

**ORIGINAL**Decision No. 62593

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of ROBERT L. FORBES, doing  
business as MEADOW VALLEY WATER  
COMPANY, for Authority to Increase  
Rates for Water Service.

Application No. 43255

Robert L. Forbes, in propria persona,  
applicant.  
William T. Cullen, for Plumas County Health  
Department, interested party.  
Margo Stratton, for certain customers,  
protestant.  
Clyde F. Norris and L. L. Thormod, for the  
Commission staff.

O P I N I O N

By the above-entitled application, Robert L. Forbes, doing business as Meadow Valley Water Works, requests authority to increase rates for residential and irrigation water service rendered in the unincorporated community of Meadow Valley, located approximately eight miles west of Quincy, in Plumas County. As of May 1, 1961 there were 8 irrigation and 11 domestic customers, some of whom receive both types of service.

Public Hearing

After due notice, a public hearing in this matter was held before Examiner E. Ronald Foster at Quincy on July 12, 1961. Several of applicant's customers attended the hearing and one of them testified in protest to the proposed increase in rates, particularly for irrigation service. The matter was submitted at the conclusion of the day's hearing and is now ready for decision.

History and Ownership of the System

This water system has been used to supply water to the ranch properties of its several successive owners, and also to

adjoining properties. The utility has been before this Commission in a number of proceedings and the Commission takes official notice of some of its decisions therein.<sup>1/</sup>

By Decision No. 51148, the Commission authorized the sale of the public utility water system, known as Meadow Valley Water Works, to Robert L. Forbes and Max Forbes.<sup>2/</sup>

Applicant testified that his brother Max Forbes had sold his interest in the ranch properties, including the water system, to him in August of 1955. As evidence thereof, he submitted Exhibit No. 1, which is a photostat copy of a grant deed dated August 8, 1955, wherein Max E. Forbes and Mary L. Forbes, his wife, granted to Robert L. Forbes certain real property in Plumas County, described therein.

Max E. Forbes also testified that it was his understanding that the said water system was included with the properties conveyed by the said grant deed and that it had been his intention to thereby sell to Robert L. Forbes all of his interest in the public utility water system. Max E. Forbes asked that he be relieved of all further public utility obligations and liabilities in connection with the operation of the said public utility water system.

Robert L. Forbes further testified that he desires, and is willing, to assume full responsibility for the operation of the public utility water system.

#### The Service Area

Heretofore no attempt has been made to define the boundary of the service area. In general, it embraces lands and residences

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<sup>1/</sup> Dec. No. 20476, dated Dec. 13, 1928, in Appl. No. 14988 and Case No. 2610 (32 C.R.C. 495).

Dec. No. 22701, dated July 22, 1930, in Appl. No. 16229 (35 C.R.C. 67).

Dec. No. 25222, dated October 3, 1932, in Appl. No. 17856 (38 C.R.C. 57).

<sup>2/</sup> Dec. No. 51148, dated March 1, 1955, in Appl. No. 36566

Also known, and sometimes referred to herein, as Max E. Forbes.

adjacent to the ditch system. About 160 acres of land in Meadow Valley are susceptible to irrigation from the system, of which, approximately 80 acres belong to applicant. He is also delivering water for the irrigation of some 42 or 43 acres by his customers.

Because of the proposed development of residential subdivisions in the vicinity of applicant's water system, he has requested that the service area be restricted to the area defined on the map received herein as Exhibit No. 3.

Present and Proposed Rates

The presently effective rates are those authorized by Decision No. 22701 in 1930. The following tabulation shows a comparison of the present rates with those proposed by applicant.

<u>Description</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
Residential Flat Rate Service For each residence, per month	\$1.50	\$3.00	100%
Measured Irrigation Service For each miner's inch-day of 24 hours	0.04	0.10	150
Flat Rate Irrigation Service for each acre irrigated, per season	3.00	10.00	233

Applicant has been making an annual charge of \$25 for service to the Meadow Valley Cemetery, for which there is no tariff on file.

Summary of Showings

The following tabulation shows a comparison of the estimated results of operation for the year 1961 at both the present rates and the proposed rates, as presented in exhibits attached to

the application and in Exhibit No. 2 submitted by the Commission staff.

