

Decision No. 13731.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
JAMES B. BURDELL)
for an increase in rates for the) Application No. 10075.
furnishing of water at Point Reyes)
Station, Marin County.)

ORIGINAL

James B. Burdell in propria persona.

George E. Harlan for consumers.

BY THE COMMISSION:

O P I N I O N

In this proceeding James B. Burdell, who owns and operates a water system supplying water for domestic and industrial purposes to consumers in and in the vicinity of Point Reyes Station, Marin County, asks authority to increase rates.

The application alleges in effect that the present minimum rate is too low to yield a proper return on the investment in the system, and requests that the following schedule be authorized:

Flat Rate, per month. \$2.00

Meter Rate:

| | | | |
|----------------------------|------|--------|--------|
| Minimum monthly charge for | 5/8" | meter | \$1.50 |
| " | " | " | " |
| " | " | 3/4" | 1.75 |
| " | " | 1" | 2.25 |
| " | " | 1 1/2" | 2.75 |
| " | " | 1 3/4" | 3.25 |
| " | " | 2" | 4.00 |

Monthly Charges for Water Consumed:

No change in rates is desired except that applicant requests the schedule be based upon measurement in cubic feet instead of in gallons.

The application also sets out revenues and maintenance and operation expense for the first three months of 1924, which indicate a loss of \$286.87.

A public hearing in this proceeding was held before Examiner Geary at Point Reyes Station, after all consumers had been duly notified and given an opportunity to appear and be heard.

The rates at present in effect are as follows:

Flat Rates

| | |
|-------------------------|-------------------|
| House | \$1.50 per month. |
| Small cottage | 1.00 " " |

Meter Rates

| | |
|-----------------------------------|-----------------------|
| Minimum | \$1.00 per month. |
| For 5000 gallons or less. | .40 per 1000 gallons. |
| For next 10,000 gallons | .30 " " " |
| For next 15,000 " | .25 " " " |
| For next 30,000 " | .20 " " " |

The evidence shows that the water is obtained from eight springs located in a canyon at the foot of Black Mountain. The water is collected by about 1000 feet of one and two inch pipe and is conveyed by a four inch transmission main having a length of 10,600 feet to two 20,000 gallon redwood tanks, housed in a frame building. The water is thereafter distributed to the consumers through 19,525 feet of mains varying from 2 inch to 3/4 inch in diameter.

The evidence also shows that the system had its origin as a private water supply for a dairy ranch at Point Reyes Station. At first nearby homes were furnished water from the excess supply as an accommodation, but as other consumers were added, a charge was made for the service. There are now about 60 consumers, of whom all but two are metered.

At the hearing applicant testified that an increase in the minimum charge only was desired, as the larger users were paying a reasonable rate. The annual reports were referred to for statements

of earnings and losses for past years, and attention was directed to the fact that no charge had been made for book-keeping, billing, general office expense or supervision. An allowance in operating expenses was requested to cover these items.

William Stava, one of the Commission's hydraulic engineers, presented a report and appraisal, based on a field and office investigation of the plant, which showed the estimated original cost of the system to be \$13,624, with a depreciation annuity, computed by the sinking fund method, of \$389. The estimated cost included no allowance for land, as the springs are located on land in other ownership and an annual rental of \$420 is paid for the use of the land and the water. The tanks are located on applicant's land but no charge is made against the water system for the use of the tank site.

The report further showed the maintenance and operating expenses as shown by the annual reports filed with the Railroad Commission for six years; the gross and net revenues; the estimated cost of the system; and per cent. return earned annually on the estimated investment. The operating revenue for 1923 was \$2,151, with a net revenue of \$978, which is equivalent to a return of 7.8 per cent. on \$12,544, the estimated cost of the system in 1923. The average return for six years was 5.2 per cent. However, no allowance was included for book-keeping, general office expense, and general supervision, which applicant asks to be allowed, and which are items properly chargeable against the consumers. If an allowance of only \$20 per month be made for these items, the rate of return for 1923 is reduced to 5.6 per cent. and the six-year average rate of return to 3 per cent.

It was shown that applicant's rates in general are considerably lower than the rates of other utilities operating in the vicinity, and it is evident that applicant is entitled to an increase

in the minimum charges. The rates established in the following order will compare favorably with the rates of other utilities in the vicinity, and will yield sufficient revenue to cover maintenance and operating expense, depreciation annuity and a reasonable return on the capital invested for the service to the public. The basis of measurement will be changed from gallons to cubic feet, as is requested by applicant.

At the hearing complaint was made by four consumers as to service rendered them by applicant's system. These complainants reside on the transmission line, at a point about the same elevation as the tanks, and water can only be obtained in the houses by partially closing a valve in the transmission line and allowing it to back up in the main. As practically the entire capacity of the transmission main is required to furnish the demands of other consumers, this valve must be kept open, with the result that service to complainants' houses is subject to interruption. It was also shown that these houses were built long after the transmission main was installed and that they could have been located much more favorably with regard to a water supply.

As these consumers are above the area that can be supplied advantageously and adequately by gravity, it would be unreasonable to expect applicant to install and operate a pumping plant to supply the very small number of consumers involved. It is therefore suggested that these individuals cooperate and provide themselves with a pump for lifting the water from the transmission main to an auxiliary tank located at sufficient elevation to supply adequate pressures.

O R D E R

James B. Burdell having made application for authority to increase the rates for water delivered to consumers at Point Reyes

Station, Marin 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 James B. Burdell for water delivered to consumers at Point Reyes Station, Marin County, 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 James B. Burdell do and he is hereby directed to file with this Commission within twenty (20) days from the date of this order, the following schedule of rates for all water delivered to consumers in Point Reyes Station, Marin County, subsequent to July 15, 1924:

MONTHLY FLAT RATES

| | |
|--------------------------|--------|
| House | \$2.00 |
| Small cottages | 1.50 |

MONTHLY METER RATES

| | |
|--|--------|
| From 0 to 700 cubic feet, per 100 cu.ft. | \$0.30 |
| From 700 to 2,000 " " " " " " | .225 |
| From 2,000 to 4,000 " " " " " " | .1875 |
| Over 4,000 " " " " " " | .15 |

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 James B. Burdell be and he 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.

Dated at San Francisco, California, this 20th day of June, 1924.

W. S. Sawyer

Irving Martin
E. Gordon Shore

Commissioners.