

ORIGINAL

Decision No. 24338

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Erskine Water Company for certificate to continue to op- erate water system.	) ) ) )	Application No. 17589.
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In the Matter of the Application of Erskine Water Company for or- der fixing rates.	) ) )	Application No. 17632.
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Hugh H. Donovan, for Applicant.  
Mortimer B. Veal, for Wm. Uren.

BY THE COMMISSION:

O P I N I O N

In these two applications, C.S. Erskine, doing business under the fictitious firm name and style of Erskine Water Company and operating along the Lone Tree Road in the vicinity of the City of Antioch, Contra Costa County, applies for a certificate of public convenience and necessity and for an order establishing rates.

A public hearing in these matters was held before Examiner Satterwhite at Antioch.

The evidence shows that C.S. Erskine commenced selling water in 1929 to neighbors from a private pumping plant located at his residence in the Fitzpatrick Tract, a subdivision situated adjacent to and outside of the city limits of the Town of Antioch. Since that time he has extended service into the adjoining Uren

Tract and his consumers have increased from four to twenty-seven. The system is designed to supply a much larger number of consumers than are now served. The source of supply is an 8-inch well, 100 feet deep, from which water is pumped into a 7,000-gallon tank and delivered to the consumers by gravity. The distribution system consists of some 1,500 feet of 2-inch mains, 750 feet of 1½-inch and 700 feet of 1¼-inch and 1-inch pipe. There are fourteen 5/8-inch meters installed and six in process of installation. Contrary to general practice these meters are graduated to record in gallons rather than in cubic feet and, to avoid unnecessary expense in changing registers, the schedule of rates will be set out in gallons.

Applicant has obtained an order from the Board of Supervisors of Contra Costa County granting him permission to lay water pipe lines along the county highway between the Uren Addition to the Town of Antioch south to the Faria Addition, covering the territory in which it is desired to render service, and he has stipulated at the hearing that neither he, nor his successors, nor assigns will ever claim for the above franchise, before this Railroad Commission or any other public body, a value in excess of the actual cost of acquiring same.

The rates now being charged are as follows:

For the first 3,000 gallons-----\$2.50  
For each additional 1,000 gallons-- 0.30

Although some meters have been installed, a flat rate of two dollars and fifty cents (\$2.50) has been charged all consumers except on two occasions when the meters were read and bills rendered at the above measured quantity rates.

The only appraisal of these properties submitted was made by C.F. Mau, one of the Commission's engineers, setting forth

the estimated original cost as of October 2, 1931, to be \$2,478 and the depreciation annuity \$51.69, computed by the sinking fund method at five per cent. The Commission's engineer also estimated the total operating expense for the twelve months' period ending September, 1931, to be \$526 and the revenue for the same period to be \$653. Operations during the above period indicate a net return of three per cent.

There were no protests made against the issuance of a certificate of public convenience and necessity nor against fixing a reasonable rate for the service to be rendered. No other public utility water-works is operating in this same territory at the present time, although it appears that certain consumers are arranging to secure water from the Antioch municipal water system. Should this movement involve a substantial number of applicant's consumers, it will, of course, seriously affect future revenues. However, it is not probable that many consumers will be lost in this manner as the rates of the Antioch municipal water-works for service outside the corporate limits are three dollars (\$3.00) monthly minimum charge and thirty cents (30¢) per 100 cubic feet for the first 5,000 cubic feet, a rate exactly double the charges made for similar service rendered within the city limits. There is also the additional requirement that all consumers supplied by the municipal plant pay for the costs of installing certain of the distribution facilities including meters and service connections, a practice not permitted public utilities by this Commission. Considering the fact that applicant's system is in its initial development stage and is designed to supply in the future a far greater number of consumers than are now being served, it

would not be fair at this time to require the present water users to pay a rate which would provide applicant with a full return upon the invested capital. The meter rate set out in the following Order, however, will provide a net return to applicant fair and reasonable under existing circumstances and operating conditions.

O R D E R

Applications having been made to this Commission as entitled above, a public hearing having been held thereon, the matters having been submitted and the Commission being now fully advised in the premises,

The Railroad Commission of the State of California hereby declares that public convenience and necessity require that C.S. Erskine, doing business under the fictitious firm name and style of Erskine Water Company, operate a water system for the purpose of supplying water in the territory as set out in the application herein, and

IT IS HEREBY ORDERED that C.S. Erskine be and he is hereby authorized and directed to file with the Railroad Commission, within twenty (20) days from the date of this Order, the following rates for water delivered to his consumers in the Uren Tract and the Fitzpatrick Tract adjacent to the Town of Antioch, Contra Costa County, said rates to become effective for all service rendered subsequent to the 30th day of November, 1931.

METER RATES

Minimum Monthly Charges:

For 5/8-inch meter-----	\$2.00
For 3/4-inch meter-----	3.00
For 1-inch meter-----	4.00

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:

4,000 gallons, or less-----	\$2.00
Next 16,000 gallons, per 1,000 gallons-----	0.40
Next 10,000 gallons, per 1,000 gallons-----	0.30
Over 30,000 gallons, per 1,000 gallons-----	0.25

FLAT RATES

Per consumer, per month-----\$2.50

NOTE: This flat rate to remain in effect until all services are metered.

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IT IS HEREBY FURTHER ORDERED that C.S. Erskine 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 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 23<sup>d</sup> day of

November, 1931.

C. C. Jancy  
Leon A. Whiteley  
W. J. Linn  
M. B. Linn  
Fred G. Stewart  
Commissioners.