SUMMARY OF EARNINGS  
Year 1961 Estimated

<u>Item</u>	<u>Present Rates</u>		<u>Proposed Rates</u>	
	<u>Applicant's Showing</u>	<u>CPUC Staff Exh. No. 2</u>	<u>Applicant's Showing</u>	<u>CPUC Staff Exh. No. 2</u>
<u>Operating Revenues</u>				
Domestic	\$180.00	\$198 <sup>a</sup>	\$360	\$396 <sup>a</sup>
Irrigation	103.00	129 <sup>b</sup>	275	430 <sup>b</sup>
M. V. Cemetery	25.00	25	25	25
Total	<u>308.00</u>	<u>352</u>	<u>660</u>	<u>851</u>
<u>Expenses</u>				
Maint. & Operation	245.74	435	455	435
Depreciation	45.00	73	45	73
Taxes Other Than Income	125.00	16	125	16
Taxes on Income	-	-	-	68
Total Expenses	<u>415.74</u>	<u>524</u>	<u>625</u>	<u>592</u>
Net Revenue	(107.74)	(172)	35	259
Depreciated Rate Base	1,373.26	1,930 <sup>c</sup>	1,328.26	1,930 <sup>c</sup>
Rate of Return	(Loss)	(Loss)	2.6%	13.4%

(Red Figure)

- a. Based on 11 customers.
- b. Based on 43 acres.
- c. Includes allowances for materials and supplies and working cash.

Quality of Water

On behalf of the Plumas County Health Department, a sanitarian testified that he had taken samples of water from applicant's system many times in the past, analyses of which had shown the water to be uncontaminated and apparently satisfactory for domestic uses. However, he stated that the creek water flowing in open ditches is subject to possible contamination at any time. He recommended that the customers be warned that the water is not guaranteed to be potable.

Measurement of Water

The applicant expressed his approval of the staff recommendation that service of irrigation water be furnished on a measured basis. He stated that the method of making service to domestic customers is such that it is impracticable to install meters on their service connections.

At present there is no way of measuring the amount of water diverted from the creek into applicant's ditch. Paragraph 11. 4.a. of the Commission's General Order No. 103 requires that

"Each utility shall install a suitable measuring device, or otherwise determine production, at each source of supply in order that a record may be maintained of the quantity of water produced by each source."

Applicant will be ordered to comply with this requirement, so that there may be determined some relation between the available supply and the summation of the irrigation deliveries, at least, to all consumers, including applicant. Such a device, suitable for installation of the main ditch near the diversion dam, would consist of a "Parshall Measuring Flume" or a weir of appropriate design.

Revised Summary of Earnings

Based on a review of the record herein, after adding the estimated costs of new miner's-inch boxes and a measuring device in the main ditch, the total cost of the system will be about \$4,200, including \$200 for land, with the associated depreciation reserve estimated at \$1,450. With an allowance of \$75 for working cash and materials and supplies, the resulting depreciated rate base of \$2,825 will be adopted for the purposes of this proceeding.

In the following tabulation, revenues are estimated for the year 1962 for all water service, including that to applicant himself, both at present rates and at the rates to be authorized by the order herein. Estimated expenses relative to the future operation of the entire system are also shown.

REVISED SUMMARY OF EARNINGS  
YEAR 1962 ESTIMATED

<u>Item</u>	<u>Present Rates</u>	<u>Authorized Rates</u>
<u>Operating Revenues</u>		
Domestic <sup>a</sup>	\$ 234	\$ 436
Irrigation <sup>b</sup>	369	553
M. V. Cemetery	25	36
Total	628	1,025
<u>Expenses</u>		
Maintenance & Operation	500	500
Depreciation	120	120
Taxes Other Than Income	30	30
Taxes on Income	-	80
Total	650	730
Net Revenue	(22)	295
Depreciated Rate Base	2,825	2,825
Rate of Return	(Loss)	10.4%

(Red Figure)

- a. Based on 13 year-round customers and seasonal use of cabins and shower house.  
b. Based on customers' 43 acres and applicant's 80 acres.

Note: Revenue from measured irrigation deliveries will be the same as from corresponding flat rates, with assumed average delivery at 75 miner's inch-days per acre.

Findings and Conclusions

Upon consideration of the evidence the Commission finds and concludes as follows:

1. By the execution of the grant deed dated August 8, 1955, (Exhibit No. 1) it was the intention of Max E. Forbes to sell and transfer to Robert L. Forbes all of his interest in the public utility water system known as the Meadow Valley Water Works, which has since been operated by said Robert L. Forbes. The Commission hereby finds that such transfer is not adverse to the public interest, that the transfer should be authorized and that Max Forbes should be relieved

of all further obligations and liabilities in connection with the operation of the said water system.

