

Decision No. 62889**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

The Application of William E. Bartlett )  
 doing business as The Caruthers Water )  
 Company for authority to increase and )  
 establish water rates pursuant to )  
 Section 454 of the Public Utilities )  
Code of the State of California. )

Application No. 43550  
 (Filed June 27, 1961)

O P I N I O NApplicant's Request

By this application, William E. Bartlett, doing business as The Caruthers Water Company, requests authority to increase rates for water service rendered in Fresno County in the unincorporated town of Caruthers, where he serves about 245 customers. Applicant's proposed rates would increase charges to customers by \$5,100, or by about 53% based upon the 1961 level of business.

Applicant's Position

The application shows that, during the ten-year period in which present rates have been in effect, applicant has realized an average rate of return of only 1.27% on his operations and that for several of these years he has operated at a loss. For 1960, the most recent year included in the ten-year average, the rate of return is shown by the application to be 2.33%. Applicant alleges that, under the increased rates proposed herein, his operations would produce a rate of return of approximately 5.4% on average depreciated rate base.

Staff Investigation

Following the filing of this application, a field investigation of applicant's public utility water operations was made by a Commission staff engineer. The engineer has now submitted to the Commission his memorandum report on the investigation. The

report, which includes estimated earnings results, rate comparisons and an analysis of service problems, together with the engineer's recommendations to the Commission, is hereby made a part of this record and designated Exhibit No. 1.

#### Customer Reaction

In order to determine whether ex parte treatment of this matter would be appropriate, a letter concerning the application was sent to each of the utility's customers. This letter advised the customers of the pendency of the application and presented a comparison of present and proposed rates. Customers desiring to do so were advised to write the Commission. The Commission received only one letter in response, this from a customer who objected to the amount of the increase.

#### Earning Results

The staff analyzed the operational results of the utility at both present and proposed rates. These analyses indicate that applicant would incur an operating loss for the year 1961 at present rates. The following tabulation compares the utility's estimate of results of operations for 1961 at proposed rates with the staff's estimate; we find the staff's estimate to be reasonable and hereby adopt it for rate-fixing purposes:

<u>Item</u>	<u>Staff</u>	<u>Company</u>
Operating Revenues	\$14,700	\$13,900
Operating Expenses	8,120	9,900
Depreciation Expense	1,120	1,200
Taxes Other Than Income	410	400
Income Taxes	1,150	483
Total Deductions	<u>\$10,800</u>	<u>\$11,983</u>
Net Revenues	3,900	1,917
Average Depr. Rate Base	22,500	35,553
Rate of Return	17.3%	5.4%

The staff's estimate of operating revenues includes a pricing out of present customers and assumes a growth of 10 water customers during the year 1961. Operating expenses include a labor allowance of \$4,200, electric power usage of \$2,300 and \$1,620 for materials, uncollectibles, insurance, accounting and miscellaneous items. Taxes, other than income, include \$215 for ad valorem taxes and \$195 for payroll taxes. Depreciation expense was computed on the straight-line remaining life basis using a rate of 3% applied to depreciable plant. Income taxes were computed on the basis of a sole proprietorship, with the same amount of depreciation expense. The staff's figure for depreciated rate base includes allowances for growth, recommended plant betterments, working cash, materials and supplies and refunds of customers' advances.

We find that, while applicant would incur an operating loss for the test year 1961 at present rates, he would earn an excessive rate of return on his public utility water operations at the proposed rates. The rates to be authorized herein will result in gross water revenues of \$12,500, an increase of approximately \$2,900 or 30%. On the test year basis, the authorized rates will yield applicant for return on investment and income taxes a total of \$2,650, which amount we find to be fair and reasonable for such purposes.

#### Rates

Practically all of applicant's customers are single-family residence users served on a flat rate basis. The following tabulation compares present, proposed and authorized rates for the principal services provided to such customers:

	<u>Rate</u> <u>Per Service Connection</u> <u>Per Month</u>		
	<u>Present</u>	<u>Proposed</u>	<u>Authorized</u>
For a single-family residential unit including irrigation of an area not exceeding 1,500 sq.ft. .	\$2.50	\$3.75	\$3.25
For each additional residential unit on the same premises and served from the same service connection . . . . .	1.50	2.25	2.00
For each 100 sq.ft., or fraction thereof, of irrigated area in excess of 1,500 sq.ft. during the 6-month period May through October. . . . .	.05	.10	.065

Service

Exhibit No. 1 shows that certain improvements to the water system and in operating practices should be made. The system contains a considerable amount of undersized pipe which should be replaced on a programmed basis. The two operating wells and well pumps are not enclosed and should be fenced to exclude unauthorized personnel. There is a third well which could be used for additional water supply and for standby operation if the pump motor were repaired. The expenses and rate base adopted herein included amounts for replacement of inadequate mains, for fencing, and for repair of the pump motor. The order will require these improvements and repairs to be made.

Exhibit No. 1 also shows that samples of applicant's water are taken infrequently and not on the regularly scheduled basis required by General Order No. 103. The adopted operating expenses include an amount for the regular testing of water, and the order herein will require such testing.

The evidence shows applicant does not maintain a record of customer complaints and the dispositions made thereof, as required by General Order No. 103. Applicant will be required to establish and maintain such a record.

