

Decision No. 70898**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 FRED W. LINKS, JOSEPH N. BORROUGES,)
 JR., WILLIAM F. SHARON, and CAROL B.)
 SHARON, dba LINKFORD WATER COMPANY,)
 for an order authorizing an increase)
 in rates for water service.)

Application No. 48275
 (Filed February 28, 1966)

O P I N I O N

Fred W. Links, Joseph N. Borroughs, Jr., ^{1/} William F. Sharon and Carol B. Sharon, copartners doing business as Linkford Water Company, seek authority to increase their rate for water service.

At the request of this Commission, applicants sent a notice to each customer regarding the requested rate increase, inviting customers to call the Commission's attention to any problems covering water service, billing procedure, or other factors pertaining to reasonable service for the charges. The Commission received letters from three customers, protesting the proposed increase, primarily because of their misunderstanding as to the period of service. This is discussed in a Commission staff report, hereby received as Exhibit No. 1. The report states that there have been no informal complaints to this Commission concerning this utility in recent years.

The Commission staff recently made field investigations of applicants' operations. Plant and facilities were inspected, and applicants' records were examined. The results of the staff

^{1/} Incorrectly shown as Joseph N. Burroughs, Jr., and Joseph H. Burroughs in the text of the application.

investigations are presented in Exhibit No. 1. The staff states that the system appears to be adequate to provide service for applicants' small number of customers.

Service Area and Water System

Applicants provide flat rate water service to ten customers in a portion of the area known as Nortonia Park, located just east of Carnelian Bay Post Office, in Placer County.

The source of supply is Lake Tahoe, from which water is pumped into a storage tank. The distribution system consists of approximately 2,000 feet of 2-inch mains.

Rates

Applicants' present rate schedule became effective in 1959. It consists of a \$20 flat rate for seasonal residential use. Applicants propose to increase the rate to \$30.

Applicants propose no change in the special condition of their present rate schedule which provides:

"Weather conditions permitting, the utility may commence service prior to June 1 and may continue service later than September 30, but in no event is it intended that service commence prior to May 15 nor continue later than October 12."

Of three nearby utilities providing seasonal flat rate service, two charge \$30 and one charges \$25.

Results of Operations

Summarized in Table I, from Exhibit "G" to the application, are applicants' estimates of operating results for the test year 1966 under the present rate and under that proposed in the application. In Exhibit No. 1 the Commission staff states that it considers applicants' estimates of expenses to be reasonable.

TABLE I
RESULTS OF OPERATIONS

	<u>Present Rate</u>	<u>Proposed Rate</u>
Operating Revenues	\$200.00	\$300.00
Operating Expenses, excluding depreciation	<u>332.00</u>	<u>332.00</u>
Difference	(132.00)	(32.00)
(Out-of-Pocket Loss)		

From the preceding tabulation it is apparent that operations of this small water system for the estimated year 1966, even with the proposed 50 percent rate increase, will not generate the necessary revenues to cover out-of-pocket costs.

Accounting Records

Exhibit No. 1 states that applicants do not maintain adequate plant account records. The staff concludes, however, and we concur, that it is impractical to require applicants at this time to make a historical cost appraisal and a depreciation reserve requirement study. Because of the negative earning position, depreciation expense and rate base are not at issue.

Findings and Conclusions

The Commission finds that:

1. a. Applicants are in need of additional revenues.
- b. Applicants' estimates, previously summarized herein, of operating revenues and operating expenses, other than depreciation, for the test year 1966 reasonably represent the results of applicants' future operations.
- c. Applicants will still sustain out-of-pocket losses at their proposed rate.

d. The increase in rate and charge authorized herein is justified; the rate and charge authorized herein are reasonable; and the present rate and charge, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

2. A public hearing is not necessary.

The Commission concludes that the application should be granted as set forth in the order which follows.

O R D E R

IT IS ORDERED that after the effective date of this order, Fred W. Links, Joseph N. Borroughs, Jr., William F. Sharon and Carol B. Sharon, doing business as Linkford Water Company, are authorized to file the revised rate schedule attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be August 1, 1966, or four days after the date of filing, whichever is later. The revised schedule shall apply only to service rendered on and after the effective date thereof.

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

Dated at San Francisco, California, this 28th day of JUNE, 1966.

Fredrick B. Holdhoff
President
George T. Hoover
Commissioners

APPENDIX A

Schedule No. 2SR

SEASONAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all residential flat rate water service furnished on a seasonal basis.

TERRITORY

Certain unincorporated territory located adjacent to and north of State Highway 28 and easterly of Carmelian Bay Post Office, Lake Tahoe, Placer County.

RATE

Per Service Connection
Per Season

Seasonal Charge:

For each single-family residence, including premises, for the 4-month period June 1 through September 30	\$30.00	(T) (I)
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SPECIAL CONDITIONS

1. The seasonal charge is due in advance.
2. Weather conditions permitting, the utility may commence service prior to June 1 and may continue service later than September 30, but in no event is it intended that service commence prior to May 15 nor continue later than October 12.