

Decision No. 15790.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
THOMAS R. LAFFOON)
for permission to increase water)
rates in the Town of Cottonwood,)
Shasta County, California.)

Application No. 11384.

Chenoweth and Leininger, by C. W. Leininger,
for applicant.
J. E. Roth, protestant.
E. J. Foster, protestant.
H. S. Aschbaugh, protestant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Thomas R. Laffoon, who owns and operates the public utility water works which furnish water for domestic purposes to the inhabitants of the unincorporated town of Cottonwood, Shasta County, asks for authority to increase water rates. The application alleges in effect that the present rates are non-compensatory, being inadequate to yield sufficient revenue to meet the annual charges necessary for the operation of the system, including a fair interest return on the investment.

A public hearing in this matter was held at Redding before Examiner Austin, of which all interested parties were duly notified and given an opportunity to appear and be heard.

This water system was originally installed by Mr. Laffoon about 1911, when 15 consumers in the vicinity of his pumping plant were given service of water. To meet the increase in the demand

for service the distribution pipe mains have been gradually extended and in 1914 a second well and a 25,000 gallon tank and improved electrically driven pumping equipment were installed. At the present time the distribution system consists of about 2,800 lineal feet of pipe mains largely of 3" and 2" standard screw galvanized. The active consumers in 1925 averaged about 45, of whom 16 are metered.

A field investigation of this utility was made by E. J. Noble, one of the Commission's hydraulic engineers, which shows the estimated original cost of the present operative system as \$7,307, and the depreciation annuity computed on a 5% sinking fund basis as \$86.96; also an estimate of \$1,036 as a reasonable allowance for the annual maintenance and operation expenses for the future, based on present operating methods and conditions.

Details of the maintenance and operating expenses for eight months of 1923 and for the year 1924 were submitted by applicant, showing the totals of \$689.51 and \$1,028.25 respectively, after including a salary item for superintendence of \$60 per month. On the other hand, in the annual reports of this utility to the Commission the total operating expenses for 1923 were given as \$57.25 and for 1924 as \$1,279.70. In explanation of above discrepancy Mr. Laffoon testified that it has been necessary to largely compile his financial statements from memory, since the book accounts of his expenditures on the system have not been systematically kept and therefore his records are fragmentary and very incomplete.

Applicant also submitted an estimate of the cost of the plant and equipment, showing the total as \$8,948, but including certain non-operative property.

After carefully considering all the evidence submitted relating to the past operations of this utility, it appears that

the following annual charges are the fair and reasonable amounts to be produced from rates in the future:

Maintenance and operation expenses	\$1,100
Depreciation annuity.	87
Return on \$7,307 at 8%.	<u>585</u>
Total annual charges	\$1,772

The annual reports of applicant as filed with the Commission show the total operating revenues for 1923 as \$750 and for 1924 as \$1,020. It is therefore apparent that the present rates charged are inadequate to produce the above annual charges and that an increase should be granted. A study of the present rate schedule in connection with the data submitted regarding the water use on the system shows that certain adjustments of the present form of rates will result in a more equitable distribution of the charges among the various consumers in accordance with the actual use of water. Accordingly the rate schedule set out in the following order has been computed and designed to yield a reasonable return upon the investment commensurate with the present stage of the development of the business of this utility.

ORDER

Thomas R. Laffoon, who owns and operates the public utility water system supplying the town of Cottonwood, Shasta County, having applied to this Commission for an order authorizing an increase in rates, a public hearing having been held thereon, and the Commission being fully apprised in the premises,

It is hereby found as a fact that the present rate schedule of Thomas R. Laffoon in so far as it differs from the schedule herein established, is unjust, unreasonable and unremunerative, and that the rates herein established are just and reasonable rates to be charged consumers on this system for water.

And basing its order upon the foregoing findings of fact and upon the other statements of fact contained in the opinion preceding this order,

IT IS HEREBY ORDERED that Thomas R. Laffoon be and he is hereby directed to file with this Commission within ten (10) days from the date of this order, the following schedule of rates to be charged for all water delivered to consumers subsequent to January first, 1926:

MONTHLY FLAT RATES

1. For residences, flats, rooming houses or other dwellings of six rooms or less \$1.75
 For each additional room10
 Additional for each flush toilet or bath tub . . .25
2. For irrigation of lawns, shrubbery, trees or gardens, per 100 square feet of surface actually watered, payable from May to October inclusive:
 For 2000 square feet or less, per 100 sq.ft. . . .07
 From 2000 to 10000 square feet, " " " . . .04
 All over 10000 " " " " " . . .03
3. For each private barn or stable, not more than one horse or cow.25
 For each additional horse or cow.10
4. Lodge rooms or public assembly halls 1.25
5. For ordinary stores, shops or business places. . 1.50
6. For restaurants and soft drink places, or stores having in connection soda fountains, ice cream or lunch parlors. 2.00
7. Additional for each bath tub, flush toilet or urinal in items 4 to 6 inclusive.30
8. For each public school, per year 48.00
9. Water for all purposes or establishments not specified in the above schedule, including laundries and meat markets with cold storage plants, will be charged for at meter rates.

METER RATES

Minimum Monthly Charges

5/8 inch meter	\$1.75
3/4 " "	2.75
1 " "	4.00
1 1/2 " "	9.50
2 " "	15.00

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

Monthly Meter Rates

From 0 to 500 cubic feet, per 100 cu.ft.	.. \$0.35
From 500 to 3000 " " " 100 "	.. 0.24
All over 3000 " " " 100 "	.. 0.16

IT IS HEREBY FURTHER ORDERED that Thomas R. Laffoon file with the Railroad Commission within thirty (30) days from the date of this order, revised rules and regulations to govern the relations with consumers, such rules and regulations to become effective upon their acceptance for filing by the Commission.

For all other purposes the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 22^d day of December, 1925.

H. R. Brundage

George D. Squires

Leon Whitell
Commissioners.