

ORIGINAL

Decision No. 57983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PACIFIC WATER CO., a California)
corporation, under Section 454 of)
the Public Utilities Code, to in-)
crease its rates for its Wasco)
Water System in Kern County,)
California.)

Application No. 39066

Everett L. Clark for applicant.
Gordon A. Drescher, for consumers, interested
parties.
Cyril M. Saroyan, John Gillanders and A. L. Gielegam,
for the Commission staff.

O P I N I O N

A public hearing was held in this matter on January 14, 1959, at Wasco, California, before Examiner Grant E. Syphers, at which time evidence was adduced and the matter submitted.

The applicant is engaged in the operation of public utility water systems in the Counties of Los Angeles, Orange, Kern and San Bernardino, California, under certificates of public convenience and necessity issued by this Commission. The instant application concerns one of these water systems, which is located near the town of Wasco in the San Joaquin Valley approximately 35 miles north of Bakersfield, California. The certificated area of this system comprises approximately 80 acres, and during the year 1958 there was an average of 106 active services.

This water system is physically separate and distinct from any other system of the applicant company. Water is received from

two wells, both located on the property served, and the evidence in this proceeding discloses that there is an adequate water supply and that the system is in good condition. There have been no general complaints as to the service for more than two years last past.

The present and proposed rates are as follows:

		<u>Per Meter Per Month</u>	
		<u>Present</u>	<u>Proposed</u>
Quantity Rates:			
First	800 cu.ft. or less	\$ 2.00	\$ 4.00
Next	3,200 cu.ft. per 100 cu.ft.20	-
Next	4,000 cu.ft. per 100 cu.ft.	-	.40
Over	4,000 cu.ft. per 100 cu.ft.15	-
Over	4,800 cu.ft. per 100 cu.ft.	-	.30

Minimum Charge:

For 5/8 x 3/4-inch meter	2.00	4.00
1-inch meter	4.00	6.00
1½-inch meter	7.50	12.00
2-inch meter	10.00	16.00
3-inch meter	20.00	30.00
4-inch meter	30.00	40.00

There are monthly flat rates now published by applicant, but inasmuch as all services now are metered the applicant requested at the hearing that the flat rates be abolished. ✓

Studies were presented by applicant and by representatives of the staff of this Commission. Both of these studies show that under present rates the company is operating at a loss, and that under proposed rates the estimated rate of return will be less than one percent. Under present rates for the year 1958 the staff estimates that this company will experience a loss of 2.58 percent on a depreciated rate base of \$52,900, while the company estimates a loss of 6.84 percent on a depreciated rate base of \$55,481. There was no other evidence presented in this respect, and we now find that under present rates the operations of this company will result in a loss. Accordingly it is in need of rate relief.

Under proposed rates for the year 1958 the estimated results of operations of the company and the staff are as follows:

	<u>Company</u>	<u>Staff</u>
Operating Revenues	\$ 7,720	\$ 7,720
<u>Expenses</u>		
Operating and Maintenance Expenses	3,795	3,300
Administrative, General & Miscl.	1,906	2,029
Taxes other than Income	489	700
Taxes based on Income	1	(476)
Depreciation	1,456	1,749
Total Expenses	<u>7,647</u>	<u>7,302</u>
Net Revenue	73	418
Rate Base (Depreciated)	55,481	52,900
Rate of Return	0.13%	0.79%

(Red Figure)

The applicant did not propose any rate for fire hydrant service, whereas there are two existing fire hydrants in the area. While it was the position of the applicant that there is no existing body to whom rates for fire hydrant service could be charged, yet the record does show that the area is in the district of the Kern County Fire Department. It seems advisable that applicant publish rates covering fire hydrant service.

A consideration of all of the evidence adduced herein leads us to find that the increase in rates and charges proposed herein, and authorized in the ensuing order, is justified and that the present rates, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

It is noted that thirty consumers of this utility appeared at the hearing in protest to the proposed rate increases.

We are sympathetic to these protests but this record discloses no way to avoid a rate increase. Under both the company and staff estimates, if the proposed increases are put into effect, the company will realize a rate of return of less than one percent.

O R D E R

Application as above-entitled having been filed, public hearing having been held thereon, the Commission having made the foregoing findings,

IT IS ORDERED:

(1) That applicant is authorized to file in quadruplicate with the 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 upon not less than five days' notice to the Commission and to the public to make such rates effective for service rendered on and after April 1, 1959.

(2) That concurrent with the schedule of rates shown in Appendix A becoming effective, the present tariff schedules for the Wasco tariff area enumerated below be and they hereby are canceled:

Schedule No. WO-1 - General Metered Service
Schedule No. WO-2 - Monthly Flat Rate Service

(3) That applicant shall, within sixty days after the effective date of this order, file 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 the various water system properties in the Wasco system.

(4) That applicant shall determine the accruals for depreciation by dividing the original cost of the utility plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the plant, and shall review the accruals when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

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

Dated at San Francisco, California,
this 9th day of FEBRUARY, 1959.

J. L. Fox
President
[Signature]
[Signature]

Commissioners

Commissioner Theodore H. Jenner, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. WO-1

Wasco Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Certain unincorporated territory adjacent to the southerly corporate limits of the City of Wasco, and vicinity, Kern County.

RATES

Quantity Rates:

	<u>Per Meter Per Month</u>
First 800 cu. ft. or less	\$ 4.00
Next 4,000 cu. ft., per 100 cu. ft.40
Over 4,800 cu. ft., per 100 cu. ft.30

Minimum Charge:

For 5/8 x 3/4-inch meter	4.00
For 1-inch meter	6.00
For 1 1/2-inch meter	12.00
For 2-inch meter	16.00
For 3-inch meter	30.00
For 4-inch meter	40.00

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

SPECIAL CONDITION

In the event a meter is not available when a customer applies for service the proper size connection will be made and a meter will be installed within one month after service is commenced. The minimum charge per month for the size meter required will apply for the period up to the date of meter installation.

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Schedule No. WO-5

Wasco Tariff Area

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

Certain unincorporated territory adjacent to the southerly corporate limits of the City of Wasco, and vicinity, Kern County.

RATE

	<u>Per Month</u>
For each hydrant	\$ 1.50

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under Schedule No. WO-1, General Metered Service, Wasco Tariff Area.
2. Fire hydrants will be installed only at locations designated by the fire protection agency.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. The utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.