

ORIGINAL

641S7

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CALIFORNIA-PACIFIC UTILITIES COMPANY,)
 a California corporation, for author-)
 ity to increase its rates for water)
 service furnished to Weaverville,)
 Trinity County, California, and)
 adjacent area.)

Application No. 43941
 (Filed November 20, 1961)

Orrick, Dahlquist, Herrington & Sutcliffe,
 by Warren A. Palmer, for applicant.
Donald R. Kennedy, District Attorney of
 Trinity County, for Trinity County,
 interested party.
William R. Roche, William V. Caveney, and
H. Casteel, for the Commission staff.

O P I N I O NApplicant's Request

California-Pacific Utilities Company requests authority to increase rates for water service in Weaverville and adjacent area in Trinity County so as to yield additional annual gross revenue of \$21,550 at the 1961 level of business. By a concurrent filing also made on November 20, 1961, applicant requests authority to increase electric rates for service in the same area so as to yield additional annual gross revenue of \$20,400.

Public Hearing

After due notice, public hearing on the two applications on a consolidated basis was held before Examiner Leonard S. Patterson on February 27 and 28, 1962 at Weaverville and on May 2, 1962, at San Francisco. Both matters were submitted at the close of the hearing on May 2. Separate orders will be issued in the two applications.

Applicant's Operations

Applicant, a California corporation, owns and operates public utility electric, gas, water and telephone systems in 86 widely scattered communities in the states of California, Oregon, Nevada, Utah, Idaho, Wyoming and Arizona. Its principal office is located in San Francisco. For accounting and administrative purposes, the operations of the company are divided into eleven divisions, one of which is Weaverville. In this division, which comprises the unincorporated community of Weaverville and surrounding area, applicant provides public utility electric and water service. In the year 1961 applicant served in its Weaverville Division an average of 543 water customers and 814 electric customers. In that year the revenue from these water customers represented 0.2 per cent and the revenue from the electric customers, 1.7 per cent of applicant's total 1961 revenue.

The Weaverville water system was purchased by applicant from the Weaverville Water Works on June 30, 1956, under authority granted by Decision No. 53092, dated May 22, 1956, in Application No. 37798. Water for the system is obtained by diverting a portion of East Weaverville Creek into a settling basin from whence it flows through an 8-inch pipeline to the chlorination plant about 3,000 feet down stream. After treatment the water continues on into an 8-inch transmission main to two reservoirs having a combined capacity of 3,750,000 gallons. The transmission and distribution system consists of approximately 90,000 feet of mains varying from 1 inch to 8 inches in diameter. Since applicant acquired the water system in 1956 the tangible plant in service has been increased from \$64,837 to \$410,727 as of the end of 1961, an increase of almost \$346,000. Applicant's vice president and chief engineer testified that the State Health Department had requested elimination of an open ditch, and accordingly

the expenditures made were necessary to develop a first class system capable of furnishing a sanitary and adequate water supply. Almost half of these expenditures were made to replace the open ditch system with 8-inch steel main and to install an automatic chlorinator.

Present and Proposed Rates

The record shows that the present water rates have been in effect since December 1, 1949. For general metered service applicant is proposing a service charge type of rate whereas the present rate is a minimum charge type. The increases proposed for 5/8 x 3/4-inch meters would range as high as 132 per cent according to a summary tabulation presented by the Commission staff in Exhibit 10.

A new flat rate schedule is proposed which would serve only the six establishments now receiving flat rate service. Applicant proposes to eliminate the present flat rate irrigation service schedule as no customers are being served thereunder. In addition to charges for public fire hydrant service, applicant also proposes a rate for private fire protection service.

Summary of Results of Operations

Both applicant and the Commission staff presented testimony through a number of witnesses and entered exhibits representing applicant's earnings position. Applicant's showing covered the years 1959, 1960 and 1961 while the staff estimates were for the years 1961 and 1962. A brief comparison of applicant's and the staff's estimated results for the year 1961 follows:

Item	1961 Estimated			
	Present Rates		Proposed Rates	
	Applicant	Staff	Applicant	Staff
Operating Revenues	\$ 23,550	\$ 23,410	\$ 45,100	\$45,245
Operating Expenses	23,416	23,715	35,191	35,650
Net Revenue	\$ 134	\$ (305)	\$ 9,909	\$ 9,595
Rate Base - Depreciated	332,697	324,490	332,697	324,490
Rate of Return	0.04%	(0.09%)	2.98%	2.96%

(Red Figure)

It will be noted there is very little difference between the applicant's and staff's estimates for 1961.

