

Decision No. 14886.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

SUMMER HOME PARK IMPROVEMENT CLUB,
Complainant,

vs.

MR. and MRS. JAMES EVA,
Defendants.

Case No. 2260.

In the Matter of the Application of
JAMES M. EVA and FLORENCE V. EVA,
for an order authorizing a change of
rate and a uniform flat rate for
water service.

Application No. 13137.

George A. Applegarth for Summer Home Park Improvement Club.

Edward A. O'Brien for James M. Eva and Florence V. Eva.

BY THE COMMISSION:

O P I N I O N

James M. Eva and Florence V. Eva, his wife, are the owners of a public utility water system which supplies water for domestic purposes to the residents of the summer resort known as Summer Home Park, located on the Russian River near the town of Hilton, Sonoma County. The Summer Home Park Improvement Club is a civic organization formed by the park residents for the purpose of furthering the welfare of the community.

In Case No. 2260, as entitled above, complaint is made by the Summer Home Park Improvement Club that the water service furnished the consumers during the summer season is inadequate and not sufficient for their ordinary domestic needs, and the

Commission is requested to order the utility to improve its water system and methods of operation. Subsequent to the filing of the above complaint James M. Eva and Florence V. Eva filed with the Commission Application No. 13137, for an increase in rates.

In the above application it is alleged in effect that the present rates are inadequate to produce the revenue necessary to return to applicants the cost of rendering the present service of water to their consumers, and that in order to provide the additional and improved service which is now demanded, applicants will be burdened not only with an added capital expenditure for the necessary additions and betterments to increase the capacity of the system but also with increased operating expenses. Wherefore the request is made that the Commission issue an order authorizing such increased rates as may be found just and reasonable.

The above proceedings were consolidated for the purpose of taking testimony and for decision and a public hearing thereon was held at Summer Home Park before Examiner Austin, after all interested parties had been duly notified and given an opportunity to appear and be heard.

The water supply of this utility is obtained mainly by pumping from a well located on the bank of the Russian River. In addition, a gravity supply is obtained from certain springs, but the small quantity available from this source during the peak drafts on the system from July to September is negligible. The distribution system consists of about 12,000 lineal feet of standard screw pipe, largely one and two inches in diameter. The water is delivered directly into the distribution mains and the excess flows into three small storage tanks, the largest having a capacity of 12,000 gallons. At present there are about ninety houses on the tract, occupied largely by summer residents. A

summer resort hotel is the largest individual user of water. There are no meters on this system and charges are based upon the schedule of rates established by this Commission in its Decision No. 5416, dated May 24, 1918, as follows:

FLAT RATES

(a) Six dollars annually to be paid in advance.

(b) In addition to the annual charge, payment for each month during which any water is used as follows:

(1) Additional flat rates:

June and July. \$1.25
Remaining months50
The maximum charge to be
\$12.00 per calendar year.

(2) Additional meter rates:

For all use. \$.25 per 100 cu.ft.
Minimum, per month50

The evidence shows that for a number of past years the quantity of water delivered by this utility has been insufficient and the service rendered inadequate for the needs of its consumers during the summer months, which is the only time water is required by the majority of the users. This condition can be greatly improved by the installation of an additional storage tank properly located and having a capacity of not less than 25,000 gallons. The existing electrically driven pump is very old and in a poor condition of repair. To remedy this unreliable and hazardous situation a standby pumping unit should be installed without delay in order that delivery of water may be maintained in case of a breakdown requiring extensive repairs. In the past very serious inconvenience and annoyance has been suffered by the residents from this source. It is estimated that these improvements can be installed and connected up with the present system for approximately \$2,500.

At the time rates were established in 1918 the value of the investment in the plant and equipment of this utility was

found to be \$3,570. The evidence shows that the additions and betterments to capital installed subsequent thereto amount to \$600, which would make the total estimated original cost of the used and useful properties \$4,170. The consumers have demanded that this system be repaired and necessary improvements installed to provide proper service. The evidence clearly shows that this should be done. The owners have agreed to improve the plant provided they are given a reasonable return upon their investment. The estimated costs of the necessary improvements added to the present plant results in a total of \$6,670, which will be a reasonable rate base for the purposes of this proceeding, contingent upon the installation of the improvements which will be provided for in the following order. The corresponding depreciation annuity will amount to \$117, computed by the five per cent. sinking fund method.

At the hearing M. I. Reed, one of the Commission's engineers, submitted a report covering the results of a field investigation of the utility and analysis of its past operations. It was found that the accounts have not been kept in an accurate or systematic manner and difficulty was experienced in making a segregation of the items properly chargeable to operating expenses and to the capital accounts. From the data available, however, and taking into consideration present operating conditions, it appears that \$900 will be a reasonable allowance to cover the annual maintenance and operation expenses for the immediate future.

