

Decision No. 17579.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SONOMA WATER & IRRIGATION CO.)
for authority to amend rates.)

ORIGINAL

Application No. 12946.

Dudley D. Sales for applicant.

H. A. Postlethwaite, City Attorney for the
City of Sonoma.

Wm. J. Locke for Water Consumers League.

BY THE COMMISSION:

O P I N I O N

Sonoma Water and Irrigation Company, a corporation, applicant in the above entitled proceeding, is engaged in the public utility business of supplying water for domestic and commercial purposes to consumers residing in the City of Sonoma and in the adjacent towns of El Verano and Sonoma Vista in Sonoma County. The applicant alleges in effect that it has recently acquired by purchase through the authority of the Railroad Commission the properties of the Sonoma Valley Water, Light and Power Company at a cost of \$50,000, the properties of the Sonoma Water Works for \$30,000, and the properties of the Sonoma Vista Water System for the sum of \$10,160; that except for about a dozen consumers served by the El Verano system applicant has no records available of the operating and maintenance expenses prior to January 1st, 1926, and that the rate at present in effect for service

rendered in the City of Sonoma is 15¢ per thousand gallons, with a monthly minimum of \$2.00 per month; in Sonoma Vista the rate is \$12.00 per annum payable in advance, entitling the consumer to 400 cubic feet of water per month. The Commission is requested to establish a more equitable and uniform rate throughout the consolidated systems.

Public hearings in this proceeding were held in Sonoma before Examiner Austin after all interested parties had been notified and given an opportunity to appear and be heard.

Applicant has by purchase acquired three separate water systems, one serving the City of Sonoma, another serving the summer resort community of Sonoma Vista, and the third serving a few consumers in one section of the town of El Verano. The El Verano system, or the Lewis system as it is sometimes called, was originally installed to supply water to small acreage tracts in and about El Verano, and was later extended into the City of Sonoma to compete with the water system supplying the city at that time. This system obtains its water supply by means of two small diversion dams located in Carriger Creek and is now transmitted by gravity as far as El Verano and was at one time carried into the City of Sonoma. The transmission lines are 8 inches in diameter but are now practically entirely worn out through age and lack of proper maintenance. There are several branch lines of 4 and 6 inch wood stave pipe used for distribution purposes. This system also includes approximately 108 acres of land situated along Carriger Creek, an abandoned and now useless reservoir covering about 2 acres of land, and also an abandoned well and pumping plant located in the City of Sonoma. At one time service was rendered to over 100 consumers but because of poor service and inadequate water supply resulting from the failure of Carriger Creek during summer months, most of the former consumers installed their own wells and pumping plants and discontinued service from this

system. At present there are eleven permanent consumers, all confined to a section of El Verano, no service being rendered in Sonoma from this source. This property was purchased from the Sonoma Valley Water, Light and Power Company for \$50,000 by transfer authorized by this Commission in its Decision No. 9683, dated October 31, 1921, issued in connection with Application No. 6637.

The Sonoma Vista system was originally installed for the purpose of supplying domestic water to a real estate subdivision lying along the banks of Sonoma Creek between Sonoma and Boyes Springs. The service is summer resort in character, the consumers occupying small cottages and requiring service only for a portion of the year.

Water is obtained by pumping from wells into a surface storage sump from which it is lifted by booster pump equipment into an elevated tank, from which distribution is made by gravity through pipe lines practically all of which are two inches in diameter. Service has heretofore been rendered at flat rates but since acquisition by applicant herein the system has been placed upon a metered basis and now serves approximately 120 consumers. This plant was purchased for the sum of \$10,160 by applicant through authority of this Commission issued by its Decision No. 16146, dated March 16, 1926, rendered in connection with Application No. 6637.

The Sonoma Water Works system has been supplying water to the City of Sonoma for a great many years. The service is stable and to a permanent class of users as distinguished from the type of use in Sonoma Vista. The water supply is obtained from wells and developed springs located in the outskirts of Sonoma on the General Vallejo Estate, former owner of the system. The water is pumped into two storage tanks of a total capacity of 50,000 gallons, from which distribution is made by gravity to consumers

throughout the city. There is also an earth and masonry reservoir located above the wells and pumping plant and at a higher elevation than the present tanks, and which has a capacity of 80,000 gallons but which has not yet been placed in operation. The distribution system consists of standard screw pipe, O.D. casing and riveted steel pipe. The majority of the present mains were installed from 1904 to 1910, and in some instances now require replacement on account of leaks and also because of inadequate size for present demands.

There are several small privately owned water systems in Sonoma which were installed by reason of the inadequate service which at times in the past was given by the utility. Improved storage and more adequate distribution facilities which applicant has stated it intends to install will undoubtedly increase the patronage of this system, which now serves 270 consumers. This system has been placed upon a metered basis by the present operators and will be fully metered within the course of the next two or three months.