2. It would be adverse to the public interest to restrict applicant's service area in the manner proposed as shown on the map introduced herein as Exhibit No. 3. Applicant should be required to continue to render water service for domestic, irrigation and other purposes at all locations along his ditches where such service has been rendered during the years 1959, 1960 and 1961, to all persons who apply therefor, to the extent of the available supply, it being understood that applicant, as a consumer, is entitled to service similar to that of any of his customers.

3. Until it may be shown that there is an adequate supply of water for new customers, in addition to those entitled to service as set forth in the immediately preceding paragraph, applicant should not be permitted to serve any such new customers for domestic, irrigation or other purposes.

4. The evidence indicates that the revenues obtainable from existing water service rates are no longer adequate to meet applicant's reasonable needs and applicant is in need of and entitled to increased revenues. However, it is also evident that the revenues which applicant's proposed rates would produce are greater than, and the resulting rate of return on applicant's investment would be in excess of, those which are reasonable.

5. In order to provide for equitable charges for water delivered for the irrigation of diverse crops, and also to discourage careless use and unnecessary waste of the available supply of water, applicant should be required to install, within a reasonable time, suitable measuring boxes on all service outlets of water for irrigation purposes and thereafter charge for such deliveries only on a measured basis. Such measuring devices should be installed prior to April 1, 1962, the beginning of the next irrigation season and, in any event, not later than July 1, 1962.

6. Applicant should be required, at this time, to comply with that provision of the Commission's General Order No. 103 pertaining to the installation of a suitable measuring device at his source of supply.

7. Consistent with previous decisions of this Commission, pertaining to other utilities as well as to the water utility involved herein, the utility plant should include that used for servicing applicant's own properties and the revenues and expenses should be those pertaining to all such service.

8. The estimates of operating revenues, expenses, including depreciation and taxes, and the rate base as revised herein reasonably represent the results of applicant's operations for the immediate future and they will be and they hereby are adopted for the purposes of this proceeding.

9. Under the conditions found to exist in the present proceeding, a rate of return of 10.4 per cent on the revised estimated rate base of \$2,825 for the immediate future is reasonable.

10. Applicant should be authorized to file new schedules of rates which will produce estimated gross revenues of \$1,025, which represents an increase of \$397 over those obtainable at the rates presently being charged, but which increase is considerably less than would result from the authorization of rates sought by applicant.

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, in so far as they differ from those herein prescribed, are for the future unjust and unreasonable.



O R D E R

Public hearing having been held and based upon the evidence therein adduced,

IT IS ORDERED:

1. That the sale and transfer to Robert L. Forbes of all of the interest of Max Forbes, also known as Max E. Forbes, in the public utility water system hereinabove described be, and it is hereby authorized.

2. That, after the effective date of this order, said Max Forbes shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the said public utility water system.

IT IS FURTHER ORDERED that:

3. Applicant Robert L. Forbes, doing business as Meadow Valley Water Works, 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 schedules 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 November 1, 1961.

4. 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 and in a form acceptable to the Commission, a tariff service area map and sample copies of printed forms normally used in connection with customers' services. Such 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.

5. 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 system properties of applicant.

6. Beginning with the year 1961, applicant shall determine depreciation expense by multiplying depreciable utility plant by a rate of 3.0 per cent. 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.

7. Applicant shall continue to render water service for domestic, irrigation and other purposes at all locations along his ditches where such service has been rendered during the years 1959, 1960 and 1961, including service to applicant's own premises, to all persons who apply therefor, to the extent of the available supply. In the event of a water shortage, deliveries of water for irrigation of crops shall be made proportionately to all consumers, including applicant, on an equitable rotation schedule.

8. Until a showing has been made, satisfactory to the Commission, that there is available an adequate supply of water for any requested new connections (for domestic, irrigation or other purposes), in addition to all consumers required to be served in accordance with the foregoing ordering paragraph 7, and the Commission, upon such showing, shall first have modified this order, applicant

shall limit the service of water in the future to those consumers who may apply for service, as set forth in said ordering paragraph 7.

