

ORIGINALDecision No. 62655

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CLAUD and PATRICIA ROUCH, husband)
 and wife, doing business as LEMONCOVE)
 WATER COMPANY, for authority to in-)
 crease the rates for the water service)
 rendered in the unincorporated Town of)
 Lemoncove, Tulare County, California.)

Application No. 43283
 (Filed April 4, 1961)

Claud Rouch, for applicants.

Mrs. F. D. Montee, interested party.

Leslie D. Hay, for the Commission
 staff.

O P I N I O N

By this application, Claud and Patricia Rouch (Lemoncove Water Company) seek authority to increase rates for water service rendered in the community of Lemoncove, Tulare County, so as to increase revenue by approximately \$1,193 annually.

Public hearing in the matter was held before Examiner F. Everett Emerson on August 22, 1961, at Visalia. Although each customer of the utility was notified, only one customer attended the hearing.

The present rates for water service have remained unchanged since 1928. Applicants normally serve 37 customers. The system has been operated at an out-of-pocket loss in recent years.

The water system has been supplying the community since 1908. Water is obtained from either of two wells located in the back yard of the Rouch home. The only storage tank owned by the utility is a 3,000-gallon hydropneumatic steel tank, also located

in applicants' back yard. The distribution system consists of approximately 3,120 feet of mains ranging in size from 1½-inch to 3-inch. The most recent installation was made during the year 1927.

As of December 31, 1960, there were 36 active services, of which 29 were metered. Of the seven remaining active connections, a flat rate is charged for five of them. No revenue is recorded for service rendered to applicants' residence. In addition, two of the five flat rate services for which revenue is received are served from one service connection and are charged \$2.90 and \$1.75 per month, respectively. There was only one other home, vacant as of December 31, 1960, which received water service from applicants. The system's annual reports filed with the Commission reveal that there has been no growth since the last rate proceeding in 1928. Additionally, conferences with the Tulare County Department of Public Health indicate that future growth in this area will be virtually nonexistent until such time as the Lemoncove area sewage disposal district meets county specifications.

A direct comparison of applicants' present and proposed flat rates cannot be made. However, a typical customer being charged \$1.75 per month for flat rate service under present rates would be charged \$3.25 per month under proposed rates. This would represent an increase of \$1.50 per month, or approximately 85%. For the typical residential customer, the proposed meter rates would increase the average annual charge of \$35 at present rates to about \$71.

An investigation was made of Lemoncove Water Company in April 1961, by an engineer of the Commission's staff. Plant and facilities were inspected, customers interviewed relative to service, company records were examined, and pressures were spot-checked. The

area is a "granite country" and as a general rule water production is difficult and quantities are limited.

The potability of the water supplied to customers was reviewed with representatives of the County of Tulare, Department of Public Health. This governmental agency periodically collects and analyzes water samples from various locations in the distribution system. Applicants have a water permit, issued by the State of California through the Tulare County Department of Public Health, dated March 29, 1960. Operating pressures were measured at between 30 and 35 pounds per square inch on portions of the system. During periods of peak consumption, however, the operating pressure is below the minimum operating pressures recommended by the Commission's General Order No. 103. The distribution mains are very old and are undersized.

Applicants are aware of the system's deficiencies and will install an additional pump, before the summer of 1962, in order to improve pressures in the northerly portion of the town. Estimates of the costs of this improvement range from \$600 to \$1200, depending on the site to be chosen. In view of the evidence respecting service problems, applicants will be required to improve pressures and install meters.

Applicants' showing respecting revenues and expenses was based on the existing partially metered system. The Commission staff's showing was based on the assumption that the existing system is fully metered. Applicants developed a rate base predicated on the price for which they purchased the system in 1958. The staff rate base was developed from the historical cost of the system.

In view of the evidence, the Commission finds that applicants are in need of and are entitled to increased revenues.

The rates which applicants have proposed, however, would produce an excessive rate of return when related to the presently depreciated condition of the physical plant. Lesser increases in rates will be authorized and the new rates should produce revenues sufficient to permit applicants to make some system improvements, install meters, meet normal operating expenses and provide a reasonable return on their investment in water utility facilities. The rates authorized herein are basically as follows:

<u>Quantity Through 5/8 x 3/4-inch Meter</u>	<u>Monthly Charge Per Meter</u>
600 cubic feet or less	\$3.00
Next 1,000 cubic feet, per 100 cubic feet	.25
Over 1,600 cubic feet, per 100 cubic feet	.17

The Commission finds as a fact that the increases in rates authorized herein are justified and that existing rates, insofar as they differ from those authorized herein, 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 conformity 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 the public and to this Commission, to make said rates effective for water service rendered on and after November 1, 1961.

2. Applicants shall file in quadruplicate with this Commission, within thirty days after the effective date of this order and in conformity with the provisions of General Order No. 96, a tariff

service area map, rules governing customer relations revised to reflect present-day practices, and sample copies of forms normally used in conjunction with customers' services, the same to become effective on five days' notice to the public and to this Commission after said filing.

3. Applicants shall file, within thirty days after the effective date of this order, four copies of a comprehensive map, drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings the tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicants.

4. By not later than June 1, 1962, applicants shall have installed and in proper operation an additional pump or other facilities suitable to provide at all times a working pressure of not less than 25 psig at each meter location.

5. By not later than December 31, 1962, applicants shall have installed and in proper operation a suitable water meter on each active service connection.

6. Beginning with the year 1961, applicants shall determine depreciation accruals by multiplying the depreciable utility plant by a rate of 2.3%. This rate should be used until review indicates it should be revised. Applicants shall review said depreciation rate, using the straight-line remaining life method, whenever substantial changes in depreciable utility plant occur and at intervals of not more than five years, and revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to this Commission.

7. Applicant shall report to this Commission, in writing, on the completion of the installations required by ordering paragraphs 4 and 5 above, within fifteen days thereafter.

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

Dated at San Francisco, California, this 10th day of OCTOBER 1961.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners

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

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated community of Lemoncove, and vicinity, located approximately 16 miles east of the City of Visalia, Tulare County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 600 cu.ft. or less	\$ 3.00
Next 1,000 cu.ft., per 100 cu.ft.25
Over 1,600 cu.ft., per 100 cu.ft.17
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 3.00
For 3/4-inch meter	3.75
For 1-inch meter	5.50
For 1½-inch meter	8.50
For 2-inch meter	12.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

APPENDIX A
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Schedule No. 2' RKX

TEMPORARY RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated community of Lemoncove, and vicinity, located approximately 16 miles east of the City of Visalia, Tulare County.

RATES

	<u>Per Service Connection Per Month</u>
For a single family residential unit	\$5.00
For each additional residential unit on the same premises and served from the same service connection	3.50

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than 3/4-inch in diameter.
2. 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, General Metered Service.
3. This schedule will automatically terminate and be withdrawn as of December 31, 1962.