Findings and Conclusions

We have considered the application and we find that a public hearing is not required. The action we are taking herein will produce an over-all result which will be fair and reasonable. We find 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, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

O R D E R

William E. Bartlett, doing business as The Caruthers Water Company, having applied to this Commission for an order authorizing increased rates and charges for water service, and based upon the evidence of record,

IT IS ORDERED that:

1. Applicant is authorized to file in quadruplicate with the Commission after the effective date of this order, in conformity with General Order No. 96, the schedules of rates set forth in Appendix A attached hereto and, upon not less than five days' notice to the Commission and to the public, to make said rates effective for all service rendered on and after January 1, 1962.

2. Applicant shall file in quadruplicate with the Commission, in conformity with the provisions of General Order No. 96 and in a

form acceptable to the Commission, a revised tariff service area map, rules governing customer relations revised to reflect present-day operating practices, and current sample copies of printed forms that are normally used in conjunction with customers' services. Such tariff service area map, rules and sample forms shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

3. Applicant shall file 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.

4. Beginning with the year 1961, and until review indicates the rate should be revised, applicant shall determine depreciation accruals by multiplying depreciable utility plant by a rate of 3%. Whenever substantial changes in plant composition occur and at intervals of not more than five years, applicant shall review the depreciation rate, using the straight-line remaining life method, and shall revise such rate accordingly. Results of the reviews shall be submitted to the Commission.

5. On or before February 1, 1962, applicant shall install appropriate fencing with locking gates around the pumping station at Wells 3 and 4. Within ten days thereafter, applicant shall inform the Commission in writing of the completion of such installation.

6. On or before January 1, 1962, applicant shall establish a record of informal complaints and the disposition thereof, pursuant to the provisions of General Order No. 103. Within ten days

thereafter, applicant shall inform the Commission in writing that such record has been established.

7. Applicant shall institute a program, acceptable to the Commission, for the progressive replacement, at a rate of not less than \$500 per year, of all undersized mains; pipe shall conform to the requirements of General Order No. 103. On or before January 1, 1962, applicant shall submit in writing to the Commission the details of such program. Said details shall indicate the locations and sizes of mains to be replaced, the sizes and costs of the programmed replacements and the approximate date of completion of each part of the program.

8. On or before January 1, 1962, applicant shall institute a program for monthly analysis by an approved laboratory of the water furnished to the customers. Within ten days thereafter, applicant shall report in writing to the Commission that such program has been instituted.

9. On or before January 1, 1962, applicant shall have the motor and pump at Well 2 repaired and placed in operation. Within ten days thereafter, applicant shall report in writing to the Commission that this has been accomplished.

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

Dated at Los Angeles, California, this 5<sup>th</sup> day of December, 1961.

[Signature]

President

[Signature]

George L. Grover

Fredrick B. Holoff

Commissioners

-7- 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 SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The community of Caruthers, and vicinity, located approximately 15 miles southwest of Fresno, Fresno County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 800 cu.ft. or less. . . . .	\$ 3.00
Next 1,200 cu.ft., per 100 cu.ft. . . . .	.35
Next 3,000 cu.ft., per 100 cu.ft. . . . .	.25
Next 5,000 cu.ft., per 100 cu.ft. . . . .	.20
Over 10,000 cu.ft., per 100 cu.ft. . . . .	.15
Minimum Charge:	
For 5/8 x 3/4-inch meter . . . . .	\$ 3.00
For 3/4-inch meter . . . . .	4.75
For 1-inch meter . . . . .	7.75
For 1 1/2-inch meter . . . . .	13.25
For 2-inch meter . . . . .	19.00

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



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Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The community of Caruthers, and vicinity, located approximately 15 miles southwest of Fresno, Fresno County.

RATES

	<u>Per Service Connection Per Month</u>
1. For a single-family residential unit including irrigation of an area not exceeding 1,500 sq.ft. . . . .	\$ 3.25
a. For each additional residential unit on the same premises and served from the same service connection . . .	2.00
b. For each 100 sq.ft., or fraction thereof, of irrigated area in excess of 1,500 sq.ft. during the 6-month period May through October . . . . .	.065
2. For each restaurant or service station. . .	4.50
3. For each grammar school . . . . .	9.75
4. For each high school. . . . .	16.25
5. For Caruthers Hotel . . . . .	26.00
6. For Caruthers Fair Grounds:	
a. For 11 months, excluding October . . .	3.25
b. For the month of October . . . . .	29.25

(Continued)

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Schedule No. 2

GENERAL FLAT RATE SERVICE

RATES (Contd.)

Per Service Connection  
Per Month

7. For each evaporative-type air cooler during the 6-month period May through October:

Circulating type . . . . .	\$ .35
Non-circulating type . . . . .	.65

SPECIAL CONDITIONS

1. The residential flat rates for Item 1, above, apply to service connections not larger than 3/4 inch in diameter.
2. All service not covered by the above classifications will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer for above classifications, in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The community of Caruthers, and vicinity, located approximately 15 miles southwest of Fresno, Fresno County.

RATE

Per Month

For each hydrant . . . . . \$1.85

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under Schedule No. 1, 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.