

HH

Decision No. 75457

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
JAMES T. and NINA MUNSON, doing busi- )  
ness as the MCKINNEY SHORES WATER )  
SERVICE, under Section 454 of the )  
Public Utilities Code for Authority )  
to Increase Rates for Water Service. )

Application No. 50689  
(Filed November 19, 1968)

O P I N I O N

By this application, James T. and Nina Munson (McKinney Shores Water Service) seek authority to increase rates for service rendered within McKinney Shores Subdivision, Lake Tahoe, Placer County.

Applicants' present rates of \$60 per year for residential service and \$2 per month for fire hydrant service have been in effect since May 25, 1962. Applicants propose to increase the residential rate to \$75 per year with an additional charge of 20 cents per 100 square feet of lot area for those lots exceeding 12,000 square feet.

On a flat-rate basis, for the varied lot sizes within the tract, applicants' proposal would produce annual bills varying between \$75 and \$108; the lower amount being an increase of 25 percent and the higher amount being an increase of 80 percent over present charges. The water system serves 48 customers.

On December 14, 1968, applicants advised each customer of the details of the rate increase proposal and that customers should write to the Commission respecting such proposal within 15 days thereafter. To date, more than two months later, no communication has been received from any customer. It would appear, therefore, that public hearing in the matter is unnecessary and that the matter

may be decided on the merits as set forth in the application and its attached exhibits and as determined from a staff report on the results of its investigation thereon as filed on February 21, 1969.

It is common knowledge that the area served by this water system is located in a recreation area in which the natural surroundings are maintained in as pristine a state as the entrance of man with his houses and roads will permit. Gardening is minimal and the season in which irrigation of shrubs, flowers or lawns might occur is short. Under such conditions we are of the opinion that water usage is essentially household usage and varies little, if at all, with the sizes of lots. For these reasons we are of the opinion that applicants' proposal to base water rates on lot sizes is inappropriate and should not be authorized. If a customer makes extraordinarily high usage of water or indulges in obviously wasteful usage, applicants' have recourse to their tariff provisions and may install a meter on such a customer's service.

The showings of both applicants and staff clearly demonstrate that the earnings of this utility are inadequate. For example, the staff report shows that normal operations during 1968 produced a rate of return of approximately 3/10 of one percent on a depreciated rate base of \$25,300. Applicants' rate increase proposal, in essence one by which annual revenues would be increased by approximately \$960, would improve earnings but would still produce no greater rate of return than 5.2 percent even assuming that new rates would be made effective for the full year 1969. Such a rate of return cannot be said to be unreasonably high.

On the record before us we find that:

1. Public hearing in this matter is not necessary.

2. Applicants are in need of and entitled to increased revenues in the full amount sought.
3. Existing water rates are for the future unjust and unreasonable.
4. The rates hereinafter authorized are just and reasonable.

The Commission concludes that the application herein should be granted to the extent set forth in the following order and in all other respects denied.

O R D E R

IT IS ORDERED that:

1. James T. and Nina Munson (McKinney Shores Water Service) are authorized to file with this Commission, on or after the effective date of this order and in conformance with the provisions of General Order No. 96-A, the schedules of rates set forth in Appendix A attached hereto and, on not less than one day's notice to the public and to this Commission, to make said rates effective for service rendered on and after April 1, 1969. For the calendar year 1969, the flat rates set forth in said appendix shall be prorated on the basis of the number of days remaining to the total number of days in said year.

2. Within twelve months after the effective date of this order, applicants shall have installed an appropriate means of metering the McKinney Shores-Quail Lake systems interconnection and shall have filed an appropriate tariff schedule covering the exchange of water through said interconnection.

3. Before December 31, 1969, applicants shall have placed their books of account in conformity with the uniform system of

A. 50689 - hh

accounts for Class D water utilities prescribed by this Commission and shall have entered therein the adjusted amounts of plant and depreciation reserve balances set forth in the staff report filed in this matter.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 18<sup>th</sup> day of MARCH, 1969.

William Sproule Jr.  
President

August

Ed P. Monissey  
William

Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

Schedule No. 2RA

(C)

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

McKinney Shores Subdivision, and vicinity, on the west shore of Lake Tahoe approximately one-fourth mile north of Chambers Lodge, Placer County.

(T)  
|  
(T)

RATE

Per Service Connection  
Per Year

For a single-family residential unit.

\$80.00

(I)

SPECIAL CONDITIONS

(N)

1. The above flat rates apply to a service connection not larger than one inch in diameter.

2. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident 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 prorated flat rate charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods.

3. The opening bill for flat rate service shall be the established annual flat rate 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.

(N)

(Continued)

Schedule No. 2RA

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS - Contd.

4. In lieu of flat rate service, the utility may, if it so elects, provide service under Schedule No. 1, Annual General Metered Service. Where a flat rate charge has been paid in advance of the installation of a meter, the utility will refund the prorated difference between such flat rate payment and the minimum meter charge for the same period.

(N)  
:  
:  
:  
(N)

Schedule No. 1 (T)

ANNUAL METERED SERVICE (T)

APPLICABILITY

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

TERRITORY

McKinney Shores Subdivision, and vicinity, on the west shore of Lake Tahoe approximately one-fourth mile north of Chambers Lodge, Placer County. (T)

RATES

	<u>Per Meter Per Month</u>	
Monthly Quantity Rates:		
First 1,000 cu.ft. or less .....	\$ 6.00	(I)
Next 3,000 cu.ft., per 100 cu.ft. ....	.35	!
Over 4,000 cu.ft., per 100 cu.ft. ....	.25	(I)
	<u>Per Meter Per Year</u>	
Annual Minimum Charge:		
For 5/8 x 3/4-inch meter .....	\$ 72.00	(I)
For 3/4-inch meter .....	95.00	!
For 1-inch meter .....	140.00	!
For 1 1/2-inch meter .....	225.00	!
For 2-inch meter .....	350.00	(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.

(Continued)

Schedule No. 1

ANNUAL METERED SERVICE  
(Continued)

SPECIAL CONDITIONS

1. The annual minimum charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident 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 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 except that meters may be read and quantity charges billed during the winter season at intervals greater than three months.

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.

(N)

(N)