

The record shows that no informal complaints concerning the utility were filed with the Commission during a period of two years prior to December 31, 1963. Operating pressures, taken from readings at various points on the system, ranged between 38 and 63 psi. Pressures at three houses located at a high elevation have dropped considerably during summer months when the nearby camp of the City of Berkeley is occupied.

Applicant's books of account, based on a 1947 staff appraisal (Application No. 28526), revealed on examination that various plant items had not been recorded and that certain expenses had been commingled with sawmill operations; also, that applicant had billed his sawmill at a flat \$75 charge, not shown in his tariffs, for water service. Annual depreciation accruals and the accumulated depreciation reserve have been affected by failure properly to record plant additions.

Applicant, recognizing the deficiencies in his accounting procedures, retained a consulting engineer to prepare an analysis of plant in service and related depreciation reserve as of December 31, 1963. The engineer's study includes a determination of straight-line remaining life depreciation, adjustment of the depreciation reserve and an appraisal of the utility plant.^{1/} The major difference between the staff's and the engineer's plant analysis is a downward adjustment by the staff of \$4,784 in net utility plant, which occurs chiefly in Account 343, Mains. The engineer's figure for mains (\$24,356) was based on interviews, miscellaneous records and a field investigation (Application, Exhibit A, p.8), while the staff's figure (\$19,033) was derived

^{1/} Applicant had been using straight-line total life depreciation with very short lives for both utility and income tax purposes.

from unit costs of materials, developed from a review of actual invoices, together with installation costs. The balance of \$7,989 in the depreciation reserve requirement at December 31, 1963, as developed by the engineer, has been accepted by the staff as reasonable.

A condensed version of the staff's analysis of estimated operating results for 1964, compared with applicant's estimated results for 1963, both estimates covering present and proposed rates, is shown in the following tabulation. (Applicant's recorded results for 1963 show a net loss of \$2,785 on total operating revenues of \$3,383. They are not included in the tabulation.)

RESULTS OF OPERATION

<u>Item</u>	<u>Estimated Years</u>			
	<u>Present Rates</u>		<u>Proposed Rates</u>	
	<u>Staff 1964</u>	<u>Applicant 1963</u>	<u>Staff 1964</u>	<u>Applicant 1963</u>
Operating Revenues	\$3,435	\$3,120	\$5,225	\$3,963
Operating Revenue Deductions Allocated From Sawmill Exp.	1,040	2,130	1,040	2,130
Direct Expenses	<u>2,765</u>	<u>1,230</u>	<u>2,765</u>	<u>1,230</u>
Total Expenses	3,805	3,360	3,805	3,360
Depreciation	1,050	1,150	1,050	1,150
Taxes Other Than Income	<u>340</u>	<u>-</u>	<u>340</u>	<u>-</u>
Total Deductions	5,159	4,510	5,195	4,510
Utility Operating Income	(1,760)	(1,390)	30	(547)
Rate Base	28,200	33,250	28,200	33,250
Rate of Return	Loss	Loss	0.1%	Loss

(Red Figure)

The principal differences between the staff's and applicant's estimates and the recorded figures as shown in the complete tabulation appearing in Exhibit 1, result from the staff's adjustments, explained in its report, to certain items of operating revenues, operating expenses (power, transportation and payroll), depreciation and taxes.

We find that:

1. The estimates of operating revenues, expenses, including taxes and depreciation, and the rate bases submitted by the staff for the years 1963 and 1964 are reasonable and reasonably represent the results of applicant's operations for the purposes of this proceeding.

2. The increases in rates and charges authorized herein are justified, the rates and charges authorized herein are reasonable, and the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

There remain for consideration certain recommendations proposed by the staff for improvement in facilities and service, for a slight increase over the proposed flat rates for residential service, on a temporary basis, pending full metering of the system and for inclusion in the flat rate schedule of the present rate for service to the sawmill.^{2/} Those recommendations are detailed

^{2/} The meter rates proposed by applicant and the slight increases and additions proposed by the staff in the flat rate schedules, which are authorized herein, are estimated to result in gross revenues of \$5,225 for 1964, a 52 percent increase over total revenues at present rates.

in the report, Exhibit 1, in paragraphs 22 and 23 thereof. We find such recommendations to be reasonable, and their implementation by applicant will be required by the ensuing order.

A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Applicant, Merrill H. Berry, is 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 to make such rates effective for service rendered on and after December 1, 1964, or on and after the fourth day following the date of filing, whichever is later. Concurrently therewith, applicant shall cancel by appropriate advice letter his presently effective Schedule No. 1, General Flat Rate Service, and Schedule No. 3, Seasonal Metered Service.

2. Within one hundred and eighty 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 of 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 applicant.

3. Beginning with the year 1964, applicant shall determine depreciation expense by multiplying depreciable utility plant by a rate of three percent. This rate shall be used until review indicates it should be revised. Applicant shall review the

depreciation rate using the straight-line remaining life method when major 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 this Commission.

4. Applicant shall comply with the recommendations set forth in paragraph 23, subparagraphs a. through h. of Exhibit 1 herein, (except as otherwise hereinabove provided for in paragraphs 2 and 3 of this order with respect to filing of a comprehensive map and computation of depreciation accruals), and shall report to the Commission, in writing, within ninety days after the effective date of this decision, the progress that has been made in complying with subparagraphs a., b., e., f., and h. of said paragraph 23 and the estimated dates of completion of each of the projects or installations required by said subparagraphs.

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

Dated at San Francisco, California, this 13th day of OCTOBER, 1964.

Fredrick B. Holdhoff
President
[Signature]
[Signature]
[Signature]

Commissioners

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

Cazadero and vicinity, Sonoma County.

RATES

Monthly Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>	
First 300 cu.ft. or less	\$ 2.50	(I)
Next 1,200 cu.ft., per 100 cu.ft.25	
Next 3,500 cu.ft., per 100 cu.ft.20	
Next 5,000 cu.ft., per 100 cu.ft.15	
Over 10,000 cu.ft., per 100 cu.ft.10	

Annual Minimum Charge:	<u>Per Meter</u> <u>Per Year</u>	
For 5/8 x 3/4-inch meter	\$ 30.00	(I)
For 3/4-inch meter	36.00	
For 1-inch meter	48.00	
For 1 1/2-inch meter	78.00	
For 2-inch meter	108.00	(I)

The Annual Minimum Charge will entitle the customer to the quantity of water each month which one-twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

SPECIAL CONDITIONS

1. The annual minimum charge applies to service during the 12-month(C) period commencing January 1 and is due in advance. If a permanent resi- |
dent of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay (C)

(Continued)

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS (Continued)

prorated minimum charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods for water used in excess of the monthly allowance under the annual minimum charge. When meters are read bimonthly or quarterly, the charge will be computed by doubling or tripling, respectively, the number of cubic feet to which each block rate is applicable on a monthly basis.

(C)

(C)

2. The opening bill for metered service, except upon conversion from flat rate service shall be the established annual minimum charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

(C)

(C)

Schedule No. 2LX

TEMPORARY GENERAL FLAT RATE SERVICE

(N)

APPLICABILITY

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

(N)

TERRITORY

Cazadero and vicinity, Sonoma County.

RATES

	<u>Per Service Connection Per Year</u>	
1. For a single-family residential unit, including premises	\$33.00	(I)
2. For sawmill	75.00	

SPECIAL CONDITIONS

1. Service under this schedule shall be limited to the premises now being served hereunder as of the effective date of this tariff sheet.

(C)

2. This schedule shall be effective only to and including December 31, 1966 and will thereafter be withdrawn.

(C)