

ORIGINALDecision No. 63980

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of FRED SCERAM and WILMA SCERAM,)
husband and wife, doing business)
as RAYMOND WATER WORKS, for)
authority to increase rates for)
water service.)

Application No. 44265
Filed March 14, 1962

O P I N I O N

Applicants operate a public utility water system in and near the unincorporated town of Raymond, Madera County, California. The system has 46 customers.

This verified application avers that the year 1961 was a dry year, that the applicants have invested \$5,000 to improve water service, and that the present rates are not compensatory. Exhibit E attached to the application indicates that the applicants lost \$564.55 in 1961 under present rates. For 1962, it is estimated that the loss will increase to \$670. Applicants estimate that their proposed rates would result in a rate of return of 4.1 percent in 1962.

The Commission staff made a field investigation in connection with this application. The report prepared by the staff is hereby identified and received as Exhibit No. 1 in this proceeding. Exhibit No. 1 substantially verifies the allegations in the application, and also the fact that the applicants would operate at a loss in 1961 and 1962 at present rates; but the exhibit indicates that the proposed rates would realize a return of 8.4 percent in 1962 after appropriate adjustments. The major staff adjustment involves an increase in operating revenues to reflect current usage and the

elimination of water outages during the summer months due to the installation in 1961 of a new well and pump. The staff proposed reduced rates designed to yield \$3,200 of gross revenue, an increase of approximately 45 percent. It is estimated that the staff rates will produce \$675 for return and income taxes in the year 1962. This is to be contrasted with the applicants' showing, which included an allowance of \$470 for return and income taxes.

The average metered service customer's bill will be \$5.73 per month under the staff's proposed rates, compared with \$3.92 under the present rates, and \$6.22 under rates proposed by applicants.

The staff report made the service recommendation that the practicality of acquiring the well and pumping unit of the soon-to-be removed high school should be thoroughly investigated by applicants. Certain other staff service recommendations, which we find to be reasonable, will be included in the ensuing order.

The Commission finds and concludes that:

1. A public hearing is not necessary.
2. The estimates of operating revenues, expenses (including taxes and depreciation), and rate bases submitted by the staff for the test year 1962 reasonably represent the results of the applicants' operations and they should be adopted for the purposes of this proceeding.
3. The increases in rates and charges authorized herein are justified; the rates and charges authorized herein are reasonable; the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.
4. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.

O R D E R

IT IS HEREBY ORDERED that:

1. Applicants Fred Schram and Wilma Schram, doing business as Raymond Water Works, are authorized to file with this Commission, after the effective date of this order and in conformity with General Order No. 96-A, the schedules of rates attached to this order as Appendix A and, upon not less than five days' notice to the Commission and to the public, to make such rates effective for service rendered on and after September 1, 1962.

2. Within forty-five days after the effective date of this order, applicants shall file with this Commission, in conformity with General Order No. 96-A, and in a manner acceptable to the Commission, revised rules governing service to customers, a revised tariff service area map, and 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. Within sixty days after the effective date of this order, applicants shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale not smaller than 400 feet to the inch and 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 applicants.

4. Beginning with the year 1962, applicants shall determine depreciation expense by multiplying the depreciable utility plant by a rate of 2.4 percent. This rate shall be used until review indicates that it should be revised. Applicants shall review the

depreciation rate, using the straight-line remaining life method, whenever substantial 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 the Commission.

5. On or before September 1, 1962, applicants shall establish a record of informal complaints and the disposition thereof, pursuant to the provisions of General Order No. 103, and shall inform the Commission, in writing, that such record has been established, within ten days thereafter.

6. On or before September 1, 1962, applicants shall institute a program, acceptable to the Commission, providing for the periodic flushing of mains and shall report to the Commission within ten days thereafter, in writing, as to how this will be accomplished.

7. Applicants shall, before the end of the year 1962, thoroughly clean each storage tank and shall inform the Commission, in writing, within ten days after each tank is cleaned.

8. On or before September 1, 1962, applicants shall apply to the appropriate public health authority for a water supply permit and shall inform the Commission, in writing, of such application within ten days thereafter. Applicants shall also have monthly tests made by an approved laboratory.

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

Dated at San Francisco, California, this 24th day of JULY, 1962.

George G. Grover
President
[Signature]
[Signature]
[Signature]
Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
Page 1 of 2

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Raymond and vicinity, Madera County.

(T)

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>	
First 400 cu.ft. or less	\$4.75	(I)
Over 400 cu.ft., per 100 cu.ft.85	
 Minimum Charge:		
For 5/8 x 3/4-inch meter	\$4.75	(I)

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

APPENDIX A
Page 2 of 2

Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Raymond and vicinity, Madera County. (T)

RATE

Per Month

For each service connection \$5.00 (I)

SPECIAL CONDITIONS

1. The above rate shall apply only to service connections not larger than one inch in diameter.

2. All service not covered by the above classification shall be furnished only on a metered basis. (T)

3. For service covered by the above classification, if either the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service. (T)