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Decision No. 84166

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of CAMPTON HEIGHTS WATER SERVICE, a corporation, for authority to increase the rates charged for furnishing water as a public utility, under Section 454 of The Public Utilities Code.

Application No. 54857
(Filed May 7, 1974)

Sapper, Pentoney & Stone, by P. Timothy Murphy, Attorney at Law, and Silver, Rosen, Fischer & Stecher, By Granville Harper, Attorney at Law, for applicant.
Richard E. Smith, interested party.
John E. Brown, for the Commission staff.

O P I N I O N

Applicant is a public utility providing water service to about 888 customers in and near the communities of Rohnerville and Campton Heights Subdivision, south of Fortuna in Humboldt County. The water supply is provided by four wells and stored in either a 250,000 gallon reservoir or a 48,000 gallon redwood tank. Two wells pump into the reservoir and a third pumps into the storage tank. The fourth well discharges directly into the system, which includes a low-pressure main and a high-pressure main. The high-pressure system serves the Humboldt County Airport and the State Division of Forestry. The other customers are supplied by the low-pressure unit. All but 18 service connections are metered. The 18 exceptions are served on a flat rate basis. Applicant's present rates were established by Commission Decision No. 74713 dated September 24, 1968 in Application No. 49898.

A staff investigation confirmed that applicant is entitled to additional income. The computations and estimates from the staff "Report on Results of Operation" were accepted by the applicant on everything but operating revenues and it was suggested that the application be granted ex parte. Numerous complaints were on file concerning applicant's service, which indicated that the system was occasionally without water, that the water supply was turned off without warning, and that ordinary customers were deprived of needed water because of the excessive requirements of the airport and forest service. A public hearing was held in Fortuna on October 16, 1974 before Examiner Fraser to provide an opportunity for applicant's customers to testify regarding complaints and service. Evidence was presented by applicant, the Commission staff, and several of applicant's customers. Others made statements for the record.

The following table includes applicant's present and proposed rates, with the percent of increase in each bracket. The quantity rates are converted to cubic foot and gallon consumption since current rates are based on a cubic foot measure and applicant has requested that proposed charges be based on a gallon measure. All meters register consumption in gallons and a conversion will simplify record keeping.

Present Quantity Rates:	Per Meter Per Month Present	Proposed	Percent Increase
First 500 cu.ft. or less	$4.10	$ -	-%
Next 3,500 cu.ft., per 100 cu.ft. ..	.50	-	-
Next 6,000 cu.ft., per 100 cu.ft. ..	.30	-	-
Over 10,000 cu.ft., per 100 cu.ft. ..	.18	-	-
Proposed Quantity Rates: (Same size blocks expressed in gallons)			
First 3,740 gallons or less	4.10	4.90	19.5
Next 26,182 gallons, per 100 gallons .	.07	.08	14.3
Next 44,883 gallons, per 100 gallons .	.04	.045	12.5
Over 74,800 gallons, per 100 gallons .	.024	.028	16.7
Minimum Charge:			
For 5/8 x 3/4-inch meter	4.10	4.90	19.5
For 3/4-inch meter	5.50	7.50	36.4
For 1-inch meter	8.00	10.50	31.2
For 1½-inch meter	10.00	12.50	25.0
For 2-inch meter	16.00	20.50	28.1
For 3-inch meter	32.00	41.00	28.1
For 4-inch meter	58.00	75.00	29.3
For 6-inch meter	82.00	105.00	28.0

Flat Service Rates

Flat Rates:

	Present Per Service Connection Per Month	Proposed Per Service Connection Per Month	Percent Increase
For one single-family residence, exclusive of any lawn or garden irrigation	$4.90	$6.15	25.5%
In addition, for irrigation of lawn and garden areas, not to exceed six months annually	2.50	3.10	24.0
Fire Hydrants:			
For each fire hydrant	2.00	2.00	-

The following tabulation compares typical monthly billings for like quantities of water on metered service by Campton Heights Water Service and nearby similar, privately owned water systems. Campton Height's average metered customer uses 1,000 cubic feet of water per month.

