

Decision No. 15176.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

J. C. HUMMEL, as spokesman for the)
petitioners, with the petition)
attached,)
Complainant,)

vs.)

THE CHOWCHILLA WATER COMPANY,)
Defendant.)

Case No. 2145.

G. W. Rayburn for the complainants.

S. W. Dodds for the defendant.

BY THE COMMISSION:

O P I N I O N

This is a complaint filed by J. C. Hummel in behalf of some seventy-five consumers against the Chowchilla Water Company, a co-partnership engaged in the public utility business of supplying the town of Chowchilla with water for domestic and commercial purposes. The complaint alleges in effect that the defendant has not maintained a sufficient supply of water, that the service rendered is of poor quality, that the rates charged by defendant are exorbitant, and that the installation of meters has very materially increased the cost of water to those consumers receiving metered service.

The defendant entered a general denial of the allegations set forth in the complaint, but recited that 125 meters had been installed upon the system at the informal suggestion of the Railroad Commission and that as a result of the installation of the

meters the waste of water has been curtailed to such an extent that the supply of water is now adequate.

A public hearing in this matter was held before Examiner Williams at Chowchilla after all interested parties had been duly notified and given an opportunity to be present and be heard.

This water system was installed originally to serve the townsite of Chowchilla with water for domestic and commercial purposes. The owner, the United States Farm Land Company, was authorized by the Commission in Decision No. 12497, rendered August 17, 1923, to sell the water plant to S. W. Dodds and M. R. Dodds, who now operate the system as a co-partnership under the name of the Chowchilla Water Company. The rates now in effect were established and filed in 1913 and have never been fixed by the Commission.

The water supply is obtained from two 80-foot wells and is stored in a 60,000 gallon steel tank situated upon a steel tower 70 feet in height, from which the water is distributed by gravity to approximately 200 consumers.

The testimony shows that prior to the summer of 1924 the service conditions existing on this system were unsatisfactory. As a result of an investigation by the Commission it became apparent that because of the flat rate charges then in effect certain consumers had become careless and wasteful in the use of water to such an extent that the supply of water to the entire community was being endangered. The company was thereupon advised by the Commission to install meters and to charge the rates already authorized in their rate schedule for metered service. One hundred and twenty-five meters were installed during the summer of 1924, the result of which has been to reduce to a great extent wasteful practices in the use of water and to enable the company to provide an adequate supply of water for the entire community.

The evidence presented in this matter indicates that service conditions have been remedied and are now reasonably satisfactory. The chief and remaining cause of complaint is that the water bills under the meter rate are considered too high and therefore constitute a discrimination against the metered consumers in favor of those still paying for service under the flat rate.

A report was presented by M. I. Reed, one of the Commission's hydraulic engineers, in which the original cost of the physical properties of defendant's water system was estimated to be \$31,878 as of June 30, 1925, with a corresponding annual depreciation allowance of \$539 computed by the sinking fund method at 5 per cent. In this report an analysis of the cost of operation and maintenance for the year 1924 showed these expenses to be \$3,078, with operating revenues for the same year \$4,594. Based upon the figures set out above, the results of operation for the year 1924 show that under the existing schedule of rates defendant has realized a return of slightly less than 3.1 per cent. upon the investment over and above the cost of operation, maintenance and depreciation. Taking into consideration the future growth of the community it is reasonable to assume that the present rates will not produce a net return in excess of 4 per cent. in the immediate future.

The schedule of meter rates now in effect on this system is:

25 cents per 1000 gallons for the first 100,000 gallons, and
20 cents per 1000 gallons for all in excess thereof.

This is equivalent to 18.7 cents per 100 cubic feet for the first block in the rate, and approximately 15 cents per 100 cubic feet for the second block. These meter rates in themselves and under the existing circumstances are not exorbitant. They are not higher than similar rates charged by a great majority of other utilities

delivering pumped water under similar circumstances.

It has been the practice of this Commission to recommend the installation of meters on all water systems where the source of supply is developed by means of pumping. In the payment for water received under a reasonable meter rate there is no discrimination. A small water utility cannot always afford to completely meter its system at one undertaking. Where the water used by any consumers under the flat rates in effect is in excess of a reasonable amount, such consumers should be placed under measured service. While the Commission does not feel that the financial condition of this water system would warrant it in directing that the entire system be metered, it is recommended that a definite program be adopted for the complete metering of the system as soon as the financial situation will justify the necessary expenditures. By so doing it is believed that practically all causes of complaint existing on this system will be eliminated.

After a full consideration of the evidence presented in this matter the Commission is of the opinion that the service conditions existing upon this system at the present time are reasonably satisfactory, and that the present schedule of rates is not exorbitant. We therefore believe that this complaint should be dismissed.

O R D E R

Formal complaint having been made to the Commission as entitled above, public hearings having been held thereon, the matter having been submitted, and the Commission being now fully informed in the premises,

IT IS HEREBY ORDERED for the reasons stated in the

preceding opinion that the above proceeding be and the same is .
hereby dismissed.

The effective date of this order shall be twenty (20)
days after the service thereof.

Dated at San Francisco, California, this 9th day
of October, 1925.

H. B. Brandige

Chauncy

George D. Squires

Leon Whitell
Commissioners.