The staff's estimate for the year 1962 may be summarized as follows:

Item	Staff 1962 Estimated	
	Present Rates	Proposed Rates
Operating Revenues	\$24,345	\$ 46,880
Operating Expenses	24,545	36,855
Net Revenue	\$ (200)	\$ 10,025
Rate Base - Depreciated	337,030	337,030
Rate of Return	(0.06%)	2.97%

(Red Figure)

The staff's estimate for 1962 reflects an increase of 25 customers which has been the average annual increase during the last five years. With respect to rate base, the staff deducted an amount of \$5,270 as representing certain land and reservoir costs which are not considered to be essential to the utility's water operations at the present time.

Service and Extensions

Four customers appeared and testified in opposition to the proposed rate increase or in regard to the company's administration of its water main extension rule. No complaints were made as to

the lack of pressure or as to the quality of water. One of the customers, speaking on behalf of the Weaverville Chamber of Commerce, testified that in his opinion the system is overbuilt as the capacity of the transmission mains and reservoir system are more than ample to serve existing water customers. He also objected to applicant's policy of installing water meters. One witness asked specifically why he had not received a refund on an advance made in 1959 to obtain water service. As a result of the inquiries made concerning the water main extension rule, applicant presented Exhibit 7, a summary of each water main extension made since the system was acquired in 1956. This summary indicated that additional refunds are due on seven of the extensions. The record indicates that applicant intends to make these refunds and the order herein will require applicant to report to the Commission when this has been accomplished.

Rate of Return

Applicant has requested rates which, on its showing, will produce only a 2.98 per cent rate of return on its water operation whereas in the concurrent filing it is asking for a 6.75 per cent rate of return on its electric operations. The record shows that the request in the case of the water rates is occasioned by recognition of the fact that the proposed rates will approximately double the average water customer's bill and any further increase would be too heavy a burden on the customers. The record also indicates that the improvements which have been made have resulted in a system in which no further improvements in storage or transmission facilities will be required for from five to ten years and thus, if normal growth continues, the earnings position may improve.

Recommendations

The staff's Exhibit 10 sets forth certain recommendations concerning the filing of maps, rules governing customer relations and sample copies of printed forms normally used in connection with

customer services, so as to consolidate all tariff schedules applicable to water service into one tariff book. The staff witness also recommended that the minimum charge type of rate structure be retained rather than the service charge type which applicant has proposed. His recommendation was based on the fact that this is a gravity system which has an abundant water supply.

Findings

Based upon a review of the record in this matter and after careful consideration of all of the evidence, the Commission finds as follows:

1. The revenues obtainable from the present rates are deficient.
2. The estimates of operating revenues, expenses, including taxes and depreciation, and rate base as developed by the staff for the test year 1962 are reasonable and should be adopted for the purposes of this proceeding.
3. Applicant is entitled to rate relief at the level requested; however, the minimum charge type of rate structure is reasonable and should be retained; the rate schedules which are authorized herein will produce the same level of revenue as the service charge type of rates proposed by applicant. The average residential customer's bill for 1,650 cubic feet will increase from \$2.98 to \$6.02.
4. Applicant has not in all instances made refunds in accordance with its main extension rule; applicant should be required to refund the amounts due, as indicated by Exhibit 7, and to report to the Commission when this has been accomplished.
5. The increases in rates and charges authorized herein are justified, and existing rates and charges in so far as they differ from those herein authorized are for the future unjust and unreasonable.

We conclude that the application should be granted to the extent provided in the following order.

O R D E R

Based upon the evidence and upon the findings contained in the foregoing opinion,

IT IS ORDERED that:

1. Applicant is 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-A, the schedules of rates attached to this order as Appendix A and, on not less than five days' notice to the Commission and to the public, to make such rates effective for all service rendered on and after October 1, 1962.

