

Decision No. 85570**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
 Catherine Beresford, Fred W. Beresford,  
 & Jo Ann Perkins dba as the Mineral  
 Water System, a California partnership,  
 for authority to revise the quantity  
 rates for annual general metered  
 service, to establish a rate schedule  
 for annual general metered service,  
 and to increase rates for annual and  
 seasonal residential flat rate service.

Application No. 55576  
 (Filed March 20, 1975)

George P. Perkins, for applicants.  
Ernst G. Knolle, for the Commission  
 staff.

O P I N I O N

This application was heard on October 21, 1975 in Red Bluff before Examiner Fraser.

Applicants presently furnish water for domestic and commercial use to the community of Mineral, located about 42 miles east of Red Bluff, on State Highway 36, in Tehama County. A total of 120 customers are served: 75 annual, one commercial, and 44 summer-seasonal. The water supply is derived from a creek and a spring on applicants' property. Water flows by gravity through a six-inch main to a series of storage tanks totaling 100,000 gallons. Applicants charge either an annual flat rate (\$54 for one residence and \$32 for each additional residence on same connection), a seasonal flat rate (\$36 for single residence, May through October or November through April, and \$24 for each additional connection), or a special flat rate of \$750 for its single commercial customer. Applicants' tariff includes an annual metered rate, but it has never been charged, since most customers leave faucets open in the winter so water in the pipes

will not freeze. Applicants intend to have meters on all connections within three years. Applicants seek authority to increase the minimum size of their meters from 5/8 to 3/4 inch and to increase all rates in percentages varying from 33 to 92 percent. The applicants' and staff's estimates on results of operation for the 1975 test year are as follows:

Item	1975 Estimated					
	Applicant			Staff		
	1974*	Present	Proposed	Present	Proposed	Authorized
	Recorded	Rates	Rates	Rates	Rates	Rates
Operating Revenues	\$5,860	\$7,278	\$8,896	\$7,130	\$9,720	\$9,500
<u>Deductions</u>						
Operating Expenses	5,029	5,510	5,510	5,340	5,340	5,340
Depreciation	1,003	1,115	1,115	890	890	900
Taxes Other Than Income	183	183	183	350	350	350
Income Taxes	-	94	418	80	560	510
Total Expenses	6,215	6,902	7,226	6,660	7,140	7,100
Net Operating Revenues	(355)	376	1,670	470	2,580	2,400
Rate Base		36,787	36,787	26,410	26,410	26,660
Rate of Return		1.0%	4.5%	1.8%	9.8%	9.0%

(Red Figure)

\* Per annual report.

Applicants also request authorization to impose a \$3.00 monthly service charge on metered seasonal customers. The staff recommended that the 5/8-inch meters be retained and that seasonal customers pay a higher initial rate for a minimum amount of water, instead of the monthly service charge. The staff also favors metering the system, except when all faucets are open in the winter, when a flat rate should be charged. Water is cheap and plentiful in the winter. A 33 percent rate increase is recommended by the staff. It will provide \$9,500 gross income and a rate of return of 9 percent. Applicants are providing good water service and customers are satisfied.

Applicants did not dispute staff findings, rate of return, or recommended rates. The parties agreed that the flat rates should be retained until meters are installed and that residents should have a choice of 5/8- or 3/4-inch meters. The staff recommended that the one business service be metered.

#### Findings

1. Applicants' water system has been operating at a loss and requires additional revenue to maintain financial health.

2. The rates proposed in the application place different burdens on each class of customer and will not be approved.

3. The estimate of operating expenses, operating revenues, and rate base for the test year 1975, provided by the staff, is reasonable and will be adopted.

4. A rate of return of 9 percent on a rate base of \$26,660 is reasonable. It will provide \$9,500 gross revenue and the rates will be increased 33 percent.

5. 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.

6. The water service provided by applicants is satisfactory.

7. The business service should be metered as soon as practicable.

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

O R D E R

IT IS ORDERED that after the effective date of this order, Catherine Boresford, Fred W. Beresford, and Jo Ann Perkins 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 five days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date of the revised schedules.

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

Dated at San Francisco, California, this  
16<sup>th</sup> day of MARCH, 1976.

[Signature] President  
William J. Lyons  
Vernon L. Stenger  
Alon  
[Signature]  
Commissioners

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## SCHEDULE NO. 1A

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service furnished on an annual basis. Quantity rate schedule to be in effect May 1 through October 31 only. (N)  
(N)

TERRITORY

Mineral and vicinity, Tehama County.

