M. R.

Decision No. 2266

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

---oOoOo---

ORIGINAL

EAST BAKERSFIELD IMPROVEMENT ASSOCIATION,

Complainant,

-vs-

BAKERSFIELD WATER COMPANY,

Defendant.

Case No. 713.

---oOoOo---

E. J. Emmons, for Complainant,
E. L. Foster, for defendant.

LOVELAND, Commissioner.

O P I N I O N

On the 27th day of February, 1914 the City of Bakersfield voted its jurisdiction over public utilities to this Commission.

The East Bakersfield Improvement Association filed a complaint on October 23rd, 1914 against the rates and practices of the Bakersfield Water Company.

Plaintiff is an association composed of over 100 members who are supplied with water for domestic and irrigation purposes by the defendant company.

Defendant was incorporated on the 24th day of November, 1911 and is engaged as a public utility in furnishing water for domestic purposes to the inhabitants of that portion of the City of Bakersfield known as East Bakersfield.

Defendant acquired its water system in December, 1911 from the Sumner Water Company, which latter had operated for some thirty years and had allowed the system to badly deteriorate. Since acquiring the system, the present company has improved the system by installing larger and better mains. The source of supply of this

266

system is wells located within the City of Bakersfield, and water is pumped directly into the distribution system and any surplus of pumped water over use goes into two 50,000 gallon tanks, which act as a safety valve to the system.

A public hearing was held in this case on March 2nd, 1915.

Plaintiff alleges in effect:

(1) Inadequate and deficient service.

(2) That defendant arbitrarily raised the monthly rate.

(3) Unjust and unreasonable rates.

(4) Unreasonable rules and regulations.

I shall consider these complaints in turn.

(1) Inadequate and deficient service. This was investigated in considerable detail in testimony and from the evidence I am of the opinion that the waste of water by consumers is the cause of the complaint. This system is practically unmetered and unless a very rigid inspection system is maintained, the waste of water will be large and undoubtedly under this system the people have become careless and waste large quantities of water. Defendant contends that it is the duty of the consumers to conserve the water and the complainant contends that the company should enforce rules preventing waste or that a measured service should be required which would necessitate the installation of meters.

From data available of the results of metering in other cities and from a few specific instances on this system, I am of the opinion that the average consumption per capita would be reduced some 60 per cent and the maintenance and operation costs would be reduced.

In this case metering the entire system appears to be the logical method to improve service. I, therefore, recommend to the defendant that he install meters as expeditiously as his financial condition will admit.

(2) That defendant arbitrarily raised the monthly rate. Defendant admits that during August, 1914 it measured lawns and made a general survey of the extent of property upon which the monthly charges for water are made on the flat rate basis. This survey increased the average monthly bill per consumer some 12 percent. Under the rates on file with this Commission, the defendant manifestly has the right to base the monthly charge for water on existant property and were within their rights in so doing. However, the basic principle of charging for water by the flat rate method is unjust to both consumer and water company and a method whereby the quantity used is measured is the only fair and equitable method for the sale of water.

(3) The rate. The present rates were fixed by the Board of Trustees of the City of Bakersfield in Ordinance No. 230 and became effective July 1st, 1913.

At the hearing the Commission's engineering department submitted a valuation, of this system, which shows a present value of $81,901 and an annual depreciation of $2,676. No other valuation was submitted and no exception was taken to any of the items of valuation submitted by the Commission's engineer. I find the aforementioned sums to be fair and reasonable sums upon which the defendant should receive a return in rates.

Considerable evidence was submitted in regard to the annual charge for Maintenance and Operation.

The books of the Company show the following:

Operating Labor,	$ 3575
Fuel and Power purchased,	6524
Pumping Station supplies and expenses,	58
Repairs to Pumping Station Equipment,	396
Repairs to source of supply,	246
Distribution System, Labor and Expenses,	42
Repairs to Transmission and Distribution System,	401
Repairs to Services,	237
Repairs to building and equipment,	49
Collection and Promotion of Business,	1173
General Officers' and Clerks' salaries,	3480
Legal Expenses,	100
Miscellaneous General Expenses,	141
Insurance,	157
Taxes,	2020
TOTAL MAINTENANCE AND OPERATION,	$18590

I am of the opinion that the salaries paid for labor and the overhead charges are excessive for a plant of this size. The evidence shows a monthly payroll of $690 and that one man receiving a salary of $200 per month and another receiving a salary of $150 per month were employed in digging ditches for services, making small repairs and doing work that an ordinary day laborer could perform.