9. Not later than June 30, 1962, and if possible on or before March 31, 1962, applicant shall install and maintain miner's inch boxes or other suitable measuring devices on all irrigation water consumers' services, including those to his own premises. Thereafter, when such measuring devices have been installed, applicant shall maintain a record of all measured deliveries of irrigation water and shall render bills for such water service only on the basis of the appropriate authorized rate schedule for measured irrigation water service. Applicant shall inform the Commission, in writing, of the completion of the installation and placing in operation of such measuring devices, together with a compilation of the total costs thereof, by numbers of the different types and sizes, within thirty days thereafter.

10. Not later than March 31, 1962, and if possible on or before December 31, 1961, applicant shall install and maintain in his main ditch at a point not more than 300 feet below the point of diversion from the creek which is the source of applicant's water supply, a "Parshall" measuring flume or a suitable weir of appropriate design, together with a visual gauge, or gauges, by means of which the rate of flow of water diverted from the creek may be determined, in units of miner's inches or cubic feet per second. Applicant shall report to the Commission, in writing, the date on which such measuring device was installed and placed in operation, within thirty days thereafter, and shall furnish the Commission with six copies of the tabulation, chart or curve which shows the rate of flow for any gauge reading.

11. Commencing on the date when the measuring device is installed as required by the preceding paragraph 10 of this order and on the tenth, twentieth and last day of each month thereafter, and as

much oftener as he may desire for his own purposes, applicant shall cause gauge readings to be made and a written record thereof maintained, and on or before the fifth day of each of the months of January, April, July and October through the year 1963 he shall file with the Commission a tabulation of the gauge readings and the corresponding rate of flow for each date of the gauge readings during the preceding three-month period.

12. Except to the extent authorized herein, the application be and it is denied.

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

Dated at San Francisco, California, this 25<sup>th</sup> day of SEPTEMBER, 1961.

*Ernest B. Page*

President

*C. J. Fox*

*George G. Gower*

*Frederick B. Halaloff*

Commissioners

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

Schedule No. 2 U

GENERAL FLAT RATE SERVICE - UNTREATED WATER

APPLICABILITY

Applicable to all flat rate service of untreated water, other than for irrigation service.

TERRITORY

The unincorporated community of Meadow Valley, and vicinity, located approximately eight miles west of Quincy, Plumas County.

RATES

Per Service Connection  
Per Month

1. For each single-family residential unit, school, livestock barn, store, or other business establishment .....	\$ 2.50
a. For each guest cabin on the same premises and served from the same service connection, during months of occupancy .....	1.50
b. For each shower house used in connection with guest cabins, during months of such use .....	2.00
2. For Meadow Valley Cemetery .....	3.00

SPECIAL CONDITIONS

1. Water will be delivered by utility at its ditch. Water deliveries from utility's ditch to premises of customer shall be the responsibility of the customer.

(Continued)

Schedule No. 2 U

GENERAL FLAT RATE SERVICE - UNTREATED WATER

(Continued)

SPECIAL CONDITIONS (Cont'd.)

2. The water supplied under this schedule is from open ditches and is untreated. The utility does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water, or makes it available to others, for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.

3. The utility does not guarantee a continuous and uninterrupted supply under this schedule and reserves the right to temporarily suspend the delivery of water when it is necessary to take the whole or any part of its water system out of service for the purpose of cleaning, maintaining, repairing, or making essential improvements thereon.

Schedule No. 3 FLX

LIMITED TEMPORARY FLAT RATE IRRIGATION SERVICE

APPLICABILITY

Applicable to all flat rate irrigation service furnished on a limited temporary basis.

TERRITORY

The unincorporated community of Meadow Valley, and vicinity, located approximately eight miles west of Quincy, Plumas County.

RATE

Per Year

For each acre irrigated ..... \$ 4.50

SPECIAL CONDITIONS

1. The water supplied under this schedule is from open ditches and is untreated. The utility does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water, or makes it available to others, for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.

2. Measuring boxes 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. 3M, Measured Irrigation Service.

3. This schedule will be effective only to and including June 30, 1962, and thereafter will be withdrawn.

Schedule No. 3 M

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

The unincorporated community of Meadow Valley, and vicinity, located approximately eight miles west of Quincy, Plumas County.

RATE

Per Miner's Inch-Day

For all water delivered..... \$ 0.06

SPECIAL CONDITIONS

1. A miner's inch is defined as a rate of flow equal to one fortieth of a cubic foot of water per second.
2. The water supplied under this schedule is from open ditches and is untreated. The utility does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water, or makes it available to others, for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.