

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Decision No. 1559

In the Matter of the Application)
of F. A. CODY, Proprietor of the)
BEN LOMOND WATER WORKS to put a)
Meter Rate into Effect.)

Application No. 1098.

GORDON, Commissioner:

O P I N I O N .

This is an application to establish a rate for metered water service supplied in a summer resort colony at Ben Lomond, Santa Cruz County, California. There is at present no meter rate in effect on applicant's system. Applicant serves water for domestic purposes only, including household use and the sprinkling of lawns, private gardens, streets and roads. The supply of water is secured from the two branches of Marshall Creek and is distributed through about 4 miles of pipe, varying in size from 7" in diameter to 1 1/2" in diameter. There are about 100 service connections, which may be classified as follows:

- 39 continuous users
- 28 transients
- 6 miscellaneous, schools, etc.
- 73 revenue producing services
- 27 non-revenue producing services
- 100 total

The low flow of Marshall Creek was stated to be about 20 miner's inches, giving a supply of 260,000 gallons in twenty-four hours. If an average of 52 services are in use, the daily consumption for each would average 5,000 gallons, which is extremely excessive. Under the flat rates at present in effect, many of the consumers who have maintained gardens and extensive lawns have been extremely wasteful in the use of water. A portion

of the district served called the Sand Hills is considerably higher than the surrounding territory. Due to the extravagant use of water by those living on the lower levels the residents of the Sand Hills have had very poor service, and during certain times in the summer have been entirely without water. Applicant now desires to install meters for his consumers and to put into effect a meter rate.

There is no doubt in my mind but that applicant's system should be metered. The result of metered service is that every one pays for the amount of water used by him, and the tendency is to conserve the water and eliminate wasteful and extravagant use thereof. I believe that in the present case it is entirely proper that applicant should proceed to install meters.

Considering now the meter rate, applicant asks for permission to put into effect the rate of \$1.25 for 4,000 gallons, and 25 cents for each additional 1,000 gallons. Applicant claims that his water system represents an investment of \$15,000. He was unable, however, to give the detailed items going to make up this sum or to explain in any satisfactory way how he arrived at this figure. The Commission's engineers have examined applicant's water system, which may be summarized as follows:

Pipe system,	\$3098
Fittings, valves etc.	174
Flume and intake,	150
Tank,	100
60 acres watershed	<u>4500</u>

Total, - - - \$8022

I believe that the above valuations as found by the Commission's engineering department are entirely reasonable and represent the present value of this system. While it was contended that the Commission should allow \$100 per acre for the 60 acres of watershed, I have deducted from the \$6,000

which would thus result, the sum of \$1500 which applicant received for certain rights to water from this watershed which applicant sold several years ago.

Allowing for an annual maintenance and operation expense of \$510, five per cent for depreciation and a reasonable return on the valuation of the property found by the Commission, I believe that the rate requested by applicant is not properly adjusted and would be too burdensome upon the larger users. I believe that the following schedule of rates will produce the return to which applicant is entitled, and will be more equitable than those requested:

(1) Annual charge of \$6.00 to be paid in advance by each consumer whether the service is metered or not.

(2) In addition to the annual charge of \$6.00, the payment for each month during which water is used shall be as follows:

(a) Metered Service:

\$0.75 for the first 5000 gallons or less.
\$0.15 for each 1000 gallons or fraction thereof used in excess of 5000 gallons and up to 15000 gallons.
\$0.12 for each 1000 gallons or fraction thereof used in excess of 15000 gallons.

(b) Flat Rates:

\$0.75 per month, pending installation of meters, in addition to the annual charge of \$6.00.

Applicant shall install at his own expense 5/8" x 3/4" meters. If a larger meter is demanded by any consumer, the consumer shall deposit a certain sum with applicant prior to the installation of the meter, the sum so deposited to be credited on the monthly water bills of the consumer until the sum has been entirely assumed by applicant, as follows:

Meter	Deposit	Monthly Credit.
1 inch	\$15.00	\$1.25
1½ "	28.00	2.33
2 "	45.00	3.75
3 "	75.00	6.25

I recommend also that applicant be permitted to establish a rule that any consumer not using water or paying the annual charge loses his right to demand water as against other patrons to whom the applicant may commence serving the supply thus made available.

I believe that if the rates and regulations which I have recommended are put into effect the result will be that applicant will receive a reasonable return from this utility business, and also, that the consumers will conserve the source of supply so that the water will be more equitably distributed between the consumers. In fixing these rates and regulations I have been guided by other cases of a very similar character which have been before the Commission. It may be that some minor readjustments will have to be made from time to time. If experience with these rates and regulations shows that they are unreasonable in the present case they may be readjusted from time to time as occasion demands upon application to the Commission.

I recommend herewith the following form of order:

ORDER.

A hearing having been held in the above-entitled matter, and the Commission being fully advised in the premises, the Commission hereby finds as a fact that the value of the property of F. A. Cody, used in serving water in Ben Lomond, Santa Cruz County, California, for the purpose of fixing rates is \$8022.00;

The Commission further finds as a fact that the following is a schedule of just and reasonable rates to be charged by

F. A. Cody for water supplied by him in Ben Lomond, Santa Cruz County, California:

- (1) Annual charge of \$6.00 to be paid in advance by each consumer whether the service is metered or not.
- (2) In addition to the annual charge of \$6.00, the payment for each month during which water is used shall be as follows:

(a) Metered Service:

\$0.75 for the first 5000 gallons or less.
\$0.15 for each 1000 gallons or fraction thereof used in excess of 5000 gallons and up to 15000 gallons.
\$0.12 for each 1000 gallons or fraction thereof used in excess of 15000 gallons.

(b) Flat Rates:

\$0.75 per month, pending installation of meters, in addition to the annual charge of \$6.00.

Based upon the above FINDINGS, IT IS HEREBY ORDERED:

That on and after July 1, 1914, F. A. Cody put into effect the following schedule of rates and charges for water supplied by him in Ben Lomond, Santa Cruz County, California:

- (1) An annual charge of \$6.00 to be paid in advance by each consumer whether the service is metered or not.
- (2) In addition to the annual charge of \$6.00, the payment for each month during which water is used shall be as follows:

(a) Metered Service:

\$0.75 for the first 5000 gallons or less.
\$0.15 for each 1000 gallons or fraction thereof used in excess of 5000 gallons and up to 15000 gallons.
\$0.12 for each 1000 gallons or fraction thereof used in excess of 15000 gallons.

(b) Flat Rates:

\$0.75 per month, pending installation of meters, in addition to the annual charge of \$6.00.

IT IS FURTHER ORDERED, that applicant shall install, at his own cost, for each of the consumers who are permanent residents a 5/8"x 3/4" meter, and shall not be required to meter summer transients except at option. In the event any consumer demands

a larger meter applicant shall install the same upon receipt of a deposit hereafter specified, which deposit shall be credited upon the water bill of the consumer each month as follows:

Meter	Deposit	Monthly Credit.
1 inch	\$15.00	\$1.25
1½ "	28.00	2.33
2 "	45.00	3.75
3 "	75.00	6.25

IT IS FURTHER ORDERED, that applicant be, and he is hereby authorized to establish a rule, effective on and after July 1, 1914, that any consumer not using water or paying the annual charge loses his right to demand water as against other patrons whom the applicant may commence serving with the supply thus made available.

The foregoing OPINION AND ORDER are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 2nd day of June, 1914.

H. D. Lybrand
W. C. Gordon
Max Thelen

Commissioners.