RATES

Monthly Quantity Rates:		Per Meter Per Month	
First	500 cu.-ft. or less .....	\$ 5.75	(C)
Next	1,000 cu.-ft., per 100 cu.-ft. ....	.40	!
Over	1,500 cu.-ft., per 100 cu.-ft. ....	.30	(C)
Annual Minimum Charge:			
For	5/8 x 3/4-inch meter .....	\$ 69.00	(I)
For	3/4-inch meter .....	95.00	!
For	1-inch meter .....	140.00	!
For	1 1/2-inch meter .....	210.00	!
For	2-inch meter .....	275.00	(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)

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Schedule No. 1A

ANNUAL GENERAL 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.

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 the initial service, no refund of the initial annual charges shall be due the customers.

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## Schedule No. 2RA

ANNUAL RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

Mineral and vicinity, Tehama County.

RATES

	Per Service Connection Per Year	
For a single family residence, including premises .....	\$ 72.00	(I)
For each additional residence on the same premises and served from the same service connection .....	48.00	(I)

SPECIAL CONDITIONS

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

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

(Continued)

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Schedule No. 2RA

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS - Contd.

3. Meters may be installed at option of utility only for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1A, Annual General Metered Service. ✓

4. The annual flat rate charge is payable in advance on or before May 1 of each year.



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## Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

Mineral and vicinity, Tehama County.

RATES

Per Service Connection	
Per Season	
Summer Season	Winter Season
May 1 Through	November 1
October 31	Through April 30

For single family residence, including premises .....	\$ 54.00	\$ 54.00 (I)
For each additional residence on the same premises and served from the same service connection ....	24.00	24.00 (I)

SPECIAL CONDITIONS

1. The above residential flat rates apply to service connections not larger than one inch in diameter.
2. The seasonal flat rate charge is payable in advance on or before the initial day of the season during which service is to be taken.
3. Service may be taken under this schedule for either season.

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Schedule No. 1S

SEASONAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service from May 1 through October 31.

TERRITORY

Mineral and vicinity, Tehama County.

RATES

Monthly Quantity Rates:		Per Meter Per Month
First	500 cu.ft. or less .....	\$ 8.00
Next	1,000 cu.ft., per 100 cu.ft. ....	.40
Over	1,500 cu.ft., per 100 cu.ft. ....	.30

## Seasonal Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 48.00
For	3/4-inch meter .....	65.00
For	1-inch meter .....	100.00
For	1 1/2-inch meter .....	145.00
For	2-inch meter .....	190.00

The Seasonal Minimum Charge will entitle the customer to the quantity of water each month which one-sixth of the seasonal minimum charge will purchase at the Monthly Quantity Rates.

(Continued)

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Schedule No. 15

SEASONAL METERED SERVICE  
(Continued)

SPECIAL CONDITIONS

1. The Seasonal Minimum Charge is payable in advance on or before the initial day of the season.

2. The charge for water used in excess of the quantity allowed each month under the seasonal minimum charge may be billed monthly, bimonthly, or quarterly at the option of the utility. 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.

3. The opening bill for metered service, except upon conversion from flat rate service, shall be the established seasonal minimum charge for the service. Where initial service is established after the first day of any season, the portion of such seasonal charge applicable to the current season shall be determined by multiplying the seasonal charge by one one-hundred-eightieth ( $1/180$ ) of the number of days remaining in the season. The balance of the payment of the initial seasonal charge shall be credited against the charges for the succeeding seasonal period in which service is taken. If service is not continued for at least six months of the first year after the date of initial service, no refund of the initial seasonal charges shall be due the customer.

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Schedule No. 9FL

TEMPORARY SPECIAL FLAT RATE SERVICE

(T)

APPLICABILITY

Applicable to all water service furnished to business enterprises and private residence of E. K. Beresford and Catherine Beresford or their successors in interest.

TERRITORY

Mineral and vicinity, Tehama County.

RATE

	<u>Per Year</u>
For the number of business residential units existing on December 31, 1975 .....	\$900.00 (I)

SPECIAL CONDITIONS

1. This schedule will expire after meters are installed. (C)
2. The foregoing rate applies to service during the 12-month period commencing January first. The utility, at its option, may bill for this service on a monthly basis in the amount of one-twelfth of the annual charge.