

Decision No. 17768.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the
PLYMOUTH WATER COMPANY,
a corporation, for permission to adjust
the meter rates.

ORIGINAL

Application No. 13029.

M. C. Randolph, for applicant.

Ralph McGee, for Town of Plymouth.

LOUTHRIT, Commissioner:

O P I N I O N

Plymouth Water 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 the inhabitants of the town of Plymouth, in Amador County. The application alleges in effect that the present rates for metered service are non-compensatory and insufficient to produce an adequate return upon the investment over and above the maintenance and operating expenses and depreciation. The Commission therefore is requested to adjust the present rates for metered service to provide a fair return upon the investment.

A public hearing in this proceeding was held at Plymouth after all interested parties had been duly notified and given an opportunity to be present and be heard.

Plymouth Water Company was organized and incorporated in 1881. The water supply is obtained from the Enterprise or

Ritter Ditch belonging to the Lane and Hobart Estate Company, for which a monthly flat rate charge of \$75.00 is made. This ditch was installed in the early days to supply water for mining purposes and is still used to some extent for mining at the present time. Water is pumped from the ditch by a six inch centrifugal pump operated by a 75 horse power electric motor and delivered either directly into the mains or into a concrete distributing reservoir of 300,000 gallons capacity, located at an elevation of approximately 185 feet above the main business district of the town of Plymouth. At one time electric power for pumping was furnished without charge by the Plymouth Consolidated Mines, Limited, in return for fire protection and a small amount of water furnished for domestic use at the mine. Recently however this mining property has been acquired by the Argonaut Mining Company, which has dispensed with the use of water from the Plymouth Water Company and has very substantially increased the rate charged for electric power, resulting in an increased cost of operation for pumping.

The distribution system consists of approximately 19,000 feet of mains ranging from 18 to 2 inches in diameter, including a separate high pressure fire main leading directly into the business section of the town. On July 31, 1926, there were 100 active consumers on this system, 76 of which were metered. Meters are now being installed on the remaining services, and according to the testimony the system will be completely metered before the end of this year.

The rates now in effect on this system were established by the Commission in its Decision No. 8848, dated April 12, 1921, and are as follows:

Monthly Flat Rates

Residences and tenements of not more than five
rooms occupied by single families. \$1.50
(Additional charges for other facilities.)

Monthly Minimum Meter Rates

For 3/4 inch and 5/8 inch meters	\$1.25
For 1 inch meter	2.25
For 1 1/2 " "	3.00
For 2 " "	3.75

Monthly Quantity Rates

For 400 cubic feet or less per month	\$1.25
For use between 400 and 1600 cubic feet, per 100 c.f. . . . .	.20
For use over 1600 cubic feet, per 100 cubic feet . . . . .	.15

Prior to the establishment of the above rates this system was operated upon flat rate charges of \$2.00 per month for residences and stores. The unrestricted use of water obtaining under the flat rate system of charges had resulted in an inadequate supply of water for the requirements of the community, and in the above decision the Commission recommended that steps be undertaken by the utility for the metering of the system.

No valuation of the physical properties of this system was presented by the utility other than the statement set out in the application in this proceeding to the effect that the historical cost of the property at the time of the filing of the application amounted to approximately \$26,624, with an annual depreciation fund amounting to \$380. In this application the operating expenses for the year 1925 were claimed to be \$2,896.50.

A report was presented by R. E. Savage, one of the Commission's engineers, in which the estimated original cost of the system as of July 31, 1926, was found to be \$25,966, with a corresponding depreciation annuity of \$542, computed by the sinking fund method at 5 per cent. This valuation was based upon the value of the property amounting to \$22,124 established by the Commission as of November 1, 1920, as the rate base in its Decision No. 8848, referred to above, to which net additions and betterments subsequent thereto were added. The report of the Commission's engineer based upon an analysis of the accounts of the utility and a study of the operating methods set out the esti-

mated reasonable annual costs of operation to be \$2,593 for the immediate future. The revenues receivable for the year 1925 were found to be \$3,300. Based upon the foregoing figures the operations for the year 1925 have resulted in a net return of approximately .63 per cent. upon an investment of \$25,966.

