Decision No. 11239.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of the RIVERBANK WATER COMPANY for permission to reduce water rates.

Application No.7975

C. L. Flack for Applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Riverbank Water Company, a public utility engaged in the service of water to the inhabitants of Riverbank and Hughson, Stanislaus County, asks authority to increase its monthly minimum charge from One Dollar ($1.00) to One Dollar and Twenty-five cents ($1.25) for 400 cubic feet of water and to reduce the charge for all water used in excess of this minimum amount to 7½ cents per 100 cubic feet. The applicant believes that by making this adjustment the residents of Riverbank and Hughson will be induced to put in lawns and gardens and otherwise beautify the towns, thereby increasing the use of water and the income derived therefrom, eventually making up for any loss incurred by reason of the requested adjustment.

Attached to the application was a petition signed by prac-

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tically every consumer in both Riverbank and Hughson, requesting that authority for the change be granted.

A public hearing in this matter was held in Riverbank before Examiner Satterwhite, of which all consumers were notified and given an opportunity to be present and be heard.

The Riverbank Water Company was incorporated in 1911 for the purpose of serving water to the then unincorporated town of Riverbank, and the system was installed during the same year. The Hughson system was installed about the same time and was acquired by the Riverbank Water Company in 1914, by authority of the Commission in Decision No. 1735, dated August 14, 1914.

Water in both towns is obtained from wells, from which it is elevated to storage tanks by pumping and then distributed to the users by gravity.

The company has about 354 consumers, including two large industrial users, The Atchison, Topeka and Santa Fe Railway at Riverbank and the Hughson Condensed Milk Company at Hughson, each using over 300,000 cubic feet of water per month. A contract has been entered into with these two consumers whereby they are given an unauthorized rate of 4½ cents per 100 cubic feet, because of their large use of water.

At the hearing applicant did not present an appraisal of the system but relied upon a book value of $60,036.21 as an indication of the cost of the system. Reference was also made to the annual reports of the company filed with the Commission, for past maintenance and operating cost.

Mr. R. H. Nicholson, one of the Commission's hydraulic engineers, submitted a report based upon a field investigation of the system and of the company's records, showing the estimated original cost of the system to be $67,252.00, a replacement an-

nuity computed upon the 6% sinking fund basis of $1,214.00, and a reasonable amount for maintenance and operation expense to be $9,605.00.

The difference in the book value of the system and the estimate submitted by the Commission's engineer appears to be due to omissions in the books, as the company records are not entirely complete. There were no objections made to the estimate submitted by Mr. Nicholson.

Annual charges, based upon the figures of the Commission's engineer, are as follows:

Return on $67,252 @ 8%.	$5,380
Depreciation annuity.	1,214
Maintenance and operation expense .	9,605
Total.	$16,199

The rates now charged are as follows:

First	400	cubic feet (minimum charge)	$1.00 per mo.
Next	2000	" " per 100 cu.ft.	.15 " "
All over	2400	" " " 100 " "	.10 " "
For	70000	" " or more of water used in one calendar month through one service by one consumer	.07½ per 100 c.f.
Unauthorized contract rate charged The A. T.& S.F.Ry. and the Hughson Condensed Milk Company.			.04½ " " "

The revenue from the sale of water in 1919 was $14,572.11; in 1920, $14,244.97; in 1921, $14,121.42. It is estimated that the revenue for 1922, at the present rates, will be approximately $16,000, which is nearly the amount of the annual charges indicated above.

The rates requested by the company in Application No.7975 are as follows:

First	400	cubic feet (minimum charge)	$1.25 per mo.
All over	400	" " per 100 cu.ft.	.07½ " "

At the hearing it was requested that the Commission authorize a flat rate of 4½ cents for The Atchison, Topeka and Santa Fe Railway and the Hughson Condensed Milk Company.

The Commission's engineer estimated that the rates requested would have the effect of decreasing the yearly income of the company by approximately $900. However, such a schedule of rates as requested would not be equitable in that the small consumer would be called upon to pay an unjust rate in comparison to that paid by the larger consumers. A lower minimum with a gradual reduction of rate for larger quantities, such as contained in the schedule now in effect for this company, is far more equitable. The rate schedule set forth in the following order is designed to adjust the inequalities which are evident in the existing schedule, and at the same time to yield annually a sum to the utility which is fair and proper when the present overbuilt condition of the properties is taken into consideration.

O R D E R

The Riverbank Water Company having applied to this Commission for authority to charge certain rates, a public hearing having been held thereon and the matter being now submitted,

IT IS HEREBY FOUND AS A FACT that the rates now charged by the Riverbank Water Company in so far as they differ from the rates herein established, are unjust and unreasonable, and that the rates herein established are just and reasonable rates for water delivered the consumers in Riverbank, Hughson and vicinity.

And basing its order upon the foregoing finding of fact and upon the further statements of fact contained in the opinion preceding this order,

IT IS HEREBY ORDERED that the Riverbank Water Company be and it is hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for water supplied to its consumers, ef-

fective for all water delivered subsequent to November 30, 1922:

MONTHLY CHARGES

First	400 cubic feet.	$1.00 (minimum charge).
Next	2000 " "	.15 per 100 cubic feet.
Over	2400 " " and less than 20000 cubic feet. .	.07½ per 100 cubic feet.
All over	20000 cubic feet.	.04½ per 100 cubic feet.

IT IS HEREBY FURTHER ORDERED that the Riverbank Water Company be and it is hereby directed to file with this Commission within thirty (30) days from the date of this order, rules and regulations to govern its relations with its consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this 16th day of November, 1922.

Commissioners.