

ORIGINALDecision No. 21978

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
WALTER E. DAVIS for the permission
to raise the rate of water.

Application No. 16006.

Walter H. Davis, in propria persona.

BY THE COMMISSION:

O P I N I O N

This is an application for an increase in rates filed by Walter H. Davis who owns and operates a small water system supplying fourteen consumers with water for domestic purposes in the Town of Agnew, Santa Clara County. The application alleges that the present flat rate is \$1.75 per month for all services except the post-office, which is \$1.00 per month, and that these rates do not produce sufficient revenue to defray operating costs and depreciation. The Commission therefore is requested to establish a flat rate of \$3.50 per month for residential and business establishments and \$1.50 per month for the post-office.

A public hearing in this matter was held before Examiner Satterwhite at San Jose.

This system obtains its water supply from two wells on residential lots owned by Mr. Davis in Agnew, an unincorporated town situated about seven miles north of San Jose. These wells are approximately 185 and 100 feet deep, respectively, from which water is delivered into an elevated wooden tank of 8,000 gallons capacity by a combination windmill and electrically-operated plunger pump.

When necessary to supplement this supply, water is obtained from another well similarly equipped. The distribution mains consist of a single line of 2-inch pipe, serving fourteen consumers. None of the services are metered.

The testimony shows that the system was installed by Mr. Davis about fifteen years ago, primarily for his private use. Upon the request of his neighbors, Mr. Davis began delivering water to them solely as a matter of accommodation. Later, he began making charges for water. At the outset, all water was pumped by wind power but, when the demands of his consumers increased, it became necessary to install an electric motor. Recently, the ground water levels have fallen in this locality, necessitating the lowering of the pump cylinders at considerable expense, according to the testimony of Mr. Davis.

From the evidence presented, the estimated original cost of the water properties amounts to \$2,528. as of November 1, 1929, with annual revenues of \$306. and an annual depreciation fund of \$65. computed upon the five per cent sinking fund basis. The operating charges as submitted by applicant are greater than are reasonably warranted by the demands of the small number of consumers. At the hearing Mr. Davis modified his application by stating that he would be satisfied with a new schedule of rates that would meet operating expenses and depreciation without a full return on his investment. It is clear, however, that the present rates are inadequate and that applicant should have a greater revenue for the service rendered. The rates set out in the following order will produce a total gross annual revenue reasonably commensurate with the value of the service rendered to the consumers as well as provide a reasonable and proper compensation to

applicant herein.

O R D E R

Application having been made to this Commission as entitled above, 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 rates now charged by Walter H. Davis for water supplied to his consumers in Agnew, Santa Clara County, 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 findings of fact and upon the further statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Walter H. Davis be and he is hereby authorized to file with this Commission, within thirty (30) days from the date of this order, the following schedule of rates to be charged for all service rendered on and after the 1st day of February, 1930.

MONTHLY FLAT RATES

Domestic Service-----	\$2.00
Service Stations and Garages-----	2.50
Stores and Business Establishments-----	2.00
Post-office-----	1.50

IT IS HEREBY FURTHER ORDERED that Walter H. Davis be

and he is hereby ordered to file with this Commission, within thirty (30) days from the date of this order, rules and regulations governing the service of water to his 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 3rd day of January, 1930.

Thos D. Lott

C. S. Scammon

Edmund B. Smith

Leon White

M. P. Linn
Commissioners.