

Decision No. 13703.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )

MARY E. LACASSIE )

for an order establishing an increase )  
in rates for sale of water. )

ORIGINAL

Application No. 10038.

Mary E. Lacassie in propria persona.

WHITTLESEY, Commissioner:

O P I N I O N

Mary E. Lacassie, the applicant herein, who owns and operates a water system supplying about 80 consumers in and in the vicinity of Walnut Creek, Contra Costa County, asks authority to increase the rates for the sale of water.

The application alleges in effect that the schedule of rates established by this Commission in Decision No. 9728 in Application No. 6885 does not produce sufficient revenue to cover maintenance and operation expenses, together with a reasonable rate of return upon the investment in the system. The Commission is asked to establish a schedule of rates which will produce the revenues to which applicant is entitled.

A public hearing in this proceeding was held at Walnut Creek after all consumers had been duly notified and given an opportunity to appear and be heard.

The rates heretofore established by this Commission to be charged for water delivered to consumers by the applicant are

as follows:

METER RATES

Readiness-to-serve charge, to apply to all metered service, per month. . . . . \$0.50

Quantity Rates

From 0 to 600 cubic feet per month, per 100 cu.ft.	\$0.25
Over 600 " " " " " 100 "	.20

The quantity charge shall be in addition to the readiness-to-serve charge.

All other rates (flat rates) shall remain as at present in effect.

These flat rates vary from \$1.00 to \$5.00 per month, depending upon the classification of property and the water facilities installed on the premises.

The testimony shows that there are at present 81 consumers, 65 of whom are served through meters, the remainder being charged on the flat rate schedule. It was further shown that meters are being placed upon all flat rate services as rapidly as applicant's finances will permit.

In Decision No. 9728, previously referred to, the Commission found that a reasonable original cost of the system as it existed at that time was \$5,319, and that reasonable maintenance and operation expenses were \$859 per annum.

At the hearing in the present proceeding William Stava, one of the Commission's hydraulic engineers, submitted a report prepared after a thorough investigation of the water system and its operations, which showed net additions to capital since the last proceeding to be \$977, making a total original cost of the physical properties comprising the system of \$6,296. This report recommended as reasonable the sum of \$900 for annual maintenance and operation expenses for the immediate future, and showed a depreciation annuity computed by the sinking fund method of \$60.

The figures contained in this report were accepted without protest by applicant, with the exception of the allowance for maintenance and operation expenses, the claim being made that an additional amount would be required in the immediate future on account of the extremely dry season, which necessitates additional pumping. Mr. Stava's report shows that the revenues for the year 1923 amounted to \$1,253, and that the rate of return on the capital invested was 4.65%.

The water supply is obtained from springs which during the period of maximum demand in the summer decrease to such an extent that it is necessary to supplement the supply derived from the springs by pumping from wells. The water is collected in two 9,500 gallon wood tanks which the testimony shows have not sufficient capacity to store the entire flow of the springs. In order to conserve the entire flow and to maintain an adequate supply in storage it was proposed in 1921 to install a 100,000 gallon concrete reservoir at an estimated cost of \$2,550, and to place meters upon all services. The revenues derived from the sale of water on this system have not been sufficient to permit the financing of the reservoir construction, although a large portion of the metering program has been completed. The evidence clearly indicates that the installation of additional storage tanks, together with the replacement of about 500 feet of 2-inch main leading from the present storage tanks with a main of larger capacity, probably 4 inches in diameter, would so improve service that the consumers' requirements could be adequately supplied even in periods of extreme drought. It is recommended that these installations be made at the earliest possible moment, due consideration being given to the difficulties applicant has experienced in financing improvements.

Careful consideration of all the evidence submitted,

with particular reference to the results of operation during the year 1923, the probable increase in future operating costs and the necessity for installing improvements, leads to the conclusion that the applicant is entitled to an adjustment in rates which will yield additional revenues, and the rates set out in the accompanying order are designed to produce sufficient revenue to cover maintenance and operation expenses, depreciation annuity, and a reasonable return upon the investment. These rates are lower than those charged consumers in that portion of the Town of Walnut Creek which is supplied by the municipally operated water system.

The following order is recommended:

#### O R D E R

Mary E. Lacassie having made application for authority to increase the rates for water delivered to consumers in and in the vicinity of Walnut Creek, Contra Costa County, 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 rates now charged by Mary E. Lacassie for water delivered to consumers are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

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

IT IS HEREBY ORDERED that Mary E. Lacassie be and she is hereby directed to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for all water delivered to consumers in and in the vicinity of Walnut Creek, Contra Costa County, subsequent to June 30, 1924:

MONTHLY METER RATES

From	0 to	500	cubic feet, per	100	cubic feet.	. . .	\$0.30
From	500 to	1000	"	"	"	100	. . . . .25
Over		1000	"	"	"	100	. . . . .20

MONTHLY MINIMUM RATES


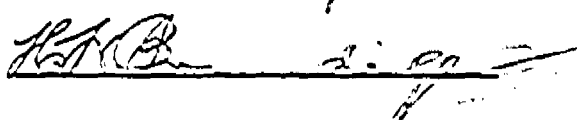
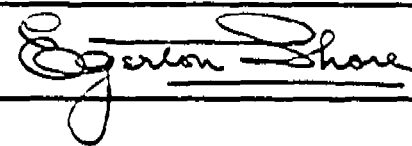
For	5/8	inch	meter	. . . . .	\$1.50
For	3/4	"	"	. . . . .	2.50
For	1	"	"	. . . . .	4.00
For	1 1/2	"	"	. . . . .	8.00
For	2	"	"	. . . . .	12.00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that minimum will purchase at the "monthly meter rates" set out above.

IT IS HEREBY FURTHER ORDERED that Mary E. Lacassie be and she is hereby directed to file with this Commission within thirty (30) days from the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

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 16<sup>th</sup> day of June, 1924.

  
  
  
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 Commissioners.