.

RATE

Per Month

For each service connection ..... \$6.00

SPECIAL CONDITIONS

1. The above residential flat rate charge applies to service connections not larger than one inch in diameter.
2. All service not covered by the above classification will be furnished only on a metered basis.
3. 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.