

ORIGINALDecision No. 59266

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LAWRENCE ROMEO VANONI,)
 dba Coast Springs Water Company,)
 Dillon Beach, Marin County; to)
 increase rates.)

Application No. 40981

L. R. Vanoni, in propria persons, and Wilsey & Ham,
 by Harry A. Manin, for applicant.
Harold G. McKellips and Gibbs H. Lawson, for
 consumers, protestants.
C. F. Clark and H. H. Webster, for the Commission
 staff.

O P I N I O N

Applicant acquired the Coast Springs Water Company of Dillon Beach, Marin County, in 1947. Twice he has been given authority to increase rates. The last such increase took effect in 1955 (Decision No. 52128 in Application No. 36345) at which time the rates currently in effect were established.

The instant application was filed March 31, 1959 to secure authority to further increase rates. Public hearing was held at Dillon Beach before Examiner John Power on August 13, 1959, and the matter was submitted. Applicant and an engineer employed by him testified in support of the application. One consumer made a sworn statement. The staff presented two witnesses, an accountant and an engineer.

The most complete presentation of the situation of applicant was the staff study, Exhibit No. 4, and this study will, therefore, form the basis of the present decision.

Applicant assesses measured rates. For a 5/8 x 3/4-inch meter he proposes an increase from the present minimum charge of \$33 per year to a service charge of \$36 per year.

At the present time applicant's tariff contains a provision entitling customers to 400 cubic feet of water per month by paying the minimum charge. Applicant's proposed tariff would eliminate this provision and would substitute therefor a service charge, which would not include any water. All water used would be charged at the proposed quantity rate. Applicant alleges that a service charge type of rate as proposed will be more equitable than the present rate form as a means of charging customers for the services rendered, since the utility must be prepared to supply service at any time during the year, even though the average residential usage is generally limited to six months. In our opinion this contention has merit for this particular system and the request for a service charge type of rate will be granted.

Because of the change from a minimum to a service charge type of rate, the increase tends to bear most heavily on the light and heavy users with the middle use groups receiving only very small increases. When a change of rate type is made such uneven results frequently occur. For average usage (about 600 cubic feet per month in this system) the increase will amount to \$1.65 per month, or 44%.

It should be noted that most consumer months fall below this average in water use. These would have to bear a higher percentage rate increase, but only if the consumers involved used water twelve months out of the year, which most of them do not do. The increases will be less, on an annual basis, than the monthly percentages would indicate. If any water were given with a monthly minimum charge, that charge would have to be raised to a figure well beyond applicant's requested \$36 per year. The evidence indicates, for example, that a minimum charge type of rate with 400 cubic feet included in the minimum would have to be approximately \$3.55 per month or \$42.60 per year on residential services. This charge would, of course,

apply on a 12-month basis, regardless of use. Many such users would find themselves paying out more money in a year's time for water than under the rates herein authorized.

The staff, in Exhibit No. 4, estimated a return in 1958 (adjusted) of 2.2% at present rates and 4.9% at proposed rates. The equivalent figures for 1959 (estimated) are 2.4% and 5.2%, respectively. Applicant's equivalent figures for 1959 were 1.3% and 5.3%. Both staff and applicant's figures show a trend upward in rate of return. However, both staff and applicant show an inadequate rate of return at the present rates. The Commission is of the opinion that a rate calculated to produce a gross revenue of approximately \$6,700 in a pro forma 1959 year is needed by this utility. The rate of return at that figure will barely exceed 5%.

Applicant seeks a rate of 40 cents per hundred cubic feet of water regardless of quantity consumed. This will produce results which the Commission finds to be unfair as between consumers. Some allowance ought to be made for quantity consumption. The rates authorized by the following order will do this.

The Commission finds and concludes that the estimates of operating revenues, expenses, including taxes and depreciation, and the rate bases as submitted by the staff for the years 1958, adjusted, and 1959, estimated, reasonably represent the results of applicant's operations and they will be and hereby are adopted for the purposes of this proceeding.

We find, therefore, that the increases in rates and charges authorized herein are justified; that the rates and charges authorized herein are reasonable; and that the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

O R D E R

Application having been filed, public hearing held, and the Commission basing its decision on the findings set forth in the foregoing opinion, therefore,

IT IS HEREBY ORDERED that:

1. Lawrence Romeo Vanoni, dba Coast Springs Water Company, is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformance with the provisions of General Order No. 96, the schedule of rates attached to this order as Appendix A and, on not less than five days notice to this Commission and to the public, to make such rates effective for all service rendered on and after January 1, 1960. ✓

2. Within forty-five days after the effective date of this order, applicant shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, rules governing customer relations revised to reflect present-day operating practices, a revised tariff service area map and samples of current forms normally used in connection with customer service. Such rules, tariff service area map and forms shall become effective upon five days notice to the Commission and to the public after filing as hereinabove provided.

3. Within sixty days after the effective date of this order, applicant shall file with this Commission 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 utility properties of applicant.

4. Beginning with the year 1959, applicant shall determine depreciation expense by multiplying depreciable utility plant by a rate of 3.4%. This rate shall be used until review indicates 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.

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

Dated at San Francisco, California, this 17th day of November, 1959.

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President
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Commissioners

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

APPENDIX A

Schedule No. 1

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The unincorporated community of Dillon Beach, and vicinity, located approximately 4 miles west of the town of Tomales, Marin County.

RATES

	<u>Per Meter</u> <u>Per Year</u>
Annual Service Charge:	
For 5/8 x 3/4-inch meter	\$ 36.00
For 3/4-inch meter	50.00
For 1-inch meter	65.00
For 1 1/2-inch meter	100.00
For 2-inch meter	150.00
	<u>Per Meter</u> <u>Per Month</u>
Monthly Quantity Rates:	
For the first 5,000 cu.ft., per 100 cu.ft.	\$.40
For all over 5,000 cu.ft., per 100 cu.ft.30

The Annual Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the monthly charge computed at the Monthly Quantity Rates.

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing January 1 and is due in advance.
2. The charges for quantities of water used may be billed monthly, bimonthly or quarterly at the option of the utility on a noncumulative, monthly consumption basis.