

Decision No. 19175**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
Andrew Sorensen for an increase in
water rates.

Application No. 14018.

P.J. Noerager, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding, Andrew Sorensen, who owns and operates a public utility water system supplying water to a residential district in the vicinity of East Twentieth Street and Twenty-fifth Avenue, Oakland, Alameda County, applies for authority to increase the rates. The application alleges in effect that the present rates do not produce sufficient revenue to yield maintenance and operation expenses, depreciation allowance or a proper return on the investment. The Commission is asked to increase the existing minimum monthly flat and meter charge of \$1.00 to \$1.50.

A public hearing in this matter was held before Examiner Satterwhite at Oakland, after all interested parties had been duly notified and given an opportunity to appear and be heard.

The rates in effect were filed with the Commission on June 3, 1918, and are as follows:

FLAT RATES

Minimum \$1.00 per month - 2 persons.
 For each additional person per month
 add $12\frac{1}{2}$ cents each.
 Horse or cow-- $12\frac{1}{2}$ cents each.

Lawns - per square yard up to 25 square
 yards per month, 1 cent per square yard.
 Over 25 square yards, $\frac{1}{2}$ cent per square yard
 per month.

Flower and vegetable gardens - $\frac{1}{2}$ cent per
 square yard per month.

$12\frac{1}{2}$ cents for each automobile per month.

METER RATES

Minimum monthly charge-----\$1.00
 All water used, per 100 cubic feet
 per month----- .20

P.J. Noerager appeared for applicant and testified in regard to the history of the water system and its operations. He stated that in 1905 Andrew Sorensen installed a pumping plant to serve his own residence and, as a matter of accommodation, he also supplied a few neighbors. As demands increased, he gradually extended the water system and also entered the field of distributing electricity to his neighbors. The electric distribution system was recently sold to the Great Western Power Company, but the water system was retained and now serves an average of ninety consumers, only four of which are metered. The water is lifted from a well by a deep-well turbine pump operated by an electric motor and delivered into two elevated redwood tanks. This supply is supplemented by another well equipped with a plunger type of pump. The pressure afforded by the raised tanks is augmented by smaller booster pumps and a 2000-gallon steel pressure tank. The distribution system consists of approximately 6,380 feet of pipe varying from 2-inch to 3-inch in diameter.

Applicant's water system lies wholly within the service area of the East Bay Water Company. In fact, the East Bay Water Company's mains parallel all of applicant's mains and, in many instances, the company serves consumers residing alongside those served by applicant. The quality of water delivered by applicant is claimed to be superior to that delivered by East Bay Water Company and in connection with the flat rates in effect has made the service more desirable. It was further testified that a rate to produce a full return on the investment was not expected.

R.E. Savage, one of the Commission's engineers, submitted a report in which the original cost of all the public utility property was estimated to be \$9,653. with a depreciation annuity of \$186., computed by the five per cent sinking fund method. The operating revenues for 1925 were found to be \$1,684. and for 1926 were \$1,670., and the maintenance and operation expenses for the same period, as shown by the annual reports filed with the Commission, were \$1,545. and \$1,304, respectively. Owing to the incomplete records, it was difficult to analyze and properly segregate the various items of operative expenses. However, the Commission's engineer testified that certain economies and advantages obtaining during dual operation of the water and electric systems are no longer possible since the sale of the latter. There will be an increase in the cost of power formerly purchased at wholesale rates, as well as slightly increased costs of supervision and repairs.

On the basis of the above showing, the annual revenues are less than the total operating expenses, including depreciation. It is therefore apparent that some adjustment in rates is necessary to provide at least a partial return on the investment, applicant having stated that he does not desire a full

return at this time.

The rates set out in the following order are estimated to yield operating expenses, depreciation and a partial return on the property dedicated to public use, and at the same time make it possible for the consumers to retain the benefit of the high quality of water at a rate less than that charged by competing service for the average domestic use.

O R D E R

Andrew Sorensen having applied to the Railroad Commission for an order authorizing an increase in the rates charged for water supplied to his consumers in the vicinity of East Twentieth Street and Twenty-fifth Avenue, Oakland, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

It is hereby found as a fact that the present rate schedule of Andrew Sorensen, in so far as it differs from the schedule of rates herein established, is unfair and unreasonable and that the rates herein established are just and reasonable rates to be charged for the service rendered.

Basing this order upon the foregoing finding of facts and upon the further statement of facts contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Andrew Sorensen be and he is hereby 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 water delivered to consumers subsequent to December 31st, 1927.

MONTHLY MINIMUM METER CHARGES

For 5/8-inch meter-----	\$1.50
For 3/4-inch meter-----	1.75
For 1-inch meter-----	2.50
For 1 1/2-inch meter-----	4.00

The foregoing "Monthly Minimum Meter Charges" will entitle the consumer to the quantity of water which that minimum will purchase at the "Monthly Quantity Rates" set out below.

MONTHLY QUANTITY RATES

From 0 to 600 cubic feet-----	\$1.50
From 600 to 2500 cubic feet, per 100 cubic feet-----	0.25
Over 2500 cubic feet, per 100 cubic feet-----	0.20

MONTHLY FLAT RATES

For each residence, flat or apartment-----	\$1.50
For lawn and garden irrigation, per 100 square feet of surface actually irrigated-----	0.05

IT IS HEREBY FURTHER ORDERED that Andrew Sorensen be and he is hereby directed to file with the Railroad Commission, within thirty (30) days from the date of this order, rules and regulations governing his relations with 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 23rd day of December, 1927.

[Signature]
[Signature]
Leon Whitell
[Signature]
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 Commissioners