According to the testimony, in 1921 this system served approximately 125 active consumers. At the present time 100 are being served. This community apparently is dependent to a large degree upon the extent of activity in the mining industry in the immediate vicinity. Although the number of consumers has been gradually decreasing for the past five years, it is confidently expected that the present renewal of mining operations in one of the mines at Plymouth, although not upon an extensive scale at this time, should result in the bringing in to Plymouth of many new families.

Analysis of the conditions affecting the operations of this utility indicates that upon a complete metering of the system the present minimum monthly charge for metered service of \$1.25 is inadequate to enable the utility to be reasonably compensated for the service which it must render. Unquestionably an adjustment in the present rate schedule must be made if this company is to be required to continue in operation and render proper and adequate service.

Considerable testimony was introduced at the hearing to the effect that consumers residing at the higher elevations of the town have received very poor and intermittent service as a result of the failure of this utility to operate its pump a sufficient length of time during the day to maintain proper pressure in the mains and an adequate supply of water in the storage reservoir. Complaint was also made to the effect that the water served from the reservoir was disagreeable in taste

and offensive in odor during the summer months. Further complaint was made that the responsible owner of this utility is a non-resident and does not maintain a local operator of the system for a sufficient length of time during the day to properly take care of the operation of the water system. It appears to the Commission that it would be advisable for this utility to obtain the services of a resident of Plymouth who shall be employed for a sufficient amount of time during each day to enable him to properly operate the system and maintain adequate service to the consumers at all times. Such a representative should be available at all times in cases of emergency and given responsible charge of the local affairs of this utility. This company will be required by the Commission to operate its pumping plant in such a manner as to provide at all times during the day and night adequate service at reasonable pressure throughout all parts of the system, including the higher elevations of the town. Water stored in the reservoir should be maintained reasonably near maximum capacity but should be constantly circulated throughout the system in order to avoid foul and stagnant water.

A careful consideration of the evidence presented in this matter shows that the sum of \$25,966 is a reasonable rate base to be used for the purposes of this proceeding, and that the sum of \$2,600 is a reasonable allowance for the annual cost of maintenance and operation for the immediate future. However, the testimony further shows that this system is designed to serve a far greater number of people than reside in the community at present. The number of consumers has in recent years shown a considerable decrease, rather than the increase that should be expected under normal conditions. Under these circumstances a full return upon the investment over and above the reasonable costs of maintenance and operation, including depreciation, is not to be

expected at this time. The rate fixed in the accompanying order it is believed will result in producing increased revenues in the future and will also return by way of interest upon the investment an amount which under existing circumstances will be fair and reasonable.

The following form of order is recommended:

ORDER

Plymouth Water Company, a corporation, having made application to the Railroad Commission as entitled above, a public hearing having been held thereon, and the matter having been submitted,

It Is Hereby Found as a Fact that the rates now charged by Plymouth Water 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.

Basing its order on the foregoing finding of fact and on the further statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Plymouth Water Company, a corporation, be and it is hereby authorized and 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 service rendered to consumers on and after January 1, 1927:

METER RATES

Minimum Monthly Charges:

5/8	inch meter	.....	\$2.00
3/4	" "	.....	2.25
1	" "	.....	3.00
1 1/2	" "	.....	5.00
2	" "	.....	7.50

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

Monthly Quantity Rates:

600 cubic feet or less	\$2.00
600 to 1500 cubic feet, per 100 cubic feet. . . . .	.25
1500 to 2500 " " " " " " . . . . .	.20
2500 to 5000 " " " " " " . . . . .	.15
Over 5000 " " " " " " . . . . .	.13
FIRE HYDRANTS on mains 4 inches in diameter or larger, per month.	\$1.75
FIRE HYDRANTS on mains less than 4 inches in diameter, per month.	1.25
All water for street and road sprinkling purposes, per 100 cubic feet . . . . .	.15

IT IS HEREBY FURTHER ORDERED that Plymouth Water 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 to govern relations with its consumers, such rules and regulations to become effective upon their acceptance by this Commission.

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

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 17th day of December, 1926.

H. B. Rounding
O. L. Seaman
Frank J. [unclear]
John S. [unclear]
Commissioners.