

ORIGINALDecision No. 60275

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
 GEORGE and GLADYS BUMGARDNER, husband
 and wife, dba GEORGE BUMGARDNER WATER
 COMPANY, for authority to increase
 rates for water service rendered
 within a portion of and in the vicinity
 of the City of Modesto, Stanislaus
 County, California, to offset the in-
 crease in electric power rates by the
 Turlock Irrigation District.

Application No. 41974

O P I N I O N

George Bumgardner and Gladys Bumgardner, husband and wife, doing business as George Bumgardner Water Company, by the above-entitled application filed February 24, 1960, request authority to increase rates for water service rendered within a portion of the City of Modesto and immediate vicinity, Stanislaus County, in an amount sufficient to offset the increase in electric power rates established and made effective on April 1, 1959 by Turlock Irrigation District.

Nature of Proceeding

This proceeding, in essence, is but a continuation of the relatively recent rate proceeding involving this utility, inasmuch as the additional rate relief now requested is only to offset an increase in electric power rates which occurred subsequent to the establishment of the existing water rates. The history and description of applicants' system, its rates and other pertinent data were discussed at some length in our Decision No. 56989 dated July 15, 1958, in Application No. 39604, and that discussion need not be repeated herein.

Rates, Present and Proposed

Applicants' present rates have been in effect since September 1, 1958, having been authorized by the aforementioned Decision No. 56989.

A copy of the proposed rates for general flat rate service is attached to the application as page 1 of Exhibit "G". The increases sought are for 3/4-inch, or existing 1/2-inch, service connections, where an increase from \$2.90 to \$3.00 per service connection per month is requested; for each additional single-family residential unit served from the same service connection as another residential unit or business establishment, where an increase from \$1.45 to \$1.50 per service connection per month is requested; and for each municipally owned park, where the requested increase is from \$12.00 to \$14.00 per service connection per month. A rate reduction from \$7.00 to \$6.00 per month is requested for flat rate service to churches.

No change has been requested in the other flat rates included in the flat rate service schedule currently in effect, nor for the existing metered service and public fire hydrant service schedules.

Summary of Showing

Applicants' Exhibit "B" to the application compares power costs under present and prior electric rates. This exhibit indicates that with the existing pumping equipment the present total annual power bill is some \$1,800 more than it would be under the prior Turlock Irrigation District electric rates.

In Exhibit "E" the applicants indicate that the water rates proposed for general flat rate service in Schedule No. 2 of Exhibit "G" will develop about \$1,800 more gross revenue than under the present water rates. Inasmuch as this revenue differential is about

equal to the estimated increase in power costs, the net revenue and rate of return would allegedly be returned to the level allowed by Decision No. 56989.

Field Investigation

A field investigation of the applicants' operations was made by a member of the Commission's engineering staff. No complaints with respect to service were received from the customers who were interviewed. No objections were made to the proposed revisions in rates.

Power bills from January 1959 through April 1960 were checked and the staff verified the increases in expenses resulting from the increased electric power rates of Turlock Irrigation District. It is pointed out that power is purchased by the water utility from Turlock Irrigation District for pumping plants supplying Unit No. 2 only. Unit No. 1 pumps are operated with electricity bought from Modesto Irrigation District. This latter district has not increased its charges at this time, which charges are higher than either the present or the former Turlock Irrigation District power rates.

Findings and Conclusions

After reviewing the application, the Commission finds and concludes that the estimates of operating revenues, expenses including taxes and depreciation, and the rate bases developed for the test year shown in the previously mentioned Decision No. 56989 are still reasonable after adjusting for the increased power cost and the offsetting water rate increases requested in the current proceeding and said adjusted revenues, expenses and rate base will be and hereby are adopted for the purpose of this proceeding. The resulting net income of \$9,150 represents a rate of return of 6.7 percent on the depreciated rate base of \$135,900. We find and

conclude that such results of operation are fair and reasonable for this water utility.

It is found and concluded, therefore, that applicants are entitled to the offsetting rate relief requested and that an order should be issued revising the rates for general flat rate service to the levels set forth in Appendix A attached to this order. The present rates for general metered service and public fire hydrant service will remain in effect without change. The Commission also finds that the spread of rates provided by Appendix A is reasonable and that common schedules of rates for Unit No. 1 and Unit No. 2 should continue in effect.

O R D E R

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

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein for general flat rate service are justified and that the present general flat rate service rates, insofar as they differ from those herein prescribed, for the future are unjust and unreasonable; therefore,

IT IS ORDERED that applicants are 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 for general flat rate service attached to this order as Appendix A and, upon not less than five days' notice to the

Commission and to the public, to make said rates effective for all such service rendered on and after August 1, 1960.

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

Dated at San Francisco, California, this 20th day of June, 1960.

Gene W. Page
President
W. E. Mitchell
W. D. Doherty
C. L. Fox
Theodore H. Jensen
Commissioners

APPENDIX A
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Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

A portion of the northwesterly section of the City of Modesto and certain unincorporated territory approximately 1½ miles south of the south limits of Modesto, and vicinity, Stanislaus County.

RATES

	<u>Per Service Connection Per Month</u>
1. For the first single family residential unit on a single lot, when served from:	
3/4-inch, or existing 1/2-inch, service connection	\$ 3.00
1-inch service connection	4.50
a. For each additional single family residential unit on the same premises and served from the same service connection	1.50
2. For each business establishment, other than a motel, when served from:	
3/4-inch service connection	3.00
1-inch service connection	4.50
1½-inch service connection	7.00
a. Additional for each single family residential unit on the same premises and served from the same service connection	1.50

APPENDIX A
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Schedule No. 2

GENERAL FLAT RATE SERVICE
(Continued)

RATES

	<u>Per Service Connection</u> <u>Per Month</u>
3. For each motel, including office, central bath and utility rooms and premises	\$ 6.00
a. Additional for each occupancy unit..	.75
4. For each church, including premises	6.00
5. For each municipally owned park	14.00
6. For each public school, including premises ..	35.00
7. For each lot used for the cultivation of gardens, lawns, trees or shrubbery, for the six-month period, April through September ...	3.00

SPECIAL CONDITION

Meters may be installed at option of utility only for above classifications in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.