

interested parties might appear and be heard.

This utility has appeared before the Commission in other proceedings involving the Arroyo Grande water system, and reference is made particularly to Decision No. 8770 in Application No. 4058 (19 C.R.C., 530) for a description of the system and the methods of operation.

The rates at present in effect are as follows:

Flat Rates:

Minimum \$1.25 per month, with additional charges according to facilities on the consumer's premises.

Meter Rates:

Minimum Monthly Payments for Metered Use:

For 3/4 and 5/8 inch meters	\$1.00
For 1 inch meters.	2.00
For 1 1/2 " "	2.75
For 2 " "	3.50
For 2 1/2 " "	4.50

Monthly Quantity Rates per 100 cubic feet:

For use between 0 and 400 cubic feet	\$0.25
" " " 400 " 2000 " " . . . . .	.18
" " over 2000 cubic feet. . . . .	.14

The system supplies water to about 227 consumers, of whom about 42 are metered, the remainder being on a flat rate basis. The record of consumers served for a period of years shows that the number has remained practically unchanged since 1919.

At the hearing Lloyd Henley, statistician for the company, and William Stava, one of the Commission's hydraulic engineers, submitted reports showing the investment in the system as of December 31, 1925, also the earnings and operating expenses and rate of return on the investment for the years 1921, 1922 and 1923. These items are set out in the following tabulation:

	1921		1922		1923	
	Henley	Stava	Henley	Stava	Henley	Stava
Gross Earnings	\$5017.15	\$5017.15	\$5491.98	\$5491.98	\$5327.89	\$5327.89
Maintenance & Operation Expense	\$5049.17	\$5049.17	\$4816.87	\$4816.87	\$3418.90	\$3418.90
Depreciation	595.87	413.00	600.47	452.00	1358.90	498.00
Total	\$5645.04	\$5462.17	\$5417.34	\$5268.87	\$4777.80	\$3916.90
Net Return	*\$627.89	*\$445.02	\$74.64	\$223.11	\$550.09	\$1410.99
Rate Base	\$33875.28	\$28603.54	\$34394.19	\$30010.51	\$35987.16	\$31665.30
Rate of Return	--	--	0.217%	0.7%	1.528%	4.5%

* Indicates deficit.

The difference in the investment as found by the two engineers is due to the fact that each has adopted a different base to which subsequent additions and betterments were added. Mr. Henley used the company's appraisal of \$33,387 as of December 1, 1919, submitted in Application No. 4058, to which he added additions and betterments, while Mr. Stava used \$28,300, which was the Commission's finding of reasonable investment for the purpose of that proceeding. The costs of additions and betterments in each case were approximately the same.

The differences in net operating return and the rate of return as shown in the above tabulation are due to the differences in investment, and to the amounts used for depreciation. Mr. Henley used the company's allowance for depreciation, which apparently is based on the straight line method and which also included interest on the reserve. Mr. Stava used a depreciation annuity computed by the sinking fund method at 6 per cent.

It was shown that the variation in operating expenditures

between 1923 and previous years was due to the fact that the company did not charge the water property for the management, book-keeping, or office expense in 1923 but allowed the electrical property to carry the full cost of these items. It was also shown that the rates charged for water at Arroyo Grande were slightly below the average of those charged by other utilities operating under similar conditions in that locality.

After carefully considering the evidence submitted in this proceeding it appears that some increase in rates should be granted. The schedule of rates set out in the following order is considered reasonable for the service rendered, and will produce a revenue which will cover maintenance and operating expense, depreciation annuity, and what under the circumstances is a fair return upon the reasonable investment in the property.

Some objection was made by the consumers to the water service rendered, and it was shown that the water mains in certain areas were not of sufficient capacity to deliver an adequate supply of water. This was admitted by representatives of the company, who testified that allowance had been made in the yearly budget to provide for larger mains in these areas and that these mains would be installed immediately.

There was also some complaint in regard to the quality of the water, some of the consumers objecting to the well water on account of its hardness and taste, also that it discolors the enamel on bath room facilities. Other consumers objected to the creek water because of its color during the rainy season. However, no showing was made nor was it contended that the water was unsafe for domestic uses. It appears that the company has made every reasonable effort to provide an adequate and potable water

supply for the community, and as a result has obtained the best water available in that locality. The hardness and tendency to discolor enamel is due to the well water, which is slightly mineralized.

