

**ORIGINAL**Decision No. 60871

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 A. R. MAEDE and SUNTA V. MAEDE doing )  
 business as the ANDERSON SPRINGS WATER ) Application No. 41986  
 COMPANY, for an order authorizing an )  
 increase in applicants' rates and )  
 charges. )

Edson Abel, for applicants.  
Carl K. Brown, for Anderson Springs Home  
 Owners, Inc.; Harry F. Buss, in propria  
 persona, interested parties.  
L. L. Thormod and David F. LaHue, for the  
 Commission staff.

O P I N I O N

This application, seeking authority to increase rates and charges for water service rendered at Anderson Springs, Lake County, was filed February 26, 1960. Public hearing in the matter was held before Examiner F. Everett Emerson on July 20, 1960 at Middletown.

The water system has been in existence for many years and was one of several services rendered by the Anderson Springs Improvement Association until 1950 when it became a public utility operation through certification by this Commission. The rates authorized in 1950 were increased in 1953. Approximately 128 domestic users, 13 of whom are permanent residents, are presently served. Water service is rendered on both an annual and a seasonal basis, most of the users taking service at the seasonal rate which allows service for ten consecutive months. Service is presently rendered at flat rates of \$36 annually for a 3/4-inch connection or

\$72 for a 1-inch connection and at a seasonal charge of \$31 for a 3/4-inch connection. Applicants request that these charges be increased to \$48, \$96 and \$44 respectively.

This system has experienced serious service deficiencies and operating losses. Practically all of the system's pipes are laid on top of the ground because rocky soil conditions prevent normal burial of pipes. Except for a short section of 4-inch main from the reservoir area, all pipes are 2 inches or less in diameter. During the winter season, occasional freezing occurs and service is at times interrupted for several days. In the summer, the exposed piping and valves provide a seemingly open invitation for some few residents to interfere with normal system operations by opening and closing main-line valves indiscriminately and without authorization. By so doing, they may improve water flow to their own residence but effectively deny service to many other users. Such interference should not be tolerated.

System improvements have been undertaken to the limit of available funds. Such funds have consisted of all net earnings, cash advances by the owners and wages due but unpaid to the owners. Recent major improvements have consisted of a new well and of additional storage tanks totalling 23,000 gallons of capacity. Such additional facilities, while necessary, have not improved the system to such an extent as to fully meet the demands of existing customers.

In addition to the engineering analysis of this system and recommendations respecting its physical operations and future requirements, the Commission staff thoroughly analyzed the past, present and prospective financial results of operations. These may be summarized and assigned to years as follows:

A. Utility Plant - Rate Base

	<u>1959</u>	<u>1960</u>	<u>1961</u>
Plant plus materials and supplies	\$19,270	\$21,200	\$24,600
Less depreciation reserve	<u>5,150</u>	<u>5,770</u>	<u>5,830</u>
Depreciated Rate Base	14,120	15,430	18,770

B. Revenues and Expenses at Existing Water Rates

	<u>1959</u>	<u>1960</u>
Operating Revenues	\$3,760	\$3,990
Operating Expenses	<u>3,680</u>	<u>3,975</u>
Net Revenue	80	15

C. Revenues and Expenses, Assuming Proposed Rates Had Been in Effect

	<u>1959</u>	<u>1960</u>
Operating Revenues	\$5,350	\$5,700
Operating Expenses	<u>3,980</u>	<u>4,300</u>
Net Revenue	1,370	1,400

D. Earnings, Assuming Staff-Recommended Improvements Were Fully Operative

	<u>Present Rates</u>	<u>Requested Rates</u>
Operating Revenues	\$3,990	\$5,700
Operating Expenses	<u>4,150</u>	<u>4,420</u>
Net Revenue	(160)	1,280
Rate Base	\$18,770	\$18,770
Rate of Return	loss	6.8%

The evidence is convincing, as the above tabulations illustrate, that applicants are in need of increased revenues. It is also clear from the evidence that the system requires further improvements. In this latter respect, applicants are expected to implement the Commission staff recommendations. Should such not be done, it may become necessary to prohibit the serving of new customers.

In view of the evidence, applicants will be authorized to increase rates as requested, except that the charge for additional months beyond the seasonal period will be increased a lesser amount so as to maintain an equitable ratio between total charges for 12 months and charges on an annual basis. Corresponding rates for metered service will also be authorized. A charge for seasonal flat rate service for a 1-inch connection will be established. The Commission finds as a fact that the increased rates and charges authorized herein are justified and that existing rates and charges, insofar as they differ therefrom, are for the future unjust and unreasonable.

