

Decision No. 13616

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SONOMA WATER AND IRRIGATION CO.,
for authority to amend rates on the
Boyes Springs, Agua Caliente and
Sonoma Vista Systems.

Application No. 14226.

F. J. Kilmartin, for Applicant.

Frank Sprague and A. R. Grenstead,
for certain consumers, Protestants.

BY THE COMMISSION:

O P I N I O N

In the above entitled application, Sonoma Water and Irrigation Company, a corporation, asks the Commission to establish increased and uniform rates for water delivered to its consumers at Boyes Springs, Agua Caliente and Sonoma Vista, in Sonoma County. Public hearings in this proceeding were held at Fetters Springs and Boyes Springs before Examiner Rowell after all interested parties had been notified and been given an opportunity to appear and be heard.

Besides the three systems above mentioned, the applicant also owns the water system supplying the City of Sonoma. Reference should be made to several previous proceedings before the Commission involving each of these water systems, and at the hearing it was stipulated that the evidence and decisions in Application Nos. 12946, 13452, 13453 and 13454 be made a part of the record in this proceeding, in so far as germane.

In Decision No. 17579, on Application No. 12946, and in Decision No. 18419, rendered on rehearing of said application, issued June 1, 1927, this Commission fixed the value of the Sonoma City, El Verano and Sonoma Vista systems. This was prior to the acquisition by the applicant of the Boyes Springs and Agua Caliente systems. Rates on these two systems were last fixed by this Commission in 1916 by Decisions No. 3900 and No. 3906. In the instant proceeding, the Commission is asked to fix the rates not only upon these two systems recently acquired but also upon the Sonoma Vista system, applicant stating that it desired to make the rate structure on the three systems uniform.

Since the Commission has already determined the value of the Sonoma Vista system, it need not in this proceeding reconsider that property except as to additions and betterments, and may inquire into the value of Boyes Springs and Agua Caliente properties alone. But, in arranging a uniform rate schedule applicable to the Sonoma Vista system as well as the Boyes Springs and Agua Caliente systems, it will be necessary to consider the value of and the revenues derived from each of these divisions of applicant's entire system.

It should be noted that each of these water systems were formerly under separate ownership and that they have been acquired by applicant with the idea, no doubt, that they are geographically a unit and that they could be operated more economically as a single system. The applicant in Application No. 12946 asked this Commission to value the Sonoma City and the Sonoma Vista and the El Verano systems as a single unit, and this Commission accordingly valued these properties as a whole and fixed a rate schedule therefor, based upon the reason-

able annual charges for their operation. There is therefore no basis for now cutting off the Sonoma Vista, Boyes Springs and Agua Caliente systems and treating them together for rate-fixing purposes as entirely distinct from the Sonoma City system. The water use on these three systems as distinguished from the Sonoma City system is largely of the summer resort character and therefore it appears desirable that a uniform rate schedule applicable to this class of service on all of applicant's systems located outside of Sonoma City should be determined in this proceeding. In Decision No. 18419, dated June 1, 1927, the Commission established the value of the properties of the Sonoma City, El Verano and Sonoma Vista systems for rate-fixing purposes.

For the purpose of this proceeding, R.E. Savage, one of the Commission's engineers, made an appraisal of the properties of the Sonoma Vista, Boyes Springs and Agua Caliente systems, based on the estimated original cost, as of December 31, 1927.

A summary of the above valuations, showing the totals of the several systems which constitute applicant's present operative plant and also the grand total of the combined systems as of December 31, 1927, is set out below.

SUMMARY OF VALUATIONS

Total for Sonoma City, El Verano and Sonoma Vista systems as allowed for the rate base in Decision No. 18419 (exclusive of the \$25,000. estimated cost of proposed improvements)-----	\$60,000.	
Deduct for Sonoma Vista system as allowed-----	13,525.	
Total value Sonoma City system as of		
June 30, 1926-----	\$46,475.	
Net Additions & Betterments, Sonoma City System, June 30, 1926, to Dec. 31, 1927, (Approximate cost)-----	\$ 940.	
TOTAL VALUE SONOMA CITY SYSTEM as of Dec. 31, 1927		\$47,415.

(Fwd.) TOTAL VALUE SONOMA CITY SYSTEM-----	\$47,415.
Total Sonoma Vista system as of Dec. 31, 1927--	\$18,427.
Total Boyes Springs system as of Dec. 31, 1927-	9,623.
Total Agua Caliente system as of Dec. 31, 1927-	<u>4,403.</u>
TOTAL of above three systems located outside of Sonoma City	<u>\$32,453.</u>
GRAND TOTAL of applicant's combined systems as of Dec. 31, 1927	<u>\$79,868.</u>

The corresponding total depreciation annuity computed on the five per cent sinking fund basis as submitted by the Commission's engineers, after allowing for the certain additions and betterments installed on the Sonoma City system, follows:

Sonoma City system-----	\$ 795.
Sonoma Vista system-----	387.
Boyes Springs & Agua Caliente system--	<u>209.</u>
Total Depreciation Annuity-----	\$1,391.