Consumption Block Ccf/month	Loleta Water Works Present Rates 10-1-73	Reynolds Water Co. Present Rates 8-1-67	Fields Landing Water Co. Present Rates 11-24-72	Campton Heights Water Services Present Rates 10-28-71	Campton Heights Water Services Proposed Rates
4 or less	$ 6.20	$ 3.85	$ 4.15	$ 4.10	$ 4.90
5	7.05	4.40	4.75	4.10	4.90
10	11.30	7.15	7.75	6.60	7.90
20	19.80	12.65	13.75	11.60	13.90
40	36.80	20.65	22.95	21.60	25.90
50	42.80	24.65	27.55	24.60	29.30
100	72.80	37.15	43.55	39.60	46.30
250	135.80	74.65	91.55	66.60	77.80

The operating revenue tables of the staff and applicant are as follows:

Item	1972 Recorded	1973 Recorded	1974 Estimated Present Rates Applicant	1974 Estimated Present Rates Staff	1974 Estimated Proposed Rates Applicant	1974 Estimated Proposed Rates Staff
Operating Revenue	$67,527	$71,173	$71,773	$75,700	$82,997	$90,600
Total Average Number of Active Services	852	800	-	888	-	888

Applicant adopted the 1973 revenue as its projected 1974 revenue at present rates. The staff totals differ on estimated income at present and proposed rates due to the addition of a growth factor applicant did not include. The staff recommended a rate of return of 9.50 percent and a 10 percent return on common equity. Applicant contested the $90,600 total noted above, and during the hearing the following revised totals were generally accepted by both parties:

Operating Revenues	$ 84,700
Operating Revenue Deductions	
Operating Expenses	54,444
Depreciation Expenses	6,828
Taxes Other Than Income	4,268
Income Taxes	5,417
Total Deductions	70,957
Net Revenue	13,743
Average Depreciated Rate Base	144,230
Rate of Return	9.5%

Customer Complaints

Several of applicant's customers testified that the water supply was turned off without notice on several occasions; when service resumed the water was full of sediment and colored brown or black for varying periods, until the system cleaned itself; the dirty water described is not suitable for human consumption and cannot be used for washing (discolors clothes and fixtures); two mothers testified that service had been discontinued suddenly during the late afternoon; they could not prepare meals, bathe their small children, or use the lavatory; a lady testified that her house is close to the storage tanks and the water she uses is always saturated with chlorine, although residents on the other end of the system do not notice it; another user advised that the customers who require large quantities of water (the airport, hospital, and forest service) always seem to have an adequate supply while the householders do without; a mobile home park owner advised he does not object to the proposed rate increase if an adequate supply of water will be available in the future; a resident noted that a few of applicant's customers have the benefit of prior notice of service discontinuance, but no effort is made to advise everyone on the system. A representative from the County Health Department stated service turnoffs may result in a serious health hazard; water is turned off and pipes are drained by normal usage; empty pipes have a negative pressure and contaminated surface water from nearby septic tanks can be drawn into the system;

he testified that the County and State Public Health Departments recommend that no additional customers be connected to the system until additional sources of water and additional storage capacity are provided.

Applicant's president testified that the pumps have to shutdown when the water in the storage tanks drops below a certain level; if the pumps continued to operate they would burn out or fill with dirt, becoming inoperative until they were repaired or replaced; the pumps are turned on again as soon as the water level is raised sufficiently to lessen the possibility of the storage tanks being emptied; several residents have their own pumps and are notified by telephone to stop pumping, when it seems likely the water supply is to be turned off; this notice provides time to turn off the pumps before the water stops flowing; it is not possible to notify almost 900 customers; dirt and discolored water flow into homes after a shutdown of service; the remedy is an adequate supply of water; current estimates indicate that an additional storage tank of sufficient capacity will cost at least $50,000, with no money available; one well has a high manganese content, which is difficult to eliminate, and all water is chlorinated, at considerable expense; when shutdowns occur residents can open several faucets to drain dirt out of pipes when service is resumed, or they can purchase or rent individual filters designed for home use; large water users are located on a special high pressure water main, but are supplied from the same storage facilities as the rest of the system; the large users occasionally deplete the water supply and a continuous effort is being made to develop more wells to obtain more water; it has been suggested that no more residences be served until more water is obtained, and the county may refuse to issue building permits until the water supply improves; it is difficult for a water utility to refuse homeowners although multiple use connections may be deferred or denied. If advanced notice of shutdowns was required it may encourage residents to fill bathtubs, sinks, and