The present rates produced a gross revenue of \$758 in 1924 and \$945 in 1925. It appears however that the hotel, which is the largest user of water and is operated by the same interests which are at present operating the water system, has contributed a very small amount, if any, to above revenues. From a study and analysis of the character and amount of the present

water use, the schedule of rates established in the following order has been computed and designed to yield a fair return on the rate base set out above, considering the present condition of development of the area served, and to effect a more equitable distribution of the charges to the various consumers according to their respective uses of water.

O R D E R

Summer Home Park Improvement Club having filed a formal complaint against James M. Eva and Florence V. Eva, owners of the unincorporated public utility water system which supplies water for domestic purposes in the realty subdivision known as Summer Home Park, and James M. Eva and Florence V. Eva having filed an application for an increase in the rates charged for water delivered to their consumers in said Summer Home Park, a public hearing having been held in the above proceedings, which by stipulation were consolidated for hearing and decision, and the Commission being now fully informed in the matter,

It Is Hereby Found as a Fact that the water service rendered by the system owned by James M. Eva and Florence V. Eva to the consumers in Summer Home Park has been inadequate and insufficient and that improvements to this water system are urgently and reasonably required in order that adequate and proper service may be rendered; and

It Is Hereby Further Found as a Fact that the present rates charged by James M. Eva and Florence V. Eva, in so far as they differ from the rates herein established, are unjust and unreasonable for the rendering of adequate service and that the rates herein established are just and reasonable rates to be charged for water delivered to consumers for such adequate and proper service.

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

IT IS HEREBY ORDERED that James M. Eva and Florence V. Eva be and they are 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 water delivered to their consumers in the Summer Home Park subdivision, to become effective as hereinafter provided.

SCHEDULE OF RATES

Flat Rates:

1. Minimum annual charge, payable in advance, which entitles consumer to water service for domestic purposes for five consecutive months. . . \$12.00
For each additional month of the calendar year over five, that water is used. 1.00
2. Flat rates for service for the entire calendar year, payable in advance, which entitles consumer to water service for domestic purposes . . 15.00
3. For the Hotel Property: Flat rate, payable in advance for water service during the entire calendar year. 150.00

Metered Rates:

1. Minimum annual charge, payable in advance, which entitles consumer to 400 cubic feet of water per month for five consecutive months. . \$12.00
For each additional month of the calendar year over five, that water is used, for 400 cubic feet or less per month 1.00
For all use of water in excess of the minimum quantity:
From 400 to 2000 cubic feet per month, per 100 cubic feet 0.25
All use over 2000 cubic feet per month, per 100 cubic feet 0.15
2. Minimum annual charge for 12 months' service, payable in advance, which entitles consumer to 400 cubic feet of water per month 15.00

For use from 400 to 2000 cubic feet per month, per 100 cubic feet. 0.25
All use over 2000 cubic feet per month, per 100 cubic feet 0.15

IT IS HEREBY FURTHER ORDERED that James M. Eva and

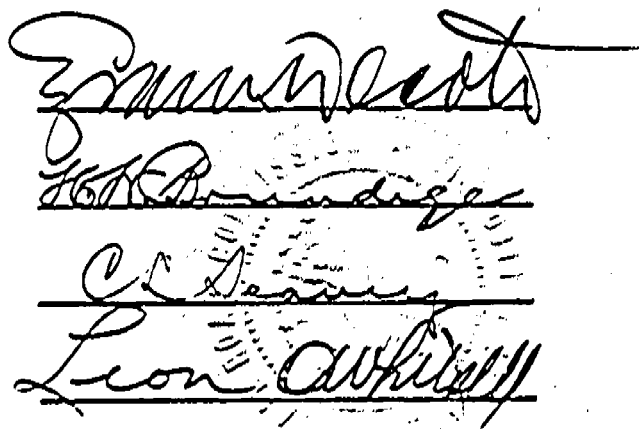
Florence V. Eva shall, within thirty (30) days from the date of this order, submit to this Commission, for its approval, plans and specifications for the improvement of the water storage and pumping facilities which will remedy the existing condition of inadequate and insufficient service to consumers, and that following such approval by the Commission, the installation of such improvements shall be made in accordance therewith and completed and in proper operation not later than the first day of June, 1927.

IT IS HEREBY FURTHER ORDERED that the schedule of rates established in the order herein shall not become effective except upon the completion of the improvements as ordered herein and the acceptance thereof by supplemental order of this Commission.

IT IS HEREBY FURTHER ORDERED that James M. Eva and Florence V. Eva be and they are hereby directed to file with the Commission, within thirty (30) days from the date of this order, revised rules and regulations governing their relations and service to consumers, said rules and regulations to become effective upon their acceptance for filing by this 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 12th day of January, 1927.



Commissioners.