Applicant submitted a statement showing a total of \$30,784. as the book costs of the above mentioned three systems located outside of Sonoma City, which total included the sum of \$9,000. for the Boyes Springs and Agua Caliente systems, being the actual purchase price.

The following tabulation gives the operating revenues and expenses, exclusive of depreciation, of the combined systems for the year 1927 as submitted by applicant.

Systems	Operating Revenues 1927	Maintenance and Operation Expenses 1927
Sonoma City system	\$ 9,252.52	\$4,277.81
Sonoma Vista system	1,865.11	1,894.01
Boyes Springs system	799.83	494.51
Agua Caliente system	<u>1,455.19</u>	<u>1,003.03</u>
Totals of combined systems	<u>\$13,372.65</u>	<u>\$7,669.36</u>

As a result of an inspection and analysis made of ap-

applicant's book accounts of the 1926 and 1927 operations, the Commission's engineer submitted an estimate of \$1,590. for the future annual maintenance and operation expenses of the Boyes Springs and Agua Caliente systems. This Commission in said Decision No. 18419 in the recent rate proceeding involving only the Sonoma City and the Sonoma Vista systems allowed the sum of \$6,200. as a reasonable amount for the maintenance and operation expenses to be included in the annual charges to be returned from rates.

It appears therefore that the total \$7,790. is a reasonable allowance for future maintenance and operation expenses for applicant's entire system operated as a unit. Based upon a consideration of the evidence submitted in this proceeding and the findings set out above as to the proper and reasonable annual charges for future operation of the utility, the following tabulation shows the results of operation for the year 1927 under the rates at present in effect. In this tabulation, the Sonoma City and Sonoma Vista plants, on which an increase in rates was recently granted by the Commission in its Decision No. 18419, in Application No. 12946, has been segregated from the Boyes Springs and Agua Caliente plants for the purpose of comparison.

	Sonoma City: and Sonoma Vista Plants	Boyes Springs: and Agua Caliente: Plants	Total Combined: Plants
Operating Revenues	\$11,118.	\$ 2,255.	\$13,373.
Maintenance & Operating Exp.	6,200.	1,590.	7,790.
Depreciation Annuity	<u>1,182.</u>	<u>209.</u>	<u>1,391.</u>
Total Operating Expenses	\$ 7,382.	\$ 1,799.	\$ 9,181.
Net Operating Revenue	\$ 3,736.	\$ 456.	\$ 4,192.
Investment-Est. original cost	\$65,842.	\$14,026.	\$79,868.
Interest Return	5.7%	3.2%	5.2%

Considering the results of operations for the Boyes Springs and Agua Caliente plants as set out above, it appears that some adjustment should be made in the rates of said plants.

The meter rates at present in effect on the Sonoma City and Sonoma Vista systems, as established by the Commission's Decision No. 18419, issued June 1, 1927, and also those at present in effect on the Boyes Springs and Agua Caliente systems, as established by the Commission in 1916, are as follows:

SONOMA CITY AND SONOMA VISTA SYSTEMS
REGULAR METER RATES

Monthly Minimum Charges:

5/8 x 3/4-inch meter-----	\$2.00
3/4-inch meter-----	2.50
1-inch meter-----	3.50
1 1/2-inch meter-----	5.50
2-inch meter-----	8.00

Monthly Quantity Rates:

0 to 5,000 gallons, per 1,000 gallons-----	\$0.40
5,000 to 10,000 gallons, per 1,000 gallons-----	.25
10,000 to 25,000 gallons, per 1,000 gallons-----	.20
All over 25,000 gallons, per 1,000 gallons-----	.15

SUMMER RESORT RATES

Applicable only to service outside of Sonoma City system and particularly in the El Verano and Sonoma Vista districts.

Annual charge payable in advance, entitling consumer to 3,000 gallons of water each month for any period of six consecutive months-----	\$12.00
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Where water is used in excess of the above allowance of 3,000 gallons per month, the regular monthly minimum charges and quantity rates shall apply, provided, however, that any consumer within the summer resort class may receive service under the regular schedule of rates by paying in advance the sum of \$24.00, entitling such consumer to 5,000 gallons of water per month for each of twelve consecutive months.

FIRE HYDRANTS

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

BOYES SPRINGS AND AGUA CALIENTE SYSTEMS
METER RATE SCHEDULE

- (a) \$6.00 annually to be paid in advance.
- (b) In addition to the above annual charge, the payment for each month during which water is used is as follows:

METER RATES

For 250 cubic feet, or less-----	\$.50
For next 1,750 cubic feet, per 100 cubic feet-----	.20
All over 2,000 cubic feet, per 100 cubic feet-----	.15

At the present time, applicant's systems are practically one hundred per cent metered.