The Sonoma Water Works properties were acquired from Luisa V. Emparan and Maria V. Cutter, heirs of the Vallejo Estate, by purchase for the sum of \$30,000, authorized by the Commission in its Decision No. 15740, dated December 10, 1925, issued in connection with Application No. 6637.

The rates now in effect on the three systems involved in this proceeding are as follows:

EL VERANO SYSTEM

Minimum monthly charge	\$2.00
All water used per 1000 gallons.25

SONOMA VISTA WATER SYSTEM

The rates for this system were fixed by the Commission in its Decision No. 7131, dated February 13, 1920, in Application No. 4938, and are as follows:

Annual charge payable in advance, entitling consumer to 400 cubic feet of water per month . . .	\$12.00
400 to 2000 cubic feet, per 100 cubic feet20
Over 2000 " " " 100 " "15

SONOMA WATER WORKS

The rates in effect on the Sonoma Water Works system were fixed by ordinance of the City of Sonoma, effective July 1, 1913. This ordinance provided for flat and metered rates, the basic flat rate charge being substantially \$2.00 per month for ordinary service. The metered rate provides for a monthly minimum charge of \$2.00 per month at the quantity rate of 15¢ per thousand gallons for all water used, thus giving the consumer 13,333 gallons of water per month under the minimum.

A valuation of the properties was submitted by applicant, based upon purported book costs as follows:

El Verano System	\$20,609
Sonoma Vista System.	17,845
Sonoma City System	45,086
Sub-total	<u>\$83,540</u>
Organization, Water Rights and General Equipment.	8,500
Total	<u>\$92,040</u>

A valuation based upon the estimated original cost less accrued depreciation of the operative properties was presented by Mr. Otto Von Geldern, consulting engineer appearing on behalf of the Water Consumers League of Sonoma, and is as follows:

El Verano System	\$5,000
Sonoma Vista System.	13,000
Sonoma City System	33,800*
Total	<u>\$51,800</u>
Depreciation Annuity	\$500

* Includes the sum of \$7,500 for water rights.

A valuation of the used and useful properties of these systems was prepared by M. I. Reed and R. E. Savage, based upon the estimated original cost exclusive of water rights, and is as follows:

El Verano System	\$5,140
Sonoma Vista System.	13,525
Sonoma City System	32,955
Sub-total	\$51,620
Organization, Equipment and Construction in progress.	4,000
Total	\$55,620
Depreciation Annuity	\$1,064

As the records available of previous operations of the three systems combined herein have been fragmentary and incomplete and as the various systems have not been completely metered until recently under the management of the present owners, the data on revenues and operating expenses are not a very conclusive index of the future costs of operation. The following estimates and statements have been based upon operations from January 1, 1926, to June 30, 1926, and comprise only the first six months of this year.

Applicant presents the following:

January 1 to June 30, 1926:

SONOMA CITY SYSTEM only

Revenues	\$3,801
Maintenance and Operating Expense	\$2,259
Depreciation	700
Total.	2,959
Net Revenues available for return.	\$842

Otto Von Geldern:

January 1 to June 30, 1926:

SONOMA CITY SYSTEM only

Revenue.	\$3,713
Maintenance and Operating Expense	\$2,432
Depreciation Annuity	250
Total.	2,682
Net Revenues available for return.	\$1,031

No segregation of the operating costs of the three separate systems was submitted by the Commission's engineers because of the condition of the company's accounting system. However, an

analysis was made of the operating expenses for the combined systems by M. I. Reed, the results of which are set out below, covering the period of six months from January 1 to June 30, 1926.

January 1 to June 30, 1926

Revenues:

El Verano System.	\$120
Sonoma Vista System	700
Sonoma City System.	3,703
Total Revenues	<u>\$4,523</u>
Operating Expenses	\$3,223
Depreciation Annuity	532
Net Revenues available for return.	<u>3,755</u>
	<u>\$768</u>

The following estimates of the annual operating expenses for the immediate future were submitted:

Applicant: *

Sonoma City System.	\$5,700
El Verano and Sonoma Vista Systems.	2,550
Total.	<u>\$8,250</u>

* No estimate of depreciation presented.

Otto Von Geldern:

Combined Systems:	
Operating Expenses.	\$6,000
Depreciation.	1,091
Total.	<u>\$7,091</u>

M. I. Reed:

Combined Systems:	
Operating Expenses.	\$6,200
Depreciation.	1,064
Total.	<u>\$7,264</u>

The El Verano water system, as stated before, is in a very bad condition of repair and but very little of the entire property is operative while the remainder is of little value for water supply purposes especially during the summer months at which time the creek produces little or no water when most seriously needed. The applicant has stated to the Commission that it does

not expect or desire a rate to be fixed for either this system or the combined systems which will include interest return upon all of the El Verano properties, but it does request that a rate be fixed for the combined systems that may be reasonably applied for service rendered in the El Verano district.

