

ORIGINAL

Decision No. 24646

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the QUINCY WATER WORKS, Grace Webb, Owner, for an order estab- lishing present rate base and re- adjusting rates.)))))))	Application No. 17650.
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U.S. Webb and M.C. Kerr,
for applicant.
E.B. Wolfe, for protestants.

BY THE COMMISSION:

O P I N I O N

In this proceeding Grace Webb, operating under the fictitious name and style of Quincy Water Works and engaged in the business of supplying water for domestic and commercial purposes to consumers in the town of Quincy, Plumas County, asks for authority to increase rates. The application alleges that since the establishment of the present rate base by the Commission additional funds have been invested in production and distribution facilities and that operating expenses have increased owing to the higher taxes and the additional costs of operating a new pumping plant recently installed to supplement the water supply. The Commission is asked to increase the rates to provide for the extra expense of operation and to grant a reasonable return on the investment.

Public hearings were held in this proceeding before Examiner Satterwhite in Quincy.

The principal water supply is obtained from springs located in Ganzner Ravine and Boyle Ravine and is impounded in three

reservoirs having a combined capacity of 775,000 gallons. The spring sources are supplemented by a well from which water is pumped directly into the company's mains. Service is rendered to 160 consumers through approximately 17,440 feet of mains.

The rates now in effect were established by this Commission in its Decision No. 18662, dated July 21, 1927, 30 C.R.C. 236, and are as follows:

MONTHLY FLAT RATE SCHEDULE

1. Residences, boarding houses, flats, lodging houses, apartments, of five rooms and less-----	\$1.35
For each additional room-----	.10
Additional for each bathtub-----	.25
Additional for each toilet-----	.25
Additional for each private garage and one automobile-----	.25
Additional for each private barn and one head of stock----	.25
Additional for each automobile or head of stock over one--	.20
2. Sprinkling or irrigation of lawns, gardens, shrubbery, etc., when taken continuously throughout year, per 100 square feet-----	.03
Sprinkling or irrigation of lawns, gardens, shrubbery, etc., when not taken continuously, per 100 square feet during month water is actually used-----	.07
3. Blacksmith shops, machine shops, lumber yards, printing offices, bakeries, undertaking parlors, grocery stores, theatres, warehouses, meat markets, drug stores, billiard parlors-----	1.50
4. Ice cream parlors, soda fountains and saloons, either alone or in connection with other business-----	1.50
5. Banks, professional offices, fraternal halls, club rooms, shoe shops, stores and offices not otherwise listed-----	1.25
6. Restaurants, lunch counters, per unit of seating capacity- Minimum charge-----	.10 2.00
7. Barber shop, per chair----- Additional for each bathtub-----	1.00 1.00
8. Laundries, according to use-----	\$3.00 to 5.00
9. Railroad use, water motors, schools, according to use-----	\$5.00 to 8.00

10. Hotels:		
	Dining room-----	\$ 2.50
	Bedrooms, each-----	.10
11. Public garages, 5 automobiles or less-----		2.50
	For each additional automobile over 5-----	.25
12. Stables and feed yards, per average number of stock fed per month, each-----		.25
	Private barn or garage, in connection with stores, hotels, etc., for each automobile or head of stock	.25
13. Additional for each bathtub, toilet and urinal in 3 to 12, inclusive-----		.25
14. Plumas County Court House-----		28.00
15. Plumas County High School-----		19.00
16. Minimum monthly charge for each service connection-		1.25
17. Fire hydrants, subject to agreement by and between Quincy Fire District and Quincy Water Works.		

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In Decision No. 18662, dated July 21, 1927, this Commission fixed a rate base of \$32,030 for the then existing properties. Subsequent thereto, applicant has expended \$4,364 in additional capital installations. These betterments embrace a well and pumping plant, connecting mains and the new Boyle Reservoir. The operating revenues and expenses for the year 1930 as presented by applicant were \$5,223 and \$3,875, respectively, the net operating revenue being \$1,348. The results of operation for 1930 showed a return of 3.7 per cent on a rate base of \$36,394. The evidence indicated that the necessity of operating the pumping plant for approximately six months of the past year, together with the higher taxes, has resulted in an increase over the former 1930 operating expenses of approximately \$800 per year.

Because of the continuous succession of abnormally dry years which has characterized the climatic conditions in this section of California, the supply from the springs failed and, in

order to provide sufficient water to meet the demands of the consumers and for fire protection purposes, it became necessary to install a well and pumping plant. The testimony of the consumers in connection with the shortage of water was to the effect that not only has an insufficient and inadequate supply existed during 1931 but there has been a shortage each summer for several years last past, resulting in serious damage to their lawns and gardens since it became necessary to restrict and curtail the use of water for irrigation purposes during the summer.

Protestants presented a tabulation setting forth the annual reports of the company filed with the Commission and requested that these reports and the results of operation set out therein be considered and used by the Commission as the sole basis for the establishment of the rates. The reports for a three-year period are as follows:

	<u>1928</u>	<u>1929</u>	<u>1930</u>
Capital Installed	\$24,994	\$24,994	\$25,694
Operating Revenue	\$ 5,185	\$ 5,086	\$ 5,223
Operating Expense	<u>3,074</u>	<u>2,980</u>	<u>3,875</u>
Net Operating Revenue	\$ 2,111	\$ 2,106	\$ 1,348
Return	8.4%	8.4%	5.3%

However, the evidence shows that these reports did not set out the true financial results of operation of the property, being in many instances incomplete and not reflecting the extra costs made necessary for the operation of the pumping plant.

