

ORIGINAL

Decision No. 72264

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CARL L. DAMSEN and LAURA J. DAMSEN,)
doing business as the BERRYSSEN WATER)
COMPANY under Section 454 of the)
Public Utilities Code for authority)
to increase rates for water service.)

Application No. 48928
(Filed November 4, 1966)

O P I N I O N

Applicants seek to increase their rates. The service area is located west of Visalia, Tulare County. A joint study prepared by an engineer of the Utilities Division Hydraulic Branch and a financial examiner of the Finance and Accounts Division will be received as Exhibit No. 1.

Applicants have the usual type of rate structure. The only rate actually used is the flat rate of \$4 per month for a 3/4-inch service connection. All of the 158 present customers are served at this rate. Applicants seek to increase this charge to \$5 per month. Applicants seek to increase other rates proportionately. However, all the other rates are paper rates not now in use.

Both applicants and staff have submitted estimated results of operation for the year 1967 at both present and proposed rates. At present rates applicants estimated a 4.7 percent rate of return and the staff 4.3 percent. It will be observed that both are unreasonably low. At proposed rates applicants estimated a rate of return of 7.6 percent, and the staff, 9.6 percent.

The staff made a depreciation study and arrived at a composite figure of 2.8 percent. This gave the staff a lower accrual and a slightly larger rate base than that of applicants. Applicants have on file a rate of 2 cents per hundred square feet per month applicable to lots greater than 10,000 square feet in area. They have not been collecting this charge and did not include it in their estimates although they had asked that it be increased to 3 cents. There are, in fact, six customers who have these large lots. The staff included this charge in its estimates. This accounted for the staff's estimate of revenues exceeding applicants' estimate of revenues by \$260.

Certain other adjustments were made by the staff. The allowance for salaries was decreased. The allowance for general expense was reduced. The rental expense was increased.

The staff also increased its property tax estimate to allow for taxes on Well No. 3 and its pumping equipment and site. Other adjustments were minor.

The staff, in view of its conclusion that the present rates are too low and requested rates too high, proposed a basic flat rate of \$4.50 per month per customer, an increase of 12-1/2 percent, with other rates in proportion with one exception. The excess area charge proposed is 3 cents per 100 square feet as against the present 2 cents.

The Commission is of the opinion that the staff adjustments and depreciation study are accurate and reasonable. The staff proposed rates will be adopted. They are expected to produce a return of 7 percent.

The Commission finds that:

1. The estimates of operating revenues, expenses, including taxes and depreciation, and the rate base as submitted by the staff for the year 1967 reasonably represent applicants' results of 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.

3. Applicants' records have not been kept in accordance with the Commission's uniform system of accounts.

4. A public hearing is not necessary.

The Commission concludes that applicants should be authorized to increase their rates to the extent authorized by the following order.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicants Carl L. Damsen and Laura J. Damsen, doing business as Berrysen Water Company, are authorized to file the revised rate schedules attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be May 31, 1967, or four days after the date of filing, whichever is later. The revised schedules shall apply only to service rendered on and after the effective date thereof.

2. Within sixty days after the effective date of this order, applicants shall file a revised tariff service area map to include all areas presently served, appropriate general rules, and copies

of printed forms that are normally used in connection with customers' services. Such filing shall comply with General Order No. 96-A. The effective date of the revised tariff sheets shall be four days after the date of filing.

3. For the year 1967, applicants shall apply a depreciation rate of 2.8 percent to the original cost of depreciable plant. Until review indicates otherwise, applicants shall continue to use this rate. Applicants shall review their depreciation rates at intervals of five years and whenever a major change in depreciable plant occurs. Any revised depreciation rate shall be determined by: (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of plant; (2) dividing the result by the estimated remaining life of the plant; and (3) dividing the quotient by the original cost of plant. The results of each review shall be submitted promptly to the Commission.

4. Applicants shall record on the utility's books of account all expenses pertaining to utility operations, including estimated or prorated costs for transportation, telephone, insurance and office rental not now being recorded, and adjust their books to an accrual basis at the end of each calendar year.

5. Applicants shall prepare and keep current the system map required by Paragraph I.10.a. of General Order No. 103. Within

ninety days after the effective date of this order, applicants shall file with the Commission two copies of this map.

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

Dated at San Francisco, California, this 11th day of APRIL, 1967.

D. E. Hatchell
President
William L. Bennett
August
William J. ...
Fred P. Moussey
Commissioners

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Tract No. 179, and vicinity, located approximately 1 mile west of (T)
the city limits of Visalia, Tulare County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
First 800 cu.ft. or less	\$ 3.50	(I)
Next 2,200 cu.ft., per 100 cu.ft.31	
Over 3,000 cu.ft., per 100 cu.ft.19	
Minimum Charge:		
For 5/8 x 3/4-inch meter	\$ 3.50	
For 3/4-inch meter	5.25	
For 1-inch meter	8.75	
For 1 1/2-inch meter	17.50	
For 2-inch meter	27.00	(I)

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

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Tract No. 179, and vicinity, located approximately 1 mile west of the city limits of Visalia, Tulare County. (T)

RATES

	Per Service Connection Per Month		
	<u>Per 3/4-inch Service Connection</u>	<u>Per 1-inch Service Connection</u>	
For a single-family residential unit, including premises not exceeding 10,000 sq.ft. in area ...	\$4.50	\$5.50	(T) (I)
For each 100 sq.ft. of premises in excess of 10,000 sq.ft.03	.03	
For each additional single-family residential unit on the same premises and served from the same service connection	2.25	2.75	(I)

SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than one inch in diameter. (N)
(N)
2. Residential service not provided for above shall be furnished on a metered basis only. (T)
3. 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)