The following order is recommended:

O R D E R

Midland Counties Public Service Corporation having made application for authority to file a new and revised schedule of rates for water supplied to its consumers in and in the vicinity of Arroyo Grande, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter,

It Is Hereby Found as a Fact that the present rates charged by the Midland Counties Public Service Corporation, in so far as they differ from the rates herein established, are unjust and unreasonable, and that the rates herein established are just and reasonable rates to be charged for water delivered to consumers.

Basing the order upon the foregoing findings of fact and upon the statements of fact contained in the preceding opinion,

IT IS HEREBY ORDERED that Midland Counties Public Service Corporation be and the same is hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for water delivered to consumers in and in the vicinity of Arroyo Grande, San Luis Obispo County, subsequent to April 1, 1924:

MONTHLY FLAT RATES

1.	Residences or tenements of not more than five rooms, occupied by single families	\$1.40
	For each additional room . . . . .	.10
	Additional for each bath tub or flush toilet . . . . .	.25
	For each private barn, not over two horses or cows. . . . .	.60
	For each additional horse or cow . . . . .	.25
	For each private garage where autos are washed on the premises . . . . .	.25
2.	Private boarding houses, for each boarder, in addition to the family rate. . . . .	.15
3.	Sprinkling or irrigation of lawns, shrubbery, gardens, etc., per 100 square feet of surface actually watered, payable every month in the year. . . . .	.025
4.	Offices: For each room so occupied with water tap, except dentists' and doctors' offices. . . . .	.60
5.	Doctors' and dentists' offices, not exceeding two rooms with water tap	1.50
	For each additional room with water tap. . . . .	.50
6.	Livery stables and stock or feed yards, per average number of stock fed, for each. . . . .	.30
	Minimum monthly payment.	3.00
7.	Public garages: average 5 autos or less	3.00
	For each additional automobile . . . . .	.25
8.	Soda fountains, soft drink places and ice cream or lunch parlors, in addition to the store rate.	1.50
9.	Barber shops, for single chair	1.50
	For each additional chair. . . . .	.60
10.	Creameries, bottling works, slaughter houses, laundries and bakeries, according to the use of water	\$2.00 to 8.00
11.	Drug stores, butcher shops, undertaking parlors, photograph galleries, pool rooms	1.50
12.	Restaurants and cafes, per unit of seating capacity . . . . .	.15
	Minimum charge	2.00
13.	Blacksmith, wagon and repair shops	1.50
14.	Public halls, clubs and lodge rooms.	1.50
	Additional for kitchen or buffet in connection therewith	1.00
15.	Small stores or shops not otherwise listed	1.00

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| 16. | Living rooms in connection with stores or shops, additional to store rate | \$0.75 |
| 17. | Additional for each toilet or bath tub in 4 to 16 inclusive | .25 |
| 18. | Bathing establishments, either alone or in connection with other business: | |
| | For one public bath tub | 1.50 |
| | For each additional bath tub. | .50 |
| 19. | Building work: | |
| | For mortar and to dampen brick, per 1000 brick | .25 |
| | For cement work and plastering, each barrel of cement or lime used. | .25 |
| 20. | Water for hotels, lodging houses, industrial plants or for all purposes and establishments not herein specified, charged for at the meter rates. | |
| 21. | Meters may be installed at the request of any consumer or at the option of the utility. | |

PUBLIC USE

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| 1. | For fire hydrants, including water used for extinguishing fires: | |
| | 4-inch hydrants, per month. | \$.75 |
| | 2-inch hydrants, per month. | .50 |
| 2. | Water for sprinkling roads and streets by city or county, measured by wagon tank capacity, per 100 cubic feet. | .15 |
| 3. | Water for public buildings and grounds and for all other public use not otherwise specified, to be charged for at the regular meter rates. | |

METERED USE

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| 1. | Monthly minimum payments for metered use: | |
| | For 3/4-inch and 5/8-inch meters. | \$1.40 |
| | For 1-inch meters | 3.50 |
| | For 1 1/2-inch meters. | 8.00 |
| | For 2-inch meters. | 12.50 |

Note: Each of the foregoing monthly minimum charges will entitle the consumer to that quantity of water which that monthly minimum charge will purchase at the following "monthly quantity rates".

2. Monthly quantity rates (per 100 cubic feet):
For use between 0 and 500 cubic feet. . . . \$0.28
For use between 500 and 2000 cubic feet.20
For use over 2000 cubic feet15

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 4th day of February, 1924.

C. Seaver
H. B. Sandigo
Dwight Masterson
Egerton Shore
J. Whittney
Commissioners.