

ORIGINAL

Decision No. 23724

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of VALLEJO WATER COMPANY, a corporation, for an emergency rate for water furnished in the City of Vallejo and adjacent territory.

Application No. 17288.

J.H. Dieckmann, Jr., for applicant.  
E. Mini, for certain consumers.

STEVENOT, COMMISSIONER:

O P I N I O N

Vallejo Water Company, an incorporated public utility engaged in the business of supplying water for domestic, irrigation and industrial uses within the city limits of Vallejo and adjacent territory, makes application in this proceeding for an emergency increase in its rates.

The application alleges in effect that, due to the light rainfall and runoff the past season, and for several consecutive seasons immediately previous thereto, the storage reservoir has not been filled to capacity and at the present date the supply in storage is almost exhausted and that in this emergency it will be necessary for applicant to purchase from the City of Vallejo practically all of the water required by its consumers until the coming 1931-1932 rainfall season. Wherefore, the request is made for authority to charge the consumers the schedule of increased rates set forth in the applica-

tion for the emergency period or until such time as the increased revenue therefrom will approximately reimburse applicant for the emergency expense incurred for purchasing water.

A public hearing was held in this matter at Vallejo on April 21, 1931.

Vallejo Water Company's system was originally installed about 1869 to supply the City of Vallejo with water and for twenty years provided the only supply for the town. On or about the year 1890 the City of Vallejo installed a municipal plant and took over most of this utility's consumers within the city limits. As a result, the company was forced either to remove or abandon a considerable portion of its distribution pipe mains in the city streets. The water supply is obtained from the natural flow and runoff in Sulphur Springs Creek and impounded in Lake Chabot, a 400-million-gallon storage reservoir created by means of an earth fill dam forty-five feet high. From Lake Chabot the water is delivered by gravity directly into the transmission and distribution pipe system consisting of 30,750 feet of 12-inch cast iron, 8,127 feet of 8-inch cast iron, 6,174 feet of 4-inch cast iron and 1,370 feet of 2-inch standard screw pipe. In 1930 the active consumers totalled about 140, of which 52 were metered. Of the total consumers located inside and outside the city limits, sixty-five also have service connections from the municipal water system for their domestic water use.

The evidence shows that by reason of lack of rainfall with comparatively no runoff into the storage reservoir for several years last past and especially during the 1930-1931 rainfall season, applicant is confronted with a very serious water shortage. It appears that the necessary draft on the stored

water has gradually depleted the reservoir supply until at the present date the available water amounts to less than two months' requirements of the consumers. In this emergency the City of Vallejo has agreed to supply the utility with all the water required until the storage reservoir is again replenished from the runoff of the coming 1931-1932 rainfall season at a rate of 22 cents per 1,000 gallons, or about 16.45 cents per 100 cubic feet. The above rate is considerably higher than any of the rates charged by this utility, which probably averages between 10 and 12 cents per 100 cubic feet of water delivered. The present schedule of rates of this utility is in part as follows:

METERED USE

Domestic and Industrial Uses:

0 to 1,000 cubic feet, per 100 cubic feet	----\$0.22
1,000 to 5,000 cubic feet, per 100 cubic feet	---- 0.17
Over 5,000 cubic feet, per 100 cubic feet	---- 0.12
Minimum rate for 5/8, 3/4 and 1-inch meters	----- 1.00 per mo.
Minimum rate for each additional 1/2-inch meter	---- 0.50 per mo.

Irrigation:

0 to 1,000 cubic feet, per 100 cubic feet	----- \$0.22
Over 1,000 cubic feet, per 100 cubic feet	----- 0.10
Minimum rate same as domestic and industrial.	

Note: It appears that the irrigation use is practically all outside the city limits and the domestic and industrial uses largely within the city limits.

J.H. Dieckmann, Jr., appearing in behalf of applicant, stated at the hearing that the present rate schedule has not for a number of years last past yielded an adequate return on the investment as indicated in the utility's annual reports and therefore stated that at this time it is entitled to some permanent adjustment and increase in its present rate schedule in addition

to the temporary emergency rate increase requested herein. While there may possibly be some justification to this claim, it is a fact, however, that the application herein covers the emergency condition only and must be confined therefore to that issue alone. Protestants at the hearing presented no material objections to the granting of a fair and reasonable increased rate during the period in which the utility will be forced to purchase water from outside sources.