pans prior to the announced turnoff and thereby exhaust all storage; the current procedure is not perfect, but may be best for all concerned.

Suggestions ranging from use of a fire siren or factory whistle, to loudspeakers on sheriff's cars, were made to solve the problem of giving adequate notice of system shutdowns to 888 customers. The problem was not solved. Applicant has very little time to give warning of the necessary shutdown when the water level drops and the solutions suggested involved too much expense or coordination with other agencies. People may be away from home for various reasons and not be able to take advantage of the warning. It was agreed that the only adequate solution is to aquire an adequate supply of water.

Discussion

Applicant is entitled to a reasonable raise in rates. It should seek other sources of water and improve the quality of water from well No. 1, which contains iron and manganese. If the water cannot be improved, the well should be replaced. The record indicates that some of applicant's mains are too long or deadend. Future main extensions should be looped or connected to existing mains, to maintain pressure and flow. Applicant is making an effort to obtain additional sources of water, which may solve its problems if obtained in sufficient quantity. We will not close the system to new customers or require new storage facilities at this time.

Findings

1. Applicant is in need of additional revenues, but the proposed rates set forth in the application are excessive.

2. The 1974 estimates on operating revenue, operating expense, and rate base adopted by the parties for the test year 1974 reasonably indicate the results of applicant's operations in the near future.

3. A rate of return of 9.5 percent on the adopted rate base of $144,230 is reasonable.

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

5. The authorized increase in rates will provide increased revenues of $9,000, based on the 1974 test year.

6. Applicant's water consumption tables and rates will be converted to a gallons used measure in place of cubic feet.

The Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that after the effective date of this order, Campton Heights Water Service is authorized to file the revised rate schedules attached to this order as Appendix A and concurrently to cancel and withdraw the presently effective schedules. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be four days after the date of filing. The revised schedules 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 4th day of MARCH, 1975.

Vernon L. Sturgeon
President
William Symons, Jr.
Leonard Ross
Commissioners

Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Rohnerville, including Campton Heights Subdivision, and vicinity, Humboldt County.

RATES

	Per Meter Per Month	
Quantity Rates:		
First 3,700 gallons, or less	$4.600	(I)
Next 26,300 gallons, per 100 gallons	.078	|
Next 45,000 gallons, per 100 gallons	.045	|
Over 75,000 gallons, per 100 gallons	.027	(I)
Minimum Charge		
For 5/8 x 3/4-inch meter	$ 4.60	(I)
For 3/4-inch meter	6.00	|
For 1-inch meter	9.00	|
For 1½-inch meter	11.00	|
For 2-inch meter	18.00	|
For 3-inch meter	36.00	|
For 4-inch meter	65.00	|
For 6-inch meter	92.00	(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 flat rate residential water service.

TERRITORY

Rohnerville, including Campton Heights Subdivision, and vicinity, Humboldt County.

RATES

	Per Service Connection Per Month	
For a single-family residence, exclusive of any lawn or garden irrigation	$5.50	(I)
In addition, for irrigation of lawn and garden areas, not to exceed six months annually	2.80	(I)

SPECIAL CONDITIONS

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

2. If the utility so elects, a meter shall be installed and service provided under Schedule No. 1, Metered Service.

3. All service not covered by the above classification will be furnished only on a metered basis.