

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of the RIVERDALE WATER COMPANY)
for an order authorizing increase)
of water rates.)

Application No. 7898.

Ernest Klette, for applicant.

BY THE COMMISSION:

O P I N I O N

The applicant in the above entitled matter, doing business under the fictitious name of Riverdale Water Company, is a public utility owned by the estate of R. T. Barritt, deceased, and operated by B. F. Barritt, executor. This company furnishes water for domestic and commercial purposes to the inhabitants of Riverdale, Fresno County.

The application in this proceeding alleges that the present rates charged for water service are not adequate to yield a reasonable rate of interest upon the investment and are insufficient to enable the applicant to make necessary extensions of mains and improvements to meet the growing service demands. The Commission is therefore asked to grant an increase of twenty-five per cent. in the water rates, or such other increase as may be considered just and reasonable under the circumstances, in order to enable applicant to make said improvements and also receive a reasonable

return upon the capital invested.

A public hearing was held in this matter before Examiner Satterwhite at Riverdale. All interested parties were given an opportunity to be present and to be heard.

The water supply for this system is obtained by pumping from three drilled wells, two of which are 5 inches in diameter and 66 feet deep and the third 8 inches in diameter and 150 feet deep. Water is stored in a 5000 gallon galvanized iron tank elevated about 40 feet above the ground surface. There are two 2-inch single stage centrifugal pumps, direct connected to 5 horse power electric motors which are controlled by automatic float switches. The distribution system consists of approximately 8155 feet of standard screw, galvanized iron pipe, 595 feet of which is 4 inch, 5000 feet is 2 inch and the remainder $1\frac{1}{2}$ inch pipe.

There are no meters on this system. On July 1, 1922, there were 78 active services.

The present rates were fixed by R. T. Barritt in 1912 and are as follows:

MONTHLY FLAT RATES

Single rooms with one tap.	\$1.00
Residence with no lawn.	1.35
Residence with lawn and garden.	1.60
Livery stables.	2.50
County service and water trough	5.00
Railroad station.	5.00

A report was submitted by Mr. M. R. MacKall, one of the Commission's hydraulic engineers, which shows an appraisement of this plant, based upon the estimated original cost, amounting to \$4,998, a replacement annuity of \$77 computed by the 6% sinking fund method, and recommending as reasonable an allowance of \$800 for maintenance and operating expenses. No appraisal of the water utility property of this plant was submitted by the applicant.

A consideration of the evidence leads to the conclusion that the estimates submitted are fair and they will be used for the purposes of this proceeding. Following is a summary of the annual charges outlined above:

Return at 8% on \$4,998.	\$400
Replacement fund,	77
Maintenance and Operation Expenses.	800
Total	<u>\$1,277</u>

Revenues collected for the twelve months' period ending June 30, 1922. . \$1,531

It appears from the foregoing figures that the applicant is at present realizing slightly more than the annual charges. It necessarily follows, therefore, that the present rates are not yielding an inadequate return upon the investment over and above the costs of maintenance, operation and depreciation. However, the evidence indicates that at certain periods of the summer months the pressure afforded by the present storage tank is insufficient to render proper service to the consumers located in the outlying districts. This condition is to be remedied by the installation of an additional storage tank having a capacity of 30,000 gallons. The cost of erection of this tank and the installation of a few meters will augment the annual charges so that they will more closely approximate the revenues receivable.

The present flat rate schedule will therefore be allowed to remain in full force and effect, and in addition thereto a meter rate will be authorized which will enable applicant to conserve water and thereby reduce pumping expenses by installing meters on any services where consumers have displayed a tendency to be careless or wasteful in the use of water, or in case a consumer should prefer to receive measured service.

The applicant is laboring under a misapprehension in requesting an increase in rates sufficient to provide capital for extension

of mains and improvements to the plant. Rates are established by this Commission upon the fair value of the used and useful property dedicated to the public use and reasonably necessary for such service, considering also the necessary and proper allowance for operating and maintenance costs and a proper replacement annuity. The raising of funds for financing extensive improvements and enlargements of a system must be accomplished through the usual channels.

O R D E R

The Riverdale Water Company having made application to the Railroad Commission as entitled above, a public hearing having been held and the matter having been submitted,

It Is Hereby Found as a Fact that the present rates charged by applicant are compensatory and remunerative and that the rates herein established for metered water service are just and reasonable rates for such service.

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:

1. That the application of the Riverdale Water Company for authority to increase rates and charges for water service be and it is hereby denied;

2. That the Riverdale Water Company be and it 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 its consumers in Riverdale, Fresno County, the new meter rates to become effective for all service rendered after October 1, 1922:

(a) The schedule of flat rates now in effect.

(b) MONTHLY METER WATER RATES

First 500 cubic feet or less.	\$1.25
From 500 cu.ft. to 1500 cu.ft., per 100 cu.ft.20
All over 1500 " " " " " " " "15

Meters may be installed at the request of any consumer or at the option of the utility.

IT IS HEREBY FURTHER ORDERED that the Riverdale Water Company be and it is hereby directed to file with the Railroad Commission within thirty (30) days from the date of this order a complete schedule of rules and regulations governing the distribution and sale of water to the consumers supplied by it, said schedule to be effective on the date of its acceptance by the Commission.

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

H. A. Brundage
Dwight M. Mason
Chas. H. [unclear]
J. J. [unclear]
Commissioners.