O R D E R

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

IT IS ORDERED as follows:

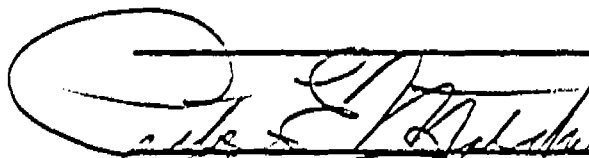


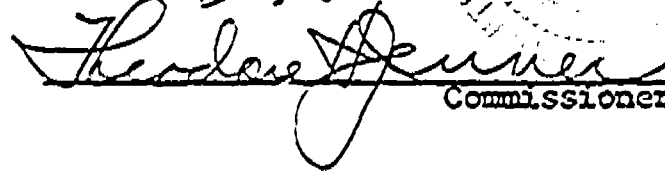
1. Applicants are authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformance with the provisions of General Order No. 96, the schedules of rates and charges attached to this order as Appendix A and, on not less than five days' notice to the public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

2. By not later than December 31, 1961, applicants shall have carried out the recommendations set forth in Paragraph 12 a, b, c and d of Chapter 6 (pages 27 and 28) of Exhibit No. 2 in this proceeding and shall notify this Commission in writing of progress thereon on or about March 31, June 30, and September 30, 1961.

3. Beginning with the year 1960, applicants shall determine depreciation accruals by multiplying depreciable plant by a rate of 3.2 percent. Further, applicants shall review such rate, using the straight-line remaining life method, whenever substantial changes in utility plant occur and at intervals of not more than five years. Results of these reviews shall be submitted to this Commission prior to revision of said accrual rate.

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

Dated at San Francisco, California, this 11<sup>th</sup> day of OCTOBER, 1960.

  
 \_\_\_\_\_ President  
  
 \_\_\_\_\_  
  
 \_\_\_\_\_  
  
 \_\_\_\_\_ Commissioners

Commissioner Everett C. McKee, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
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Schedule No. 1

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Anderson Springs Subdivision Tract No. 1, Anderson Springs Annex Subdivision Tract No. 1, and vicinity, approximately 5 miles northwest of Middletown, Lake County.

RATES

		<u>Per Meter Per Month</u>
Monthly Quantity Rates:		
First	600 cu. ft. or less .....	\$ 4.25
Next	1,400 cu. ft., per 100 cu. ft. ....	.45
Next	3,000 cu. ft., per 100 cu. ft. ....	.30
Over	5,000 cu. ft., per 100 cu. ft. ....	.20

		<u>Per Meter Per Year</u>
Annual Minimum Charge:		
For	5/8 x 3/4-inch meter .....	\$51.00
For	3/4-inch meter .....	57.00
For	1-inch meter .....	65.00

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)

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.

Schedule No. 2

ANNUAL GENERAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Anderson Springs Subdivision Tract No. 1, Anderson Springs Annex Subdivision Tract No. 1, and vicinity, approximately 5 miles northwest of Middletown, Lake County.

RATES

	<u>Per Year</u>
For each 3/4-inch service connection .....	\$48.00
For each 1-inch service connection .....	96.00

SPECIAL CONDITIONS

1. The annual 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 annual flat rate charge on a monthly basis equal to one-twelfth of the annual flat rate charge.

2. 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.



APPENDIX A  
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## Schedule No. 2S

SEASONAL GENERAL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

Anderson Springs Subdivision Tract No. 1, Anderson Springs Annex Subdivision Tract No. 1, and vicinity, approximately 5 miles northwest of Middletown, Lake County.

RATESPer Year

## Seasonal Rates:

For any 10 consecutive months, or portion thereof, during a calendar year:

For each 3/4-inch service connection .....	\$44.00
For each 1-inch service connection .....	88.00

## Monthly Rates:

For each additional month of the same calendar year:

For each 3/4-inch service connection .....	\$ 4.00
For each 1-inch service connection .....	8.00

SPECIAL CONDITIONS

1. The seasonal flat rate charge is payable in advance on January 1st. 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 month or months during which service is desired.

2. All service not covered by the above classification, nor furnished on the basis of Schedule No. 2, Annual General Flat Rate Service, will be furnished only on a metered basis.

3. Meters may be installed at option of utility or customer, in which event service thereafter will be furnished on the basis of Schedule No. 1, Annual General Metered Service.