The record of water use shows an average of 557 consumers on the combined systems for 1927, of which total there were 120 consumers served from the Sonoma Vista system and 150 from the Boyes Springs and Agua Caliente systems. The consumers having the summer resort character of water use totalled about 70 on the Sonoma Vista system and about 90 on the Boyes Springs and Agua Caliente systems.

The Sonoma Vista, Boyes Springs and Agua Caliente districts served by applicant are sparsely settled and still in the development stages as compared with the area in the City of Sonoma served. These distribution systems, in order to supply the proper and adequate service and demand for water during the few months when the summer residents occupy their premises, would be considered overbuilt for supply of the present number of consumers. Rates sufficiently high to net a full interest return on the investment in plant for these combined districts would be unduly high and even prohibitive for the present consumers to pay.

The above mentioned rate schedule in effect for the

Sonoma Vista district appears to be fair and reasonable under the conditions obtaining. It is equally clear, considering the intermittent service demanded on these two other systems, that proper service cannot be maintained under the existing rates in effect on these systems. The testimony and evidence submitted at the hearing discloses inadequate service and very poor pressures for consumers on certain portions of the Agua Caliente system, especially during the peak use of water during the summer season. Applicant should install such necessary improvements on this system as will remedy these inadequate service conditions. A rate schedule for service rendered on the Boyes Springs and Agua Caliente systems of the same form as that at present in effect for the Sonoma Vista system will be established in the following order:

O R D E R

Sonoma Water and Irrigation Company, a corporation, having made application to this Commission as entitled above for authority to charge increased rates for water service on its Sonoma Vista, Boyes Springs and Agua Caliente systems, a public hearing having been held thereon, the matter having been submitted and the Commission now being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Sonoma Water and Irrigation Company, a corporation, for water supplied to its consumers on the Boyes Springs and Agua Caliente systems 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 such service, and basing its order upon the fore-

going findings of fact and upon the statements of fact contained in the preceding opinion,

IT IS HEREBY ORDERED that Sonoma Water and Irrigation Company, a corporation, be and it is hereby authorized and directed to file with the Railroad Commission of the State of California, within twenty (20) days from the date of this order, the following schedule of rates for water delivered to its consumers on the Boyes Springs and Agua Caliente systems, said schedule to become effective as hereinafter provided.

REGULAR METER RATES

Applicable to permanent consumers or any consumer who has received water service for a period of twelve consecutive months.

Monthly Minimum Charges:

5/8 x 3/4-inch meter-----	\$ 2.00
3/4-inch meter-----	2.50
1-inch meter-----	3.50
1 1/2 -inch meter-----	5.50
2-inch meter-----	8.00

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 Rates" set out below.

Monthly Quantity Rates:

0 to 5,000 gallons, per 1,000 gallons-----	\$ 0.40
5,000 to 10,000 gallons, per 1,000 gallons-----	.25
10,000 to 25,000 gallons, per 1,000 gallons-----	.20
All over 25,000 gallons, per 1,000 gallons-----	.15

SUMMER RESORT RATES

Annual charge payable in advance, entitling consumer to 3,000 gallons of water each month for any period of six consecutive months----\$12.00

Where water is used in excess of the above allowance of 3,000 gallons per month, the following schedule shall apply:

MONTHLY QUANTITY RATES

0 to 3,000 gallons included in annual charge.	
3,000 to 10,000 gallons, per 1,000 gallons-----	\$ 0.25
10,000 to 25,000 gallons, per 1,000 gallons-----	.20
All over 25,000 gallons, per 1,000 gallons-----	.15

Where water service is used for a period greater than the above six consecutive months, the regular monthly minimum charges and quantity rates shall apply, provided, however, that any consumer within the summer resort class may receive service under the regular schedule of rates by paying in advance the sum of \$24.00, entitling such consumer to 5,000 gallons of water per month for each of twelve consecutive months.

FIRE HYDRANTS

Owned and installed by city, county or fire district, each per month-----\$1.50
 Owned and installed by the company, each per month----- 2.00
 All other municipal service charged for at the regular meter rates.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective only upon supplemental order of this Commission to be granted upon the installation, in a manner acceptable to this Commission, of the following improvements:

- (1) Increased storage capacity of not less than 50,000 gallons at the Agua Caliente source of supply, to be located at an elevation not lower than the elevation of the present storage tank.
- (2) Increased storage capacity of a minimum of 25,000 gallons at the Sonoma Vista source of supply, to be located at such elevation to afford increased pressure within reasonable limits.
- (3) Installation of a distribution main, not smaller than four (4) inches internal diameter from the end of the present 4-inch main at State Highway and Park Avenue to the source of supply at Agua Caliente.

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 17th day of April, 1928.

Leon Whitell
Clarence
Thos. B. Rowlett
M. A. C.
 Commissioners.