

ORIGINAL

Decision No. 58197

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of HENRY ZILZ and IDA ZILZ, dba)
JESMOND DENE WATER COMPANY, to)
increase water rates.)

Application No. 40442
Amended

Wilmer Breeden for applicant.
Mrs. Lonie Bertella and Joseph Zanilla, protestants.
Mrs. E. A. Lincoln, Mrs. Hazel Embry, Joseph Dainey,
Robert L. Glasgow, and Mrs. Polly Gardner; interested
parties.
Donald B. Steger for the Commission staff.

O P I N I O N

Henry and Ida Zilz, doing business as Jesmond Dene Water Company, a public utility water corporation, by the above-entitled application filed on September 18, 1958, and amended by an amendment filed on October 21, 1958, seek authority from this Commission to increase their water rates.

A public hearing in this application was held before Examiner Kent C. Rogers in Escondido, California, on February 10, 1959. Prior to the hearing, notices thereof were published and mailed to consumers as required by this Commission. There were no protests relative to the proposed increase in the rates. There were some protests relative to removal of the existing restriction on the number of water users.

Applicants' last increase in rates was authorized by Decision No. 42196, dated November 3, 1948, in Application No. 29335. Pursuant to that decision, the applicants charged the following rates:

RATES

Per Meter
Per Month

Quantity Rates:

First	900 cu. ft. or less	\$ 3.60
Next	1,100 cu. ft., per 100 cu. ft.30
Next	3,000 cu. ft., per 100 cu. ft.20
Over	5,000 cu. ft., per 100 cu. ft.15

Minimum Charge:

For	5/8 x 3/4-inch meter	3.60
For	1-inch meter	7.50
For	2-inch meter	15.00

The minimum monthly charge will entitle the consumer to the quantity of water which that monthly charge will purchase at the monthly quantity rate.

Applicants also have a schedule of flat rates which is to be abandoned as all services are metered.

In lieu of the existing rates, applicants propose the following schedule of metered rates:

Quantity Rates:

Per Meter
Per Month

First	1,000 cu. ft. or less	\$ 5.00
Next	1,000 cu. ft., per 100 cu. ft.35
Next	3,000 cu. ft., per 100 cu. ft.20
Over	5,000 cu. ft., per 100 cu. ft.15

The minimum charge for a 5/8 x 3/4-inch meter is to be \$5.00. No increase was proposed for the 1-inch and 2-inch meters for the reason that there are no meters larger than 3/4 inch at the present time.

The system has, at present, 33 service connections. The source of supply is an 8-inch main of the Valley Center Municipal Water District which receives its water from the Metropolitan Water District. A 2-inch line of applicants is connected to the 8-inch

line through a meter and runs 2,800 feet to applicants' 10,000-gallon storage tank at an elevation of approximately 180 feet above said meter. Thirty-one connections are made directly therefrom or from laterals connected to the said 2-inch line. There is a 1,000-gallon pressure tank and a 2-HP booster pump adjacent to the storage tank. Two additional customers, situated at approximately the level of the storage tank, are served through the pressure tank and the booster pump.

Prior to August 1956, applicants' service was inadequate due to the fact that water was received from inadequate wells and was boosted up the 2-inch distribution line to the storage tank. During periods of high demand, the consumers at the top of the hill received either no water or water at very low pressure. In August 1956, the system was connected to the aforesaid Valley Center Municipal Water District, this connection replacing the wells with an adequate source of supply. By Decision No. 55046, dated May 28, 1957, in Case No. 5830 (Bertella v. Jesmond Dene Water System), this Commission ordered, among other things, that the applicants herein install certain improvements, including:

- a. In proximity to the defendants' storage tank, install a booster pump and an electric motor unit capable of delivering at least ten gallons per minute, and a hydropneumatic tank of not less than 500-gallon capacity in connection therewith and having automatic controls set to operate the booster at pressures between 30 and 40 pounds per square inch.
- b. Connect the pressure tank and booster pump to the reservoir with suitable pipe not less than 4 inches in diameter and run a 2-inch line from the pressure tank to the service connection at the Embrey residence and a separate 2-inch line from the pressure tank to the service connection at the Bertella residence.
- c. Disconnect the Embrey and Bertella service connections from the existing 2-inch main and connect them to the corresponding new 2-inch lines from the pressure tank.

- d. Install a suitable altitude valve at the storage tank so that the valve at the master meter location may be left open at all times, except in cases of emergency.

In addition, the applicants were restricted from adding new consumers until a 4-inch line had been added between the Metropolitan Water District connection and Willow Lane, the first street above the 8-inch main.