A field investigation and analysis of the operations of this utility were made for the purpose of this proceeding by H.A. Noble, one of the Commission's hydraulic engineers, and his report thereon submitted in evidence shows the results of the 1930 operations as follows:

Total Revenue from Water Sales-----	\$5,903.00
Total Maintenance and Operation Expense after deducting certain items im- properly charged-----	<u>3,868.00</u>
Net Operating Revenue - Year 1930-----	\$2,035.00

The net operating revenue is equivalent to about 1.3 per cent interest return on the total fixed capital installed, amounting to \$146,613, as given in the company books as of December 31, 1930.

It is impossible to determine the exact quantity of water which applicant will have to purchase during the period of the existing water shortage which probably will prevail until the coming November or December. However, a computation based on the actual monthly metered use and estimated flat rate use in 1930 indicates that a minimum of three million cubic feet will be required at an expense to the utility of about \$4,950.

It is noted that the emergency rates as proposed in

the application would favor consumers inside the city limits with a lesser charge for similar service than that charged those outside the city limits. Since there is no difference in the method of rendering service to the various consumers on this system or in the expense involved by reason of the territorial limits of the City of Vallejo, such a differential in the rates is an unfair discrimination and, as no evidence was presented showing that consumers outside the city limits of Vallejo should reasonably stand a greater burden in payment for water under the emergency conditions than those water users residing within said limits, a uniform rate will be established for all consumers receiving the same class of service.

After careful consideration and analysis of the testimony and documentary evidence submitted in regard to the existing water shortage, it is believed that the emergency increased rate schedule set out in the following Order will provide sufficient increased revenue during such period to reimburse applicant for the extraordinary expenses which will be incurred for the purchase of water and will not impose unduly burdensome charges on the consumers when comparison is made with the rates charged for similar service by the Vallejo municipal water system.

The following form of order is submitted.

O R D E R

Vallejo Water Company, a corporation, having made application to this Commission for an order authorizing it to put into effect and charge its consumers an emergency schedule of increased rates, a public hearing having been held thereon and

the Commission being now fully informed in the matter,

It is hereby found as a fact that the schedule of rates now charged by Vallejo Water Company, a corporation, for water delivered to consumers is inadequate to yield the revenue required to meet its ordinary maintenance and operation expenses together with the added extraordinary expense which will be incurred for purchase of water to supply its consumers during the existence of the water shortage on its system and that the emergency schedule of increased rates herein established is a just and reasonable schedule under the circumstances and operating conditions obtaining, and

Basing its Order upon the foregoing findings of fact and upon the further statements of fact contained in the Opinion preceding this Order,

IT IS HEREBY ORDERED that Vallejo Water Company be and it is hereby authorized and directed to file with this Commission, within five (5) days from the date of this Order, the following emergency schedule of increased rates to be charged consumers for all service rendered subsequent to May 31, 1931, and until the issuance of a further order herein by this Commission.

METER RATES

Minimum Monthly Charges:

For 5/8-inch and 3/4-inch meter-----	\$1.00
For 1-inch meter-----	1.50
For 1 1/2-inch meter-----	2.00
For 2-inch meter-----	3.00
For 4-inch meter-----	5.00

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 Meter Rates."

Monthly Meter Rates:For Industrial and Domestic Use:

From 0 to 500 cubic feet-----	\$1.00
All over 500 cubic feet, per 100 cubic feet-----	.20
For all agricultural irrigation use, per 100 cubic feet-----	.18

FLAT RATES

For use of water in dwellings, hotels and lodging houses, including one bath and one toilet:

5 rooms or less, per month-----	\$1.00
For each additional room over 5, per month-----	.25
For each additional bath or toilet-----	.25
Except in case of hotels and lodging houses where the charge will be made for each bathtub, per month-----	.25
And for each toilet per month-----	.50

All other items of flat rate charges to be in accordance with the established schedule of flat rates at present in effect.

IT IS HEREBY FURTHER ORDERED that Vallejo Water Company file with this Commission, on or before the fifteenth day of each month for the period that the above emergency increased rates are in effect, a statement showing the revenues received from the sale of water during the preceding month at the foregoing emergency rates and the revenues which would have been received at the regular rates at present in effect as now being charged, and showing also the quantity of water purchased from the City of Vallejo and the corresponding expense incurred therefor.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

The foregoing opinion and order are hereby approved and

ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 25th day of May, 1931.

CL Jensen  
Leon Whitlock  
M. A. Cunniff  
M. B. Harris  
Fred G. Peterson  
 Commissioners.