2. Within forty-five days after the effective date of this order, applicant shall file with the Commission in conformity with General Order No. 96-A and in a manner acceptable to the Commission, such revised tariff sheets, including revised rules governing service to customers, revised tariff service area maps and copies of printed forms used in connection with customer's services, as are necessary to effect the consolidation of its tariff schedules applicable to water service into one tariff book. Such revised tariff sheets 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 applicant shall file with the Commission four copies of a comprehensive map drawn to an indicated scale not smaller than 200 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. Applicant shall proceed immediately to make all refunds which are due as indicated by Exhibit 7 and shall report to the Commission when this has been accomplished.

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

Dated at San Francisco, California, this 4th day of SEPTEMBER, 1962.

George H. Grover
President

[Signature]

[Signature]

Fredrick B. Holdhoff

Commissioners

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

_____ Cal. P.U.C. Sheet No. _____
Cancelling _____ Cal. P.U.C. Sheet No. _____

Schedule No. WE-1
Weaverville Division Tariff Area

(T)

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Weaverville and vicinity, Trinity County.

(T)

RATES

Per Meter
Per Month

Quantity Rates:

First	500 cu. ft. or less	\$ 2.00	(I)
Next	1,500 cu. ft., per 100 cu. ft.35	
Next	3,000 cu. ft., per 100 cu. ft.25	
Over	5,000 cu. ft., per 100 cu. ft.20	(I)

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 2.00	
For	3/4-inch meter	2.70	(I)
For	1-inch meter	4.10	
For	1 1/2-inch meter	7.25	
For	2-inch meter	10.00	
For	3-inch meter	17.00	(I)
For	4-inch meter	25.00	(N)
For	6-inch meter	45.00	
For	8-inch meter	75.00	
For	10-inch meter	105.00	(N)

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

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. _____

Date Filed _____

Decision No. _____

Effective _____

Name

Title

Resolution No. _____

SCHEDULE NO. WE-2L
Weaverville Division Tariff Area
LIMITED FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Weaverville and vicinity, Trinity County.

RATES

Per Month

- | | |
|---|--------|
| 1. For each single-family residential unit served through a 3/4-inch service connection | \$6.00 |
| 2. For each commercial establishment served through a 3/4-inch service connection | 9.00 |

SPECIAL CONDITIONS

1. Service under this schedule shall be limited to the premises or establishments being served hereunder as of the effective date of this tariff sheet.
2. The above flat rates apply to service connections not larger than 3/4-inch in diameter.
3. All service not covered by the above classifications shall be furnished only on a metered basis.
4. 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. WE-1, General Metered Service.

_____ Cal. P.U.C. Sheet No. _____
Cancelling _____ Cal. P.U.C. Sheet No. _____

Schedule No. WE-4

Weaverville Division Tariff Area

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished to privately owned fire protection systems.

TERRITORY

Weaverville and vicinity, Trinity County.

RATES

Per Month

For each	1½-inch service connection	\$ 2.25
For each	2-inch service connection	3.00
For each	3-inch service connection	4.50
For each	4-inch service connection	6.00
For each	6-inch service connection	9.00
For each	8-inch service connection	12.00
For each	10-inch service connection	15.00

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
2. The diameter for fire protection service shall be not more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

(cont'd.)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. _____

Date Filed _____

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Name

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Title

Resolution No. _____

Schedule No. WE-4

Weaverille Division Tariff Area

PRIVATE FIRE PROTECTION SERVICE
(cont'd.)

4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

5. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

_____ Cal. P.U.C. Sheet No. _____
Cancelling _____ Cal. P.U.C. Sheet No. _____

SCHEDULE NO. WE-5

Weaverville Division Tariff Area

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

Weaverville and vicinity, Trinity County.

RATES

Per Month

- | | |
|---|--------|
| 1. For each hydrant on four-inch or larger mains | \$1.50 |
| 2. For each hydrant on mains smaller than four inch | 1.00 |

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rates under Schedule No. WE-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 pressure as may be available from time to time as a result of its normal operation of the system.

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

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