According to the record herein, during the year 1957 the applicants installed all improvements required by Decision No. 55046, supra, but they have not yet installed the 4-inch main. The total cost of these items was approximately \$2,760. As of July 1, 1958, applicants claim to have fixed assets, less depreciation, of \$8,315. While applicants did not present nor produce at the hearing any up-to-date figures relative to their results of operations, the First Amendment to the application shows that, during the years 1956, 1957 and the first six months of 1958, applicants operated at a substantial loss. The staff prepared an exhibit (Exhibit No. 1 herein) which gives a comprehensive history of the applicants and their operations. On page 30 of said exhibit is a summary of earnings for the calendar year 1957 and estimated earnings for the calendar years 1958 and 1959. This exhibit shows that, for the year 1957 and the estimated years 1958 and 1959, applicants would lose money at the existing rates, and at the proposed rates their rate of return in 1959 would be 2.64 percent. The staff summary of estimated earnings for the years 1958 and 1959 at present and proposed rates is as follows:

<u>Item</u>	<u>1958 Estimated</u>		<u>1959 Estimated</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Operating Revenues	\$ 1,690	\$ 2,220	\$ 1,690	\$ 2,220
<u>Operating Expenses</u>				
Purchased Water	610	610	610	610
Power and Pumping Expenses	110	110	110	110
Transmission & Distribution Expenses	80	80	80	80
Customer Account & Collect'g Expenses	220	220	220	220
General Expenses	360	360	360	360
Subtotal	\$ 1,380	\$ 1,380	\$ 1,380	\$ 1,380
Taxes Other than Income	80	80	90	90
Taxes on Income	10	70	10	70
Depreciation Expense	490	490	490	490
Total Operating Expense	\$ 1,960	\$ 2,020	\$ 1,970	\$ 2,030
Net Revenue	(270)	200	(280)	190
Average Depreciated Rate Base	7,670	7,670	7,190	7,190
Rate of Return	Loss	2.61%	Loss	2.64%

(Red Figure)

From the evidence adduced in this matter, we find that the proposed increases in metered service rates and charges as hereinbefore described are justified and that the present rates, insofar as they differ from those herein authorized, are for the future unjust and unreasonable. Although the applicant requested increased rates for 5/8 by 3/4-inch meters only, increased rates for larger-size meters will be authorized.

This is a small system with few consumers. As pointed out in a complaint matter (Decision No. 55046, supra), transmission main sizes are, in certain places, inadequate; as a result thereof, applicants are restricted from serving additional consumers until

a 4-inch main parallel to its existing 2-inch main has been installed from the master meter approximately 500 feet to the nearest cross street. In the hearing on the complaint matter above referred to, it was pointed out that the installation of the 4-inch main would cost approximately \$1.25 per foot or a total of approximately \$625. The applicants stated at the hearing that they did not have funds with which to make this installation and that they intended, until the recent improvements to the system had been paid in three or four years from now, to continue serving only the existing consumers. Two of the property owners in the service area, one of whom is a resident thereof, protested the continuance of the restriction against adding new consumers, inasmuch as they desire to sell their property in the area. The one consumer, however, who is also a resident of the area, stated that she did not desire removal of the restriction because of the resulting inadequacy of water pressure to her home. In our opinion, the existing restriction should remain in force until such time as the applicants have installed the 4-inch main referred to in Decision No. 55046. The applicants should make such installation as soon as practicable in the interest of increasing both their service and revenue.

O R D E R

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

IT IS ORDERED:

That Henry Zilz and Ida Zilz, doing business as Jesmond Dene Water Company, are authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with the Commission's General Order No. 96, the schedule of rates for general metered service 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 general metered service rendered on and after May 1, 1959.

IT IS FURTHER ORDERED:

1. That, within one year after the effective date of this order, applicants shall acquire ownership of meters on all services and shall report compliance herewith to the Commission, in writing, within ten days thereafter.

2. That beginning with the year 1959, applicants shall determine depreciation expense by multiplying the depreciable utility plant, other than transportation equipment, by a composite rate of 3.2 percent. 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.

3. That, as of the effective date of this order, applicants' Schedule No. 1, Flat Rate Domestic Service, shall cease to be effective and shall thereupon be cancelled.

4. That applicants shall, within sixty days after the effective date of this order, file four copies of a comprehensive map, drawn to an indicated scale of not smaller than 300 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 of the applicants.

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

Dated at San Francisco, California,
this 31st day of March, 1959.

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

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated subdivision known as Jesmond Dene Unit No. 1, approximately 3½ miles northwest of Escondido, San Diego County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 1,000 cu.ft. or less	\$ 5.00
Next 1,000 cu.ft., per 100 cu.ft.35
Next 3,000 cu.ft., per 100 cu.ft.20
Over 5,000 cu.ft., per 100 cu.ft.15
Minimum Charge:	
For 5/8 x 3/4-inch meter	5.00
For 3/4-inch meter	7.00
For 1-inch meter	10.00
For 2-inch meter	20.00

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