

Decision No. 10174.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of MAUDE E. STINSON, LILLIAN R.)
HENSILL, EVE STINSON FITZHENRY,)
MARCEL IDELLA SKINNER and NEWMAN)
L. FITZHENRY, for an order re-)
vising water rates at Stinson)
Beach, Marin County, California.)

ORIGINAL

Application No. 7016.

Newman L. Fitzhenry, for applicant.
R. J. Airey, in propria persona.
B. Ohlson, in propria persona.
Charles Robinson, in propria persona.

BY THE COMMISSION.

O P I N I O N

Maude E. Stinson et al., applicants in the above entitled matter, own and operate a public utility water system, which supplies water for domestic purposes to the inhabitants of Stinson Beach, also known as Willow Camp, Marin County.

The application alleges in effect that since the establishment of the present rates in December, 1915, the population of the territory has so greatly increased that the rates no longer apply to present conditions, but are discriminatory and incapable of fair application, and that increased growth of the community has made necessary the expenditure of a considerable sum of money to enlarge and improve the system. The Commission is therefore asked to readjust the rates upon the basis of a reas-

enable return upon the actual investment in the system, exclusive of the watershed lands, water rights and other intangible values, together with proper allowances for maintenance and operating costs and depreciation.

A public hearing in this matter was held before Examiner Geary at Stinson Beach. All interested parties were duly notified and given an opportunity to be present and to be heard.

The water supply of this system is obtained from a small stream flowing through the Stinson Ranch, and is diverted by means of a rock-filled dam, whose upstream surface and a part of the stream bed are concrete lined, thus making a storage reservoir of approximately 20,000 gallons capacity. From this reservoir water is distributed by gravity through approximately 10,000 feet of pipe lines, the majority of which is 2 inches in diameter and smaller. For a more detailed history and description of this system reference is hereby made to Decisions Nos. 3000, 8170 and 8721, covering matters involving this utility and previously passed upon by this Commission.

During the year 1921 there were 59 consumers, some of whom, however, had more than one service or had two or more cottages or apartments supplied from the same service connection, making approximately 80 houses, cottages or tents from which revenues were derived.

The rates now charged by the applicant were fixed by the Commission in Decision No. 3000, decided December 24, 1915. In this decision the Commission stated among other things that the rate schedule established was designed to yield a fair return to the applicant on the physical properties, allowing for a reasonable operation and maintenance cost and also depreciation, excluding however at the request of applicant any consideration of the

value of watershed lands, riparian rights and water rights.

Present rates are as follows:

1. For cottages of one room, where the land occupied by the cottage and the land irrigated do not exceed 1500 square feet, per annum. . \$4.00
2. For all other residences, where the land occupied by the house and the land irrigated together do not exceed 7500 square feet per annum. 6.00
3. For each additional 1000 square feet of land irrigated per annum.30
4. For hotels the following schedule:
For the dining room, per annum 5.00
For the bar room, per annum. 3.00
For each bed room (which term shall include rooms in cottages connected with the hotel which are not supplied with house-keeping facilities), per annum50
5. For stage or livery stables, per annum 6.00

The above rates are payable in advance for each calendar year.

It appears from the testimony presented that no charges have been made in the past for water supplied to Willow Camp, a summer resort and camping ground owned by Mr. Fitzhenry, one of the applicants herein. Mr. Fitzhenry claims that this free service was more than offset by his services as manager of the utility, for which no charge was made. In order to remove discrimination, charges for the service to Willow Camp should be made in the same manner as for service to any other consumer. On the other hand, reasonable charges for Mr. Fitzhenry's services are legitimate and should be allowed.

No appraisal of the property was presented on behalf of the applicant other than the statement in the application to the effect that the sum of \$1,849.43 has been expended in 1920 and 1921 for improvements to the system and that further expenditures will be required in the immediate future for the installation of necessary storage facilities.

A report was submitted by Mr. M. R. MacKall, one of the Commission's hydraulic engineers, which shows an estimated original cost of the system, exclusive of watershed lands, riparian rights and water rights, amounting to \$3,600; a depreciation annuity, computed by the sinking fund method, of \$38; and which recommends an allowance of \$305 for annual maintenance and operating expense.

