

Decision No. 2186A

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Town of San Carlos, a
municipal corporation,

Complainant,

vs.

Pacific Water Company, a
corporation, and San Carlos
Water Company, a corporation,

Defendants.

Case No. 2661.

Albert Mansfield, for Complainant.

Chickering & Gregory, by W.C. Fox,
for Defendants.

BY THE COMMISSION:

O P I N I O N

This is a complaint filed by the Town of San Carlos in which it is alleged that the public utility water system supplying the Town of San Carlos has been and now is charging rates that are excessively high and request is made that the Railroad Commission establish a reduced and more equitable rate schedule. San Carlos Water Company in its answer enters a general denial of all the allegations concerning excessive rates and affirmatively alleges that the charges now in effect are not sufficient to yield an adequate return on its investment. Defendant Pacific Water Company denies that it is in any manner responsible for the operation of the water system supplying the Town of San Carlos.

Public hearings in this matter were held before Examiner Williams at San Carlos and San Francisco.

According to the evidence, the San Carlos Water Company owns and operates a public utility water system supplying at the present time about 265 active consumers with water for domestic, commercial, industrial and other purposes in the incorporated City of San Carlos. Although this company is under the same management and has the same operating officials as the Pacific Water Company, a corporation, which operates certain public utility water works in neighboring cities and towns, the record shows that these two companies are independent corporations and that in this proceeding the responsible and proper party defendant is the San Carlos Water Company and not the Pacific Water Company.

The water supply for this water system is obtained from wells supplemented by purchase from Spring Valley Water Company, from which service is received under sufficient pressure to deliver water throughout the system. Storage consists of two 50,000-gallon wooden tanks.

The rates at present in effect were fixed by this Commission in Decision No. 9803, dated November 23, 1921, and are as follows:

MONTHLY MINIMUM CHARGES

5/8 & 3/4-inch meters, entitling consumers to	375 cu. ft.--	\$1.50
1-inch meters, entitling consumers to	625 cu. ft.--	2.50
1½-inch meters, entitling consumers to	938 cu. ft.--	3.75
2-inch meters, entitling consumers to	1,250 cu. ft.--	5.00

QUANTITY RATES

From 0 to 3,000 cubic feet, per 100 cubic feet-----	\$0.40
Over 3,000 cubic feet, per 100 cubic feet-----	.35

FIRE HYDRANT RATE

Per hydrant per year-----	\$1.00
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The evidence presented in this proceeding shows clearly that under existing conditions and present operating methods the defendant is not at this time earning an unreasonable or excessive rate of return upon the estimated original cost of its used and useful properties appraised by the engineers of this Commission at \$74,654, which sum was accepted as fair historical valuation by both complainant and defendant. The testimony, however, indicates that the present rate structure contains an uneven and discriminatory spread of charges resulting from the fact that the rate for fire protection service is only One Dollar (\$1.00) per year per hydrant, a sum admittedly very low and purely nominal. This situation permits the municipality to escape payment for its proper share of the service, shifting the burden upon the shoulders of the individual consumer. This was recognized by counsel for complainant, who stated that the Town of San Carlos is ready and willing to pay a higher rate for fire protection service, namely, \$1.50 per hydrant per month, provided, however, that the rates charged for regular domestic and commercial service be readjusted downward to provide an equivalent reduction therein. This proposal appears reasonable and proper and, as we understand defendant had no objections to this revision in the present schedule, we suggest that defendant file with this Commission, within thirty (30) days from the date of this order, the schedule of rates set out below which has been designed in accordance with the above plan. Under these circumstances the complaint as to excessive and unreasonable charges may therefore be dismissed.

METER RATES

Minimum Monthly Charges:

For 5/8-inch meter-----	\$ 1.50
For 3/4-inch meter-----	2.00
For 1-inch meter-----	3.00
For 1 1/2-inch meter-----	6.00
For 2-inch meter-----	9.00
For 3-inch meter-----	18.00
For 4-inch meter-----	28.00

Each of the foregoing "Minimum Monthly Charges" will entitle the consumer to the quantity of water which that minimum monthly charge will purchase at the following "Monthly Quantity Rates".

Monthly Quantity Rates:

For 400 cubic feet, or less-----	\$ 1.50
Next 3,200 cubic feet, per 100 cubic feet-----	0.35
Over 3,600 cubic feet, per 100 cubic feet-----	0.33

MUNICIPAL USE

For fire hydrants, owned and maintained by the company, each per month-----\$ 1.50

All other public or municipal use to paid for at regular meter rates.

ORDER

The Town of San Carlos, a municipal corporation, having filed with this Commission a formal complaint against the Pacific Water Company, a corporation, and San Carlos Water Company, a corporation, public hearings having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

IT IS HEREBY ORDERED that the above entitled proceeding be and it is hereby dismissed.

Dated at San Francisco, California, this 10th day of October, 1929.

Thos. J. Lott
Ch. Seavie

M. J. Carr
 Commissioners.