

ORIGINAL

Decision No. 64179

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Mollie O. Richards)
 and Bertha A. Richards, husband)
 and wife, dba LE GRAND WATER COM-)
 PANY for an order, under Section)
 454 of the Public Utilities Code,)
 authorizing an increase in water)
 rates.)

Application No. 43981
 Amended

John E. Callouette, for applicant.
Rev. E. Jesse Campbell, for group of
 protestant customers.
John D. Reader, for the Commission staff.

O P I N I O N

Applicants operate a public utility water service in the unincorporated town of Le Grand in Merced County. They seek herein authority to increase their rates for water service.

A duly noticed public hearing was held in this matter before Examiner Donald B. Jarvis, on March 8, 1962, at Le Grand. The matter was submitted subject to a late-filed exhibit which has now been received.

Applicants presently serve water to 92 customers. All of these customers receive flat rate service. Their present rates were authorized in 1952. Applicants operated at a net loss in 1960 and 1961.

At the hearing, applicants contended that the rates proposed by them were reasonable and should be authorized. Various customers appeared and protested the increase sought. The protestants conceded that applicants were entitled to a rate increase but took the position that the requested rates were too high. The

Commission staff presented evidence and suggested that a rate increase of a lesser amount than that sought by applicants be granted. A comparison of present basic flat rates and those proposed by the applicants and the staff is set forth for illustrative purposes.

General Flat Rate for Single Family Residential Unit
Including Premises not Exceeding 7,500 Sq. Ft. in Area

<u>Per Month Present Rate</u>	<u>Per Month Applicant Proposed Rate</u>	<u>Per Month Staff Proposed Rate</u>
\$2.25	\$6.10	\$4.35

The record discloses that during 1961 one of the two wells supplying water for applicants' system went dry and it was abandoned. The staff recommended that a new well be drilled in South LeGrand and connected to the system. The staff also recommended that the new well be equipped with a pump and motor capable of delivering at least 400 gallons per minute at a pressure of 40 psi, together with a 4,000 gallon pressure tank. Applicants indicated at the hearing that they were willing to make the suggested improvements if they could secure appropriate financing. One of the applicants testified that Bank of America indicated to him that there was a good probability it would grant applicants a loan to make the additions if revenues from the system were sufficient to provide enough money to enable applicants to meet the loan payments. The Commission finds that applicants should be ordered to make the aforesaid improvements in order to provide their customers with adequate water service, and that, for the purposes of this proceeding, applicants' estimated rate base should be increased to provide for these additions to plant in the amount of \$10,050.

The staff also recommended that mains on McDowell Street and Washington Avenue be interconnected with a 3-inch line in order

to alleviate low pressures in a part of applicants' system. At the hearing, there developed a sharp conflict in the evidence as to whether there was presently in existence a 2-inch line interconnecting the mains in question. The evidence dealing with this point is unsatisfactory, and the Commission will not make a finding thereon in this proceeding. In view of the uncertainty as to the existence of an interconnection, the Commission will not, at this time, order one to be made. The staff is hereby directed to make an early investigation of this matter and to report thereon to the Commission.

Applicants and the staff differ with respect to the estimated amount of operating revenues which will be produced at various rates. The reason for this difference is that the staff has projected into its figures anticipated revenue to be obtained from new customers. Applicants contend that they will not experience the projected growth. The Commission finds that there is little likelihood that applicants will acquire any significant number of customers in the foreseeable future and that, for rate-making purposes in this proceeding, applicants' present number of customers should be used.

At the hearing applicants produced evidence indicating that they had failed to include in their depreciable plant account the sum of \$1,835 which was expended in 1952 when applicants changed from a 5- to a 10-horsepower motor at the pump at their presently operating well. For the purposes of this decision there has been included an increase in fixed capital in rate base, with appropriate depreciation adjustments, for the cost of the new motor.

The Commission finds that the reasonable annual estimated operating results for the purposes of this proceeding, using the rates hereinafter authorized, are as follows:

Operating Revenues	\$ 7,125
Operating Expenses	4,550
Depreciation Expense	680
Taxes other than Income	300
Income Taxes	335
Allowance for Return	1,260
Total	<u>7,125</u>
 Avg. Depreciated Rate Base ...	 17,000

The Commission also finds that the increases in rates and charges authorized by this decision are justified, that the rates and charges set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered, and that the present rates and charges, insofar as they differ from the rates herein prescribed, are for the future unjust and unreasonable.

