

Decision No. 60703**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 V. L. BRESSIE and ELIZABETH C. BRESSIE,
 V. L. Bressie Water System at Mirabel,
 for an increase in rates under Section
 454 of the Public Utilities Code, for
 water service in Mirabel Heights,
 Sonoma County, California.

Application No. 41578

V. L. Bressie, for applicants.David F. LaHue and L. L. Thormod,
for the Commission Staff.O P I N I O N

By this application, filed October 16, 1959, V. L. and Elizabeth C. Bressie seek authority to increase rates for water service rendered by them at Mirabel, about two miles north of Forestville on the Russian River.

Public hearing in the matter was held on June 22, 1960 at Sebastopol. The matter was submitted subject to the receipt of a late-filed exhibit, which was received on June 28, 1960. The matter is now ready for decision.

Applicants seek a fair return upon the value of the utility plant devoted to public service, and approval of water rates which are 50 percent higher than those presently being charged.

The water system was transferred from Mirabel Amusement Company to applicants as of January 5, 1960. The system was in relatively poor condition and required rearrangement, reinforcement

and numerous improvements. As of the date of hearing, applicants had expended more than \$7,900 for system improvements and had programmed the expenditure of an additional \$2,275 during 1960 in order to assure the provision of adequate service to their customers.

This water system, under prior ownership, has been reported as having been operated at a loss for the past several years. Investigation by the Commission's staff^{1/} indicates that the system will continue to operate at a loss under existing rates for water service, operating expenses for the year 1960 having been estimated, by the staff, to exceed revenues by \$288. On the basis of the first 5 months of operations, however, applicants' records show a loss of \$986. They estimate that the loss for the full year 1960 will approximate \$1,940 under existing water rates.^{2/} The evidence is convincing that a reasonable estimate of the results of operation of this system for a 12-month period in the immediate future, under the water rates which applicants propose and allowing for growth, including operation of a new boys' camp in the area, is as follows:

Operating Revenues	\$ 7,425
Operating Expenses (total)	6,410
Net Revenue	1,015
Rate Base (depreciated)	23,900
Rate of Return	4.2%

The evidence is clear that applicants are in need of and entitled to increased revenues in the total amount sought and the Commission finds the facts so to be.

Existing water rates on this system have been in effect since 1953. A flat rate of \$30 annually, payable in advance, has been the basic rate for residential service. Applicants propose that

1/ As set forth in Exhibit No. 1 and staff testimony in this proceeding.

2/ Exhibit No. 2 in this proceeding.

this rate now be increased to \$45. Applicants also propose flat rate service at a basic annual charge of \$54 for family resorts and trailer parks.

Applicants' customers, about two-thirds of whom are summer and week-end occupants of their homes in this area, object to the magnitude of the increase sought by applicants. Many of the residents point to lesser water bills for metered service in such places as San Francisco and cities in the East Bay, or to charges for water usage on other public utility systems, as indicating that applicants' rate proposal is unreasonable. Such comparison overlooks the fact that operating expenses and costs in the first case are spread over literally thousands of customers and thus permit a relatively low "per customer" charge and, in the second case, overlooks the fact that no two water systems, even of the same relative size, have identical expenses of operation. In viewing the evidence in this proceeding, the Commission finds that in no instance is either a known or estimated operating expense of applicants unreasonable. The total costs of operation, including a fair and reasonable return on the plant devoted to the service, must necessarily be spread over the total number of water users in an equitable manner.

All water usage should be metered. On a water system of this nature complete metering is not economically feasible, however, and flat rate service is appropriate for normal residential water usage. In authorizing new rates, therefore, this Commission will require that all but residential usage shall be metered. Further, a somewhat lesser flat rate will be established for less than full-year residential usage. A rate schedule will also be established for fire hydrant service. The Commission finds that the rate schedules hereinafter authorized set forth fair and reasonable rates and charges for the service to be rendered.

The evidence indicates that the tariff service area map, rules governing customer relationships and the filing of comprehensive maps of the water system, as improved, should be brought up to date through new filings of the same. Such will be required by the order herein.

Applicants' depreciation accruals, in accordance with the staff analysis contained in this record, should be established on a straight-line remaining-life basis. The order herein will so provide.

In view of the evidence, the Commission finds that the increases in rates and charges authorized herein are justified and that existing rates and charges, insofar as they differ from those hereinafter authorized, are for the future unjust and unreasonable. The new rates authorized amount to an average increase of \$1.25 per month per residential customer.

O R D E R

Based upon the evidence and the findings contained in the foregoing opinion,

IT IS ORDERED as follows:

1. Applicants are authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with the provisions of General Order No. 96, the schedules of rates and charges attached to this order as Appendix A and, upon not less than five days' notice to the public and to this Commission, to make such rates effective for all service rendered on and after January 1, 1961.