I cannot express too strongly my disapproval of a public utility which claims it is not receiving an adequate return on investment and cannot install needed improvements and yet pays excessive salaries to its officials.

After carefully considering the evidence, I find that $15,490 is a fair and reasonable sum to be allowed annually for the expenses of maintenance and operation of this system.

The following is the annual revenue which defendant is entitled to earn:

Return on value of property,	$ 6552,
Depreciation,	2676,
Operation and Maintenance (including taxes)	15490,
Total,	$24718

The operating revenue for 1914 as shown by the books of the Company is shown in the following tabulation:

OPERATING REVENUE - 1914.

	JAN.	FEB.	MCH.	APR.	MAY	JUNE	JULY	AUG.	SEPT	OCT.	NOV.	DEC.
Flat Rates,	$2201	$2188	$2214	$2339	$2234	$2276	$2322	$2308	$2564	$2424	$2409	$2213
Meter Rates,	0	0	0	0	0	75	75	78	103	120	190	194
Totals,	$2201	$2188	$2214	$2339	$2234	$2351	$2400	$2386	$2667	$2544	$2599	$2407

TOTAL

Flat Rates,	$27,692,
Meter Rates,	838
Totals,	$28,530

The Southern Pacific Railroad is at present testing this company's water for use in their engines and if satisfactory will purchase water for its plant and rolling stock from this company. At present, there is no method of estimating the income that may be derived from this source.

A resurvey of the extent of property of the consumers was made in August and it was testified at the hearing by Mr. Fairfax Williams, Secretary and Treasurer of the Bakersfield Water Company that the resurvey had increased the income approximately 12%, and this per-

centage is the average increase per month as shown by the preceding tabulation. Applying this percentage, the total annual income under present rates will be $30,727, and it seems fair to assume that the income for 1915 and subsequent thereto will under present rates at least equal this sum.

No charge is made at present to the City of Bakersfield for fire service. I believe that the City should bear its just and reasonable share of the expenses of this system, and although it is difficult in this case to accurately fix a rate which should be charged, I will recommend a rate such as has been fixed under similar conditions.

I am of the opinion that it is to the best interests of both complainant and defendant that this system be metered, and I recommend that the company be required to install a meter at the demand of any consumer, but that the consumer be required to deposit with the Water Company the amount fixed, in the rules and regulations attached hereto and that said amount be rebated to consumer in water bills. I will not, however, recommend that the defendant be required to meter the entire system at this time, but will recommend to the defendant that it proceed to install meters as expeditiously as its financial condition will admit.

The rates charged for water by the Bakersfield Water Company are some 30% higher than the rates charged by the Kern County Canal & Water Co. in the City of Bakersfield and from the evidence set out in this opinion, I will recommend that the existing flat rates of the defendant company be reduced 20%.

I submit herewith the following form of order:

O R D E R.

Complaint having been made by the East Bakersfield Improvement Association against the rates and practices of the Bakersfield Water Company, and a public hearing having been held, and the Commission being fully apprised in the premises,

IT IS HEREBY FOUND AS A FACT by the Railroad Commission of

the State of California that the rates and rules and regulations of the Bakersfield Water Company insofar as they differ from the rates and rules and regulations herein found reasonable, are unreasonable and unjust, and the rates, rules and regulations set out in Exhibit "A" attached hereto and made a part hereof, are hereby found to be just and reasonable rates and rules and regulations for the distribution of water by the Bakersfield Water Company to its consumers, and basing its order on the foregoing findings of fact and the further findings of fact set out in the opinion preceding this order,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that the Bakersfield Water Company put into effect the rates, rules and regulations herein found to be reasonable and fully set out in Exhibit "A" attached hereto and made a part hereof, within thirty days from the date of this order.

IT IS FURTHER ORDERED that, in establishing the above mentioned rules and regulations, it is especially understood that the approval of the Commission of these rules and regulations is based upon the conditions surrounding this case, and is not to be considered as establishing any principle to be observed in other applications or cases.

IT IS FURTHER ORDERED that the above mentioned rules and regulations may be changed and amended from time to time by the Bakersfield Water Company, but that the approval of this Commission will have to be obtained before such amendments or changes shall become effective.

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 31st day of March, 1915.

Commissioners.

EXHIBIT "A".

RULES AND REGULATIONS.

BAKERSFIELD WATER COMPANY

---oOoOo---

RULE NO. 1:-

Before water is supplied to any premises, written application therefor, on blanks furnished by the company, must be made to the company by the person desiring water.

