

Decision No. 74091

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of BORREGO SPRINGS WATER COMPANY
under Section 454 of the Public
Utilities Code for Authority to
Increase Rates for Water Service. }

Application No. 49609
Filed August 15, 1967

OPINION AND ORDER

By this application, Borrego Springs Water Company, a public utility water corporation under the jurisdiction of this Commission, furnishing water service, as of December 31, 1967, to 343 customers in the vicinity of Borrego Springs in the Borrego Valley in the northeastern part of San Diego County, seeks authority to increase its rates for such water service by a gross annual amount of approximately \$8,212, based on its calculated earnings for the adjusted or estimated year 1966. Only portions of its rates would be affected by the proposed increase e.g. three of the five rate blocks, and the minimum charges for meter sizes 2 inches and smaller; the bottom two rate blocks and the minimum charges for meters larger than two inches would remain unchanged. The monthly bill for an average consumption of 4,150 cubic feet would be increased from \$11.10 to \$14.20, or approximately 28 percent.

A report, dated April 4, 1968, on the results of their investigation of the application has been submitted by a Commission staff financial examiner and a Commission staff engineer. Said report is made part of the record as Exhibit 1. Said exhibit

sets forth in detail applicant's ownership and affiliated interests; general information regarding applicant's presently filed tariffs and those proposed herein and a comparison of monthly charges, for various monthly consumptions in cubic feet, between applicant's present and proposed rates and rates recommended by the Commission staff; service, operating, accounting, and financial data; utility plant, depreciation reserve, rate base, taxes, and analyses of results of operation for the year 1966 as shown in Exhibit E attached to the application and for the year 1967 as estimated by the Commission staff.

Exhibit 1 also contains conclusions and recommendations. In the latter, the staff, among other things, has recommended that applicant be authorized to file new schedules of rates which would have produced gross operating revenues of \$48,050, an increase of \$4,340, or increases ranging from 12.5 percent to 13.8 percent depending upon monthly consumption. The recommended increase, however, is \$5,480 less than the gross annual revenues, estimated by the Commission staff for the year 1967, which would have been produced by the rates proposed in the application.

The Commission staff made numerous accounting and rate-making adjustments which are outlined in Exhibit 1.

At the request of the Commission, applicant mailed a notice to each customer on September 5, 1967, comparing present rates with those proposed in the application and inviting the customers to call to the attention of the Commission any problems concerning water service, billing procedures, or other factors pertaining to a reasonable charge for water service. Letters were

received from seven customers protesting the magnitude of the increase.

A field investigation of applicant's operations was made by the Commission staff in October, 1967. The water pressures checked were found to be within the standards of General Order No. 103. The correction of certain tariff deficiencies, relating particularly to swimming pool flat rate service and fire protection service, and the preparation and filing of a system map and the keeping of said map up to date, as required by General Order No. 103, were also contained in the staff recommendations.

The Commission finds as follows:

1. Borrego Springs Water Company is a public utility water corporation, under the jurisdiction of this Commission and, it was as of December 31, 1967, furnishing water service to 343 customers in the vicinity of Borrego Springs in the Borrego Valley in the northeastern part of San Diego County.

2. (a) The rate of return of 3.4 percent, as calculated by the staff in Exhibit 1, for the estimated year 1967 at present rates, is deficient.

(b) The increases in rates proposed in the application, which would produce a rate of return of 9.7 percent for the year 1967 estimated, as calculated by the Commission staff in Exhibit 1, are unreasonable and said rate of return is excessive.

3. (a) The accounting and operating adjustments for rate-making purposes made by the staff in Exhibit 1 are reasonable and should be adopted.

(b) The gross annual operating revenues which would have been produced by the rates recommended by the Commission staff

in Exhibit 1 as estimated for the year 1967 may reasonably be expected to be received.

(c) The gross annual increases over present rates, which would have been produced in the estimated year 1967 by the staff-recommended rates, amounting to \$4,340, and the resultant rate of return of 6.5 percent based on adjusted results of operation, calculated by the staff in Exhibit 1, are reasonable.

4. The staff recommendations contained in Exhibit 1 regarding accounting and tariff matters are reasonable.

5. Applicant should be authorized to file the schedules of rates for metered, limited swimming pool flat rate, and private fire protection service attached to Exhibit 1 as Appendices A, B, and C, respectively.

6. Public hearing is not necessary.

7. 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.

It is concluded that the application be granted in part and denied in part, and applicant should be authorized to file the schedules of rates attached to Exhibit 1 as Appendices A, B, and C. The authorized rate increases, as estimated by the staff, would amount to \$4,340, or 9.9 percent, over applicant's present rates. Said authorized increase is \$5,480 less than the overall increase requested in the application, as estimated by the staff for the year 1967, of \$9,820.

IT IS ORDERED that:

1. This application is granted in part and, Borrego Springs Water Company is authorized to file, after the effective date of this order, 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 four days after the date of filing. The revised schedule shall apply only to service rendered on and after the effective date thereof.

2. Within ten days after the effective date of this order, applicant shall file the limited swimming pool flat rate service and the private fire protection service rate schedules attached to this order as Appendices B and C. Such filings shall comply with General Order No. 96-A. The effective date of the new rate schedules shall be four days after the date of filing.

3. For the year 1968, applicant shall apply the depreciation rates set forth in Table C of Exhibit No. 1. Until review indicates otherwise, applicant shall continue to use these rates. Applicant shall review its depreciation rates at intervals of five years and whenever a major change in depreciable plant occurs. Any revised depreciation rates 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 the plant. The results of each review shall be submitted promptly to the Commission.

4. Applicant 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, applicant shall file with the Commission two copies of this map.

5. In all other respects, the application is denied.

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

Dated at San Francisco, California, this 14th day of MAY, 1968.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

APPENDIX A

Schedule No. 1

METERED SERVICE

(T)

APPLICABILITY

Applicable to all metered water service.

(T)

TERRITORY

Borrego Valley and vicinity, San Diego County.

(T)

RATES

Quantity Rates:

	Per Meter Per Month	
First 400 cu.ft. or less	\$ 2.25	(I)
Next 600 cu.ft., per 100 cu.ft.34	
Next 2,000 cu.ft., per 100 cu.ft.28	
Next 5,000 cu.ft., per 100 cu.ft.23	
Over 8,000 cu.ft., per 100 cu.ft.17	(I)

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.25	(I)
For 3/4-inch meter	2.90	
For 1-inch meter	4.00	
For 1 1/2-inch meter	7.00	
For 2-inch meter	11.00	
For 3-inch meter	18.00	
For 4-inch meter	30.00	(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)

SPECIAL CONDITION

1. Consumers requiring water in quantities amounting to over 8,000 cubic feet in any calendar month may be required to take water during off-peak hours for uses such as irrigating golf links, municipal parks and for filling swimming pools.

APPENDIX B

Schedule No. 2L

LIMITED SWIMMING POOL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

Borrego Valley and vicinity, San Diego County.

RATE

Per Service Connection
Per Month

For swimming pool service	\$20.00
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SPECIAL CONDITIONS

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

2. Meters will be installed at the option of the utility or the customer for the above classification. In the event a meter is installed, service thereafter will be rendered only on the basis of Schedule No. 1, Metered Service.

APPENDIX C

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

Borrego Valley and vicinity, San Diego County.

RATE

Per Month

For each inch of diameter of service connection \$2.00

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 minimum diameter for fire protection service shall be four inches, and the maximum diameter 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.
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 undertakes to supply only such water at such pressure as may be available at any time through the normal operation of its system.