The record discloses that applicants have no water supply permit from the California Department of Public Health, although monthly tests of their water supply are made by the Merced County Board of Health. The Commission finds that applicants should be ordered to apply for a water supply permit. The evidence also indicates that applicants do not keep records of customer complaints and the disposition thereof as required by General Order No. 103. The Commission finds that applicants should be ordered to keep such records.

ORDER

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

IT IS ORDERED that:

1. Applicants are authorized to file with the Commission, after the effective date of this order, in conformity with General Order No. 96-A, 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 September 1, 1962.

2. Applicants shall file with the Commission, within forty-five days after the effective date of this order, in conformity with General Order No. 96-A and in a manner acceptable to the Commission, a revised tariff service area map, revised rules governing service to customers, and copies of printed forms that are normally used in conjunction with customers' services. Such tariff service area map, rules and forms shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

3. Applicants shall file four copies of a comprehensive map, within sixty days after the effective date of this order, drawn to an indicated scale not more 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 applicants.

4. Beginning with the year 1962, applicants shall determine depreciation accruals by multiplying the depreciable utility plant by a rate of 3.0 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 such rates accordingly. Results of these reviews shall be submitted to the Commission.

5. On or before December 31, 1962, applicants shall install and have in proper operation an additional well equipped with

suitable motor and pump to furnish not less than 400 gpm at a pressure of 40 psi, a 4,000-gallon pressure tank and at least one main no less than 4 inches in diameter to connect the new well at the present distribution system. Applicants shall inform the Commission, in writing, of the completion of such installation within ten days thereafter.

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

7. On or before November 1, 1962, applicants shall apply to the appropriate public health agency for a water supply permit and shall inform the Commission, in writing, of such application within ten days thereafter.

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

Dated at San Francisco, California, this 28th day of August, 1962.

George T. Grover
President

[Signature]

[Signature]

Fredrick B. Halbachoff

Commissioners

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

APPENDIX A
Page 1 of 4

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Le Grand, and vicinity, Merced County.

RATES

Quantity Rates::

	<u>Per Meter</u> <u>Per Month</u>	
First 800 cu.ft. or less	\$ 4.25	(T)
Next 4,200 cu.ft., per 100 cu.ft.	0.42	
Next 5,000 cu.ft., per 100 cu.ft.	0.30	
Over 10,000 cu.ft., per 100 cu.ft.	0.20	

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 4.25	
For 3/4-inch meter	6.00	
For 1-inch meter	11.50	
For 1 1/2-inch meter	19.00	
For 2-inch meter	28.00	
For 3-inch meter	45.00	(I)

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

(T)
|
(T)

Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Le Grand, and vicinity, Merced County.

RATES:

	<u>Per Service Connection</u> <u>Per Month</u>	
1. For a single family residential unit, including premises not exceeding 7,500 sq.ft. in area	\$4.80	(I)
a. For each additional single family residential unit on the same premises and served from the same service connection	3.80	
b. For each 100 sq.ft. of premises in excess of 7,500 sq.ft.	0.05	
2. For each store, market or shop	6.10	
3. For each service station	7.25	
4. For each evaporative-type air cooler during the 6-month period, May through October:		
Circulating type	0.55	
Noncirculating type	1.10	(I)

SPECIAL CONDITIONS

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

2. For service covered by the above classifications, 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)
(T)

Schedule No. 21X

LIMITED TEMPORARY FLAT RATE SERVICE

(T)

APPLICABILITY

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

TERRITORY

Le Grand, and vicinity, Merced County.

(T)

RATES

Per Month

1. Lambert's Locker and Restaurant	\$17.00	(I)
2. Packing Shed (4 months)	13.00	
3. Santa Fe Railroad	31.00	(I)

SPECIAL CONDITIONS

1. Service under this schedule shall be limited to the customers listed above. (T)

2. This schedule shall be effective only until meters are installed and will thereafter be withdrawn. (T)

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

Le Grand, and vicinity, Merced County.

RATE

Per Month

For each wharf type hydrant	\$2.50
-----------------------------------	--------

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rates under Schedule No. 1, General Metered Service.
2. The cost of installation and maintenance of hydrants shall be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the specific location at which each is to be installed.
5. The utility will supply only such water at such pressures as may be available from time to time as a result of its normal operation of the system.