At the time applicant acquired these various water plants all of them were in a seriously run down and neglected condition and as a result were giving very poor and inadequate service. The present pumping equipment on the Sonoma Vista system should be replaced with modern and efficient machinery. The Sonoma City plant urgently requires replacement of certain mains and increased distribution capacity, as well as greater storage facilities at a higher elevation. In this last instance it is recommended that immediate steps be taken to put into service the existing masonry reservoir which has not yet been placed in commission although having been practically completed for some time. Better service conditions can be maintained by the connection of the Sonoma Vista system and El Verano distribution mains. This will provide a more dependable water supply to El Verano consumers and may result in the acquisition of more consumers in that territory.

The company has expressed its willingness to expend in the neighborhood of \$25,000 for the installation of improvements throughout the area served and if these improvements are made in a proper manner within a reasonable time and in accordance with plans acceptable to the Commission it appears that due consideration may properly be made therefor in the matter of the determination of a proper rate.

From the evidence it appears that \$60,000 is a fair value to be used for rate fixing purposes for this proceeding, for the combined and existing facilities, to which should be added a reasonable amount to cover the net cost of the capital

improvements which this company has agreed to install and which will be provided for in the following order; and it further appears that \$6,200 is a reasonable allowance for the annual operating and maintenance expenses for the combined systems for the immediate future.

In connection with the establishment of a rate schedule to cover the territory served it should be pointed out that a part of the service is settled and permanent while another is temporary or summer resort in character where demand is only for a few months of the year although the facilities for service must be permanent and held in readiness to serve throughout the year. In addition to this, the present monthly minimum charge for service in Sonoma and El Verano is \$2.00 per month, which at metered rates now charged provides for 13,333 gallons in Sonoma and 8,000 gallons in El Verano, amounts of water considerably in excess of the requirements of the average small user as indicated by the water consumption tables for this system. The metered rates at present are not properly spread and place an unnecessary burden upon those consumers who require only a normal amount of water.

The rate set out in the accompanying order will provide for a monthly minimum charge of \$1.50 for permanent consumers, together with a smaller quantity of water, and will result in more equitably distributing the rate structure in accordance with the use of water. Provision will also be made for an annual charge to be used in those sections of the service area where the consumers require service only for a few months of the year.

O R D E R

Sonoma Water and Irrigation Company, a corporation, having made application as entitled above to this Commission for the establishment of rates to be charged its consumers, pub-

lic hearings having been hold thereon, the matter having been submitted and the Commission being now fully informed thereon,

It Is Hereby Found as a Fact that the rates now charged by Sonoma Water and Irrigation Company, a corporation, 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 to be charged for the service rendered.

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

IT IS HEREBY ORDERED that Sonoma Water and Irrigation Company, a corporation, be and it is hereby authorized and directed to file with this Commission within thirty (30) days from the date of this order the following schedule of rates to be charged for all water service rendered to its consumers in and in the immediate vicinity of the City of Sonoma, El Verano and Sonoma Vista on and after the first day of December, 1926:

METER RATES

Monthly Minimum Charges:

5/8" x 3/4" meter.	\$1.50
3/4" meter.	2.00
1" "	3.00
1 1/2" "	5.00
2" "	7.50

Each of the foregoing "monthly minimum charges" will entitle the consumer to that quantity of water which the monthly minimum charge will purchase at the monthly quantity rate set out below.

Monthly Quantity Rates:

0 to 5000 gallons, per 1000 gallons.	\$0.30
5000 to 25,000 gallons, per 1000 gallons20
Over 25,000 " " " "15

SUMMER COTTAGE RATES

Applicable only to service outside of Sonoma City System,
and for other than permanent domestic consumers:

Annual Charge, payable in advance, entitling consumer to a maximum of 5000 gallons of water each month for any period of six consecutive months. \$12.00

For water used over six months' period, the monthly minimum charge shall be \$1.00, entitling consumer to a maximum of 5000 gallons of water per month for the remainder of the calendar year, provided however such remainder shall not exceed six months.

Excess use of water over monthly minimum amounts set out above, at regular monthly quantity rates.

Consumers under this schedule may also have the option of paying \$18.00 per annum in advance, entitling them to service as set out in regular Monthly Quantity Rates.

FIRE HYDRANTS

Owned and installed by City, County or Fire District,
per month each. \$1.50
Owned and installed by company, per month each. 2.00
All other municipal service at the regular meter rates.

IT IS HEREBY FURTHER ORDERED that Sonoma Water and Irrigation Company, a corporation, be and it is hereby directed to file with this Commission within thirty (30) days from the date of this order, rules and regulations governing the distribution of water to consumers, said rules to become effective upon their approval by this Commission.

IT IS HEREBY FURTHER ORDERED that Sonoma Water and Irrigation Company be and it is hereby directed to file with this Commission for its approval, within sixty (60) days from the date of this order, detailed plans for the improving of its storage and distribution system facilities, said improved facilities to be installed and in proper operation on or before May 31, 1927.

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 6 day of November, 1926.

H. H. B.
C. J. Mason
James D. Smith
Leon C. White
Commissioners.