

ORIGINAL

Decision No. 58621

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 HIGHLANDERS WATER COMPANY for authority
 to charge and make effective the rates
 and charges of HIGHLANDERS WATER COMPANY
 on file with this Commission in the
 SYCAMORE CANYON WATER COMPANY area.

Application No. 41011

O P I N I O N

By its application filed on April 7, 1959, Highlanders Water Company, a corporation, requests authority to make effective in the area which had previously been served by Sycamore Canyon Water Company the tariffs it has on file with the Commission for the balance of its service area. The requested rate revision will increase the annual gross revenue for water service in the Sycamore Canyon area by some \$159, or 4 per cent. Forty-four customers are served at present in this area. The area is located immediately to the southeast of the general area in which Highlanders Water Company is offering to furnish water service under its filed tariff schedules.

History of Sycamore Canyon System

A certificate of public convenience and necessity to operate a public utility water system was granted to Sycamore Canyon Water Company, and the present rates were established, by Decision No. 52661, dated February 21, 1956, in Application No. 35705. This decision also required the utility to increase its water supply.

Subsequent decisions issued in connection with Application No. 35705 indicated that all of the stock of Sycamore Canyon Water Company would be, and later was, owned by Sun Gold, Inc., which corporation also owned all of the stock of Highlanders Water Company; that additional water could not be developed from the well in the Sycamore Canyon area; and, that the Sycamore Canyon system and the

Highlanders system would be interconnected to provide the additional water required by the Commission's Decision No. 52661.

Decision No. 57260, dated August 26, 1958, in Application No. 40247, authorized Sycamore Canyon Water Company to transfer all of its public utility properties, including its certificate of public convenience and necessity, to the Highlanders Water Company. This same decision required the rates, rules and regulations of Sycamore Canyon Water Company to either be refiled under the name of the Highlanders Water Company or adopted by the latter company. The actual transfer took place on December 30, 1958, and the rates were duly adopted.

Comparison of Rates

The following tabulation shows the general metered service rates now in effect in the Sycamore Canyon area and the Highlanders area:

	Sycamore Canyon area	Highlanders Area
	Per Meter	Per Meter
	Per Month	Per Month
<u>Quantity Rates:</u>		
First 700 cu. ft. or less	\$ -	\$ 2.65
First 1,000 cu. ft. or less	3.00	-
Next 1,300 cu. ft., per 100 cu. ft.	-	.29
Next 2,000 cu. ft., per 100 cu. ft.25	.23
Next 3,000 cu. ft., per 100 cu. ft.20	.20
Over 6,000 cu. ft., per 100 cu. ft.17	-
Over 7,000 cu. ft., per 100 cu. ft.	-	.15

Minimum Charge:

For 5/8 x 3/4-inch meter	\$3.00	\$ 2.65
For 3/4-inch meter	3.75	-
For 1-inch meter	5.00	5.00
For 1½-inch meter	10.00	8.00
For 2-inch meter	15.00	11.00
For 3-inch meter	25.00	18.00
For 4-inch meter	-	30.00
For 6-inch meter	-	50.00
For 8-inch meter	-	80.00

The rates in effect in the Highlanders area also include schedules for Irrigation Metered Service, Private Fire Protection Service, Temporary Flat Rate Service, and Tank Truck Service.

Operations Under Present and Proposed Rates

According to the 1957 annual report of the Sycamore Canyon Water Company and applicant's showing herein as supplemented by correspondence associated with this matter, the Sycamore Canyon system had been operating at a loss since it was started, which loss is stated to be \$1,788 for the calendar year 1958. It is estimated that the effect of applying Highlanders Water Company's rates to the Sycamore Canyon area would decrease this loss to \$1,629, as is indicated from the following tabulation:

	<u>Sycamore Canyon Service Area</u>	
	<u>Year 1958</u>	
	<u>Present Rates</u>	<u>Highlanders' Rates</u>
Operating Revenues	\$4,065	\$4,224
Operating Expenses, Including Depreciation	<u>5,853</u>	<u>5,853</u>
Net Revenue	<u>(1,788)</u>	<u>(1,629)</u>

(Red Figure)

The investment in gross plant for this system totaled \$74,637.95 as of the end of the year 1957, and the depreciation reserve associated therewith was \$7,525.91.

The Highlanders Water Company has also operated at a loss since the start of its operations in 1956, according to the application. The loss for the calendar year 1958 is stated to have been \$17,757.

Customer Response

Applicant stated in its application that a copy thereof had been sent to each customer in the Sycamore Canyon area, together with a letter of explanation wherein the customers had been invited to convey their comments relative to the rates proposed to either the utility or this Commission. As of May 1, 1959, no correspondence had been received from any of these customers.

Findings and Conclusions

Based on its operations as hereinabove discussed, Highlanders Water Company will be authorized to revise its tariff schedules presently on file and in effect for its Highlanders system to provide for the application of said rates and rules in its service area formerly served by Sycamore Canyon Water Company. Any increases in charges which may result from the application of the Highlanders system tariff schedules in the Sycamore Canyon area, as authorized by the following order, are hereby found to be justified.

The Commission finds 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

The Commission having considered the request of applicant and being of the opinion that a public hearing is not necessary; therefore,

IT IS ORDERED that Highlanders Water Company, a corporation, after the effective date of this order, is authorized to revise its tariff schedules presently on file and in effect for its Highlanders system, including its tariff service area map, in accordance with the provisions of General Order No. 96, to provide for the application of said tariff schedules for service rendered on and after their effective date in its service area formerly served by Sycamore Canyon Water Company. Such rates, 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.

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

Dated at San Francisco, California, this 16th day of June, 1959.

Carlyle Fox
President
Richard B. Fisher
Marion H. Fisher

Commissioners