Certain consumers raised the question as to the propriety of including the entire cost of the new pipe lines installed in 1920 and 1921 in the rate base, in view of the fact that the applicant, being also in the real estate business in the community served by this utility, would necessarily benefit by the appreciated value of the land so served. In this regard it is sufficient to say that, as the entire distribution system is handicapped by small-sized mains, the new pipe lines not only relieve the heavy demands on the other mains, thereby providing better service, but also serve several consumers formerly supplied by other pipe lines.

The installation of additional storage facilities and the placing of meters on the larger water users will practically eliminate the past difficulties of water shortage and the inadequate service which frequently occurred in summer during Sundays and holidays. For this reason it appears that the sum of \$900 should be added to the estimated original cost of \$3,600 in order to permit the installation of these necessary improvements. This addition to the estimated original cost of the system will result in an increase of the depreciation annuity to \$48.

The following is a summary of the annual charges outlined above:

Return on \$4,500 at 8%	\$360
Replacement Fund.	48
Maintenance and Operation Expense.	305
Total.	<u>\$713</u>

Revenues for the year 1921, based upon the collection of es-

tablished rates from all consumers, are estimated from the testimony presented as approximately \$600.

It is apparent that the present rates do not yield an adequate return and that a readjustment of rates should be made. The schedule established in the following order is designed to produce revenues approximately equal to the annual charges above set out.

O R D E R

Maudie E. Stinson, Lillian R. Hensill, Eve Stinson Fitzhenry, Mabel Idolla Skinner and Newman L. Fitzhenry having made application as entitled above, a public hearing having been held thereon, and the matter having been submitted,

It Is Hereby Found as a Fact that the rates now charged by applicants herein for water supplied to consumers in Stinson Beach and vicinity 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 such service.

And basing the order upon the foregoing finding of fact and upon the statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that applicants herein be and they are hereby authorized and directed to file with this Commission within twenty (20) days from the date of this order the following schedule of rates for water delivered to consumers in Stinson Beach and vicinity, effective for water supplied subsequent to March 31, 1922:

RATE SCHEDULE

1. For cottages of one room, where the land occupied by the cottage and the land irrigated together do not exceed 1500 square feet, per annum. \$5.00

2. For residences where the land occupied by the house and the land irrigated together do not exceed 7500 square feet, per annum \$7.50
3. For tents or cottages fitted with running water, used as auxiliary living quarters or rented for profit, when not served by direct connection from mains, per annum. 3.00
4. For each additional 1000 square feet of land irrigated, per annum30
5. Service for the year 1922 shall be paid for upon the basis of three months at the rates now in effect and nine months at the rates herein established.
6. Water for all purposes for establishments not herein specified, including hotels, restaurants, stores, Willow Camp, etc., to be charged for at meter rates.
7. Meters may be installed at the request of any consumer or at the option of the utility.

RESTRICTED USE

Annual charge, payable in advance, entitling consumer to a maximum of 300 cubic feet of water per month during the calendar year . . . \$7.20

MONTHLY QUANTITY RATES

First 300 cubic feet, per 100 cubic feet	\$0.20
Next 1700 " " " " " " " " " " " " " " " "	0.10
All use over 2000 cubic feet, per 100 cubic feet .	C.C6

IT IS HEREBY FURTHER ORDERED that the collection of the rates set out in the foregoing schedule is expressly conditioned upon the installation by applicants herein of additional storage facilities of a capacity of not less than 40,000 gallons, such storage facilities to be so connected with the distribution mains that the entire system will derive the benefit thereof, and to be installed and in operation in a manner satisfactory to the Commission on or before the first day of May, 1922.

IT IS HEREBY FURTHER ORDERED that applicants herein be and they are hereby directed to file with this Commission within thirty (30)

days from the date of this order, rules and regulations to govern relations with their consumers, such rules and regulations to become effective upon their acceptance by this Commission.

Dated at San Francisco, California, this 11th day of March, 1922.

H. B. Brundage
A. D. Loveland
James Martin
Charles H. Keweenaw
W. F. Anderson
Commissioners.