2. Within sixty days after the effective date of this order, applicants 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 acceptable to the Commission, and sample copies of printed forms normally used in connection with customers' services. 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. On or before January 1, 1961, applicants shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale not smaller than 100 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water production, storage, transmission and distribution facilities, and the location of the various water system properties of applicants pertaining to the system at Mirabel.

4. Beginning with the year 1960, applicants shall determine depreciation accruals by applying a rate of 3.5 percent to depreciable utility plant. This rate shall be used until review indicates it should be revised. Further, applicants shall review such depreciation rate, using the straight-line remaining-life method of depreciation accounting, whenever major changes in plant composition occur and at intervals not exceeding five years, and shall revise the above rate in conformance with these reviews. Results of such reviews shall be submitted to this Commission.

5. On or before November 1, 1960, applicants shall have installed and placed in operation a suitable pumping unit and pressure tank which will maintain a minimum operating pressure of not less than twenty-five pounds per square inch to the services in

the vicinity of the existing 28,000-gallon storage tank. Within ten days after such installation has been completed and placed in operation, applicants shall notify the Commission thereof, in writing.

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

Dated at San Francisco, California, this 10th day of SEPTEMBER, 1960.

Evelyn R. Rapp
President
E. R. Rapp
W. R. Rapp
E. R. Rapp
Commissioners

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

APPENDIX A
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Schedule No. 1

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Mirabel Heights Subdivision, and vicinity, located approximately 2 miles north of the community of Forestville, Sonoma County.

RATESPer Meter
Per Month

Monthly Quantity Rates:

First	500 cu.ft. or less	\$- 3.50
Next	500 cu.ft., per 100 cu.ft.50
Next	2,000 cu.ft., per 100 cu.ft.40
Over	3,000 cu.ft., per 100 cu.ft.30

Annual Minimum Charge:

Per Meter
Per Year

For	5/8 x 3/4-inch meter	\$ 42.00
For	3/4-inch meter	55.00
For	1-inch meter	90.00
For	1½-inch meter	155.00
For	2-inch meter	220.00
For	3-inch meter	370.00
For	4-inch meter	580.00

The Annual Minimum Charge will entitle the customer to a quantity of water each month which one-twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

(Continued)

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Schedule No. 1

ANNUAL GENERAL METERED SERVICE
(Continued)

SPECIAL CONDITIONS

1. The annual minimum charge applies to service during the 12-month period commencing January 1 and is due in advance. A customer who has established his permanency by having paid for service during the preceding 12 months may elect to pay the annual minimum charge on a monthly basis equal to one-twelfth of the annual minimum charge.

2. When the annual minimum charge is paid in advance, charges for water used in excess of the monthly allowance under the annual minimum charge may be billed monthly, bimonthly, or quarterly at the option of the utility on a noncumulative monthly consumption basis.

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Schedule No. 2R

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Mirabel Heights Subdivision, and vicinity, located approximately 2 miles north of the community of Forestville, Sonoma County.

RATE

Per Service Connection
Per Year

For a single family residence,
including premises \$ 45.00

SPECIAL CONDITIONS

1. The above annual residential flat rate charge applies to service connections not larger than one inch in diameter.
2. All annual service not covered by the above classification will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer for above classification in which event service thereafter will be furnished on the basis of Schedule No. 1, Annual General Metered Service.
4. The annual residential flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. A customer who has established his permanency by having paid for service during the preceding 12 months may elect to pay the residential flat rate charge on a monthly basis equal to one-twelfth of the annual residential flat rate charge.

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Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Mirabel Heights Subdivision, and vicinity, located approximately 2 miles north of the community of Forestville, Sonoma County.

RATES

Per Service Connection

Seasonal Charge:

For a single family residence, including premises, for the six-month period, May 1 through October 31	\$ 40.00
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Monthly Rate:

For each additional month of the same calendar year	1.25
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SPECIAL CONDITIONS

1. The above seasonal residential flat rate charges apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classification, nor furnished on the basis of Schedule No. 2R, Annual Residential Flat Rate Service, will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, Annual General Metered Service.
4. The seasonal flat rate charge is payable in advance on or before the initial day of the season.
5. Customers who have paid the seasonal charge may obtain service during any other months of the same calendar year at the monthly rate upon written notice to the utility stating the months in which service is desired.

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Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Mirabel Heights Subdivision, and vicinity, located approximately 2 miles north of the community of Forestville, Sonoma County.

RATE

Per Month

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. 1, Annual General Metered Service.
2. The cost of installation and maintenance of hydrants will be borne by the utility.
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.