The testimony of D.H. Harroun, one of the Commission's engineers, showed that the additional capital installed since the last proceeding before this Commission would increase the rate base

to \$36,394 and that the corresponding depreciation annuity would be \$431. The operating revenue for the year 1930 was \$5,223 and the readjusted operating expenses for the same period amounted to \$3,175. The principal revision in this latter item was the result of the elimination of \$700 expended in constructing Boyle Reservoir which had been allocated improperly to operating expenses instead of capital. Future operating expenses were estimated by the Commission's engineer to be \$3,900, including depreciation. The results of operation based on the above revised figures show a net operating revenue of \$1,286, equivalent to a return of 3.5 per cent on the above rate base of \$36,394. Analysis of the evidence, however, indicates that the extremely prolonged pumping demands which the above estimate apparently contemplated are not likely to recur each year and for this reason it appears that the sum of \$3,650 is a more reasonable allowance for the average annual operating expenses for the immediate future.

After considering all of the evidence submitted in this proceeding, it is clear that applicant is entitled to some readjustment in rates, principally by reason of the additional expenditures for lands, well and pumping equipment and their operation and maintenance, installed at the urgent insistence of the community to insure an adequate water supply at all times. The increased rate will produce sufficient funds to assure an adequate supply of water at all times of the year on a flat rate basis. The consumers have expressed a desire to continue to receive flat rate service which necessarily must require larger facilities for production and distribution than where the use of water is controlled by meters. It is apparent that the charges rendered at flat rates will be greater where a portion of the demand must be furnished by pumping from

underground sources.

ORDER

Grace Webb, doing business under the fictitious name and style of Quincy Water Works, having applied to the Railroad Commission for an order establishing present rate base and readjusting rates for water service furnished to consumers in the town of Quincy, Plumas County, public hearings having been held thereon, the matter having been submitted and the Commission being now fully informed in the premises,

It is hereby found as a fact that the rates and charges of the Quincy Water Works for water delivered to consumers in the town of Quincy, in so far as they differ from the rates herein established, are unjust and unreasonable and that the rates and charges herein established are just and reasonable rates to be charged for the service rendered, and

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

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Quincy Water Works be and it is hereby authorized and directed to file with this Commission, within twenty (20) days from the date of this Order, the following schedule of rates, said rates to be charged for all service rendered subsequent to the 1st day of May, 1932:

MONTHLY FLAT RATE SCHEDULE

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| 1. Residences, boarding houses, flats, lodging houses, apartments, of five rooms and less----- | \$1.75 |
| For each additional room----- | .10 |
| Additional for each bathtub----- | .25 |
| Additional for each toilet----- | .25 |
| Additional for each private barn and one head of stock---- | .25 |
| Additional for each head of stock over one----- | .20 |

2.	Sprinkling or irrigation of lawns, gardens, shrubbery, etc., when taken continuously throughout year, per 100 square feet-----	\$.03
	Sprinkling or irrigation of lawns, gardens, shrubbery, etc., when not taken continuously, per 100 square feet during month water is actually used-----	.07
3.	Blacksmith shops, machine shops, lumber yards, printing offices, bakeries, undertaking parlors, grocery stores, theatres, warehouses, meat markets, drug stores, billiard parlors-----	1.75
4.	Ice cream parlors, soda fountains and saloons, either alone or in connection with other business-----	1.75
5.	Banks, professional offices, fraternal halls, club rooms, shoe shops, stores and offices not otherwise listed-----	1.75
6.	Restaurants, lunch counters, per unit of seating capacity-----	.10
	Minimum charge-----	2.00
7.	Barber shop-----	2.00
	Additional for each extra chair-----	1.00
	Additional for each bathtub-----	1.00
8.	Laundries, according to use-----	\$3.00 to 10.00
9.	Railroad use, water motors, schools, according to use-----	\$5.00 to 8.00
10.	Hotels:	
	Dining room-----	2.50
	Bedrooms, each-----	.10
11.	Public garages, five automobiles or less-----	2.50
	For each additional automobile over five-----	.25
12.	Stables and feed yards, \$2.00 per average number of stock fed per month, over eight each-----	.25
	Private barns in connection with stores, hotels, etc., for each head of stock-----	.25
13.	Additional for each bathtub, toilet and urinal in 3 to 12, inclusive-----	.25
14.	Plumas County Court House-----	28.00
15.	Plumas County High School-----	19.00
16.	Minimum monthly charge for each service connection-----	2.00
17.	Fire hydrant rate subject to agreement by and between Quincy Fire District and Quincy Water Works.	

MEASURED RATES

Minimum Monthly Charges:

5/8-inch meter-----	\$ 1.60
3/4-inch meter-----	2.25
1-inch meter-----	3.00
2-inch meter-----	5.00
3-inch meter-----	9.00
4-inch meter-----	15.00

Each of the foregoing "Minimum Monthly Charges" will entitle the consumer to the quantity of water which that minimum will purchase at the "Monthly Quantity Rates" set out below.

Monthly Quantity Rates:

First 600 cubic feet, or less-----	\$ 1.60
Next 1,400 cubic feet, per 100 cubic feet-----	.20
Next 2,000 cubic feet, per 100 cubic feet-----	.15
Next 2,000 cubic feet, per 100 cubic feet-----	.12
Over 6,000 cubic feet, per 100 cubic feet-----	.10

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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 4th day of April, 1932.

Ch. Scammy
Leon A. Whittell
M. J. Lewis
W. B. Hayes
Fred C. Stewart
Commissioners.