

Decision No. 18124.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE RICHMOND COMPANY, INCORPORATED,
for order increasing rates for the
sale of water.

ORIGINAL

Application No. 13260.

T. H. De Lap, for applicant.

BY THE COMMISSION:

O P I N I O N

The Richmond Company, Incorporated, applicant in the above entitled proceeding, is engaged in the public utility business of supplying water for domestic purposes to the inhabitants of the Rivers Tract, a subdivision located north of the City of Richmond, in Contra Costa County. The application alleges in effect that the present rates are not sufficient to meet the cost of water purchased and that the applicant thereby sustains a loss in the cost of operation, maintenance and upkeep. The Commission therefore is asked to authorize an increased schedule of rates for water service.

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

The Richmond Company was organized and incorporated in 1916 for the purpose of engaging in the sale of real estate, and

installed this water system to aid in the sale of lots in the Rivers Tract. The water supply is now obtained by purchase from the East Bay Water Company through a master meter at the regularly established schedule of rates. The distribution system consists of approximately 10,600 feet of mains and twenty-five active service connections all of which are metered.

The rates now in effect were established by the Railroad Commission in its Decision No. 7020, January 9, 1920, and are as follows:

Per 100 cubic feet.	\$.26
Minimum charge per month	1.25

A report was presented at the hearing held in this proceeding by R. E. Savage, one of the Commission's hydraulic engineers, in which the estimated original cost of the system as of January 31, 1927, was found to be \$7,853, based upon the former findings of value of this system by this Commission for rate fixing purposes. The corresponding replacement annuity amounted to \$153, computed by the 5% sinking fund method. The operating and maintenance expenses for the immediate future were estimated in the above report to be \$700, the greater part of which is for purchased water. The revenues for the year 1926 amounted to \$329.

The community served by applicant is decreasing in population rather than growing, as shown by the fact that in 1919 the utility served thirty-six consumers while at present there are but twenty-five. However, applicant has stated that a return on the investment is not expected at the present time, but that it does desire to be reimbursed for the necessary out-of-pocket costs incurred in operating and maintaining the system, together with a reasonable allowance to cover depreciation of plant.

It is apparent from the figures above that under present conditions of purchasing and distributing water the costs to ap-

plicant for the service rendered to consumers are far greater than the revenues received, and that it is therefore entitled to an adjustment of the rates now in effect. The increased schedule of rates established in the following order will provide revenues sufficient to cover operating expenses and depreciation, and in case the community should increase to any reasonable extent in the future will also provide for some return by way of interest upon the investment.

O R D E R

The Richmond Company, Incorporated, 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 The Richmond Company, Incorporated, 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 The Richmond Company, Incorporated, 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 the first day of April, 1927.

METER RATES

Minimum Monthly Charges:

5/8 inch meter	\$1.75
3/4 " "	2.25
1 " "	3.00

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:

400 cubic feet or less	\$1.75
400 to 1500 cubic feet, per 100 cubic feet . .	.40
1500 to 6000 " " " " " "	.35
Over 6000 " " " " " "	.30

IT IS HEREBY FURTHER ORDERED that The Richmond Company, Incorporated, 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.

Dated at San Francisco, California, this 30th day of March, 1927.

[Signature]
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 Commissioners.