RULE NO. 2:-

Meters (if any) and services shall be installed to the curb line or property line of the applicant's premises at the company's expense. Domestic service connections shall consist of 3/4 inch pipe and a 5/8 inch meter. At the option of the company or request of the consumer, larger connections and meters may be installed, and if at the consumer's request, deposit may be required as provided in rule 3.

RULE NO. 3:-

When an application is made by a consumer requiring the installation of a meter, a payment in advance will be required of the applicant and credited monthly on the books of the company at the rate of one-twelfth of the amount deposited, to apply on water bills until all has been credited. Such deposits and credits shall be as follows:

	Deposit	Credit per mo.
5/8" Meter,	$12	$1.00
3/4" "	15	1.25
1" "	21	1.75
1½" "	36	3.00

RULE NO. 4:-

When a person desires that an extension be made, he shall make a written application to the company on blanks to be furnished by the company. For each actual dwelling place demanding service on a proposed extension the company will, at its own expense, provide 100 lineal feet of such extension. Until further notice, the company will ask in advance the following prices per foot of extension beyond the 100 feet: 2 inch, 20 cents; 2½ inch, 25 cents; 3 inch, 30 cents; 4 inch, 40 cents. Should the company desire, looking to the probable increase of business or the most practicable construction for the general system, to lay a main larger than necessary for the immediate demand, the difference in cost will be borne outright by the company. When one-tenth of the gross receipts from water sales on the extension, averaged over four months, is sufficient to pay one half per cent per month interest on the cost of the extension, the deposit will be refunded.

RULE NO. 5:-

No allowance will be made in water rates by reason of non-occupation of the premises where the water is supplied unless the Company has been notified to shut off the water from such premises.

RULE NO. 6:-

All water rates, except meter rates, are due and payable monthly in advance on the first of each month. In all cases of the non-payment of the water rate, notice may be given that the

supply will be shut off, and five days after such notice has been given, if the bill has not been paid, the supply will be cut off and the water will not again be let on, except on the payment of the amount due, together with the sum of one dollar.

Where a meter is installed a deposit of $5.00 may be required at the discretion of the company, before commencing service as a guarantee of payment of bills. Deposit will bear interest at the rate of 5% simple interest annually and will be returned at the end of 12 months continuous service or at the discontinuance of service upon application of the consumer.

The deposit will be applied upon payments in arrears.

RULE NO. 7:-

No person shall obstruct the free and direct access by any officer, agent, or employee of the company to any part of its water system or interfere with or obstruct any such officer, agent, or employee in the discharge of his duties.

RULE NO. 8:-

No person shall alter, remove or interfere with any structure or apparatus constituting a part of this company's system.

RULE NO. 9:-

No consumer shall provide water regularly to any person, company or corporation other than the occupant or occupants of the premises of said consumer, except where such parties cannot reasonably be connected with the system of this company, nor shall any consumer knowingly permit leaks, waste of water or conditions to exist which may be detrimental to a meter or service connection.

RULE NO. 10:-

No one except a properly authorized agent of the company shall turn water on any property without a written permit, signed by the superintendent or other authorized officer of the company. Any plumber or other person connecting with service pipes may turn the water on at the cut-off cock to test the pipe, but in all cases must leave the water turned off. The water will then be turned on by an authorized agent of this company if application for same is made by the consumer at the office of this company.

RULE NO. 11:-

All consumers must keep service pipes, cocks and faucets in good order and free from leakage and must not allow any water to run to waste.

RULE NO. 12:-

The superintendent and other authorized employees of this company shall be admitted at all reasonable hours for inspection of all parts of the premises supplied with water without meters, to see that the regulations are being observed. All water users are expected to give accurate information regarding the purposes for which water is used.

RULE NO. 13:-

Any user of water who allows others to use water from his pipes will be responsible to this company for water so used and the amount thereof will become a part of his water bill.

RULE NO. 14:-

All flat rate services in use between the 1st and 15th of the month will pay the charge for the entire month though discontinued after the fifteenth. If water is turned on after the fifteenth day of the month, no charge will be made for the remaining part of the month. Where a meter is installed the regular meter charge will be made, including the minimum charge, for service between the first and fifteenth of the month. If service is commenced after the fifteenth, the meter reading of this period will be added to the reading for the succeeding month.

RULE NO. 15:-

Meters will be read monthly, as far as possible on the last day of the month or the first day of the month following, and bills will be sent between the first day and fifth day of the month for the preceding month, by mail post paid, or by delivery to the residence or place of business. Meter bills will become delinquent on the fifth day of the month for the preceding month, and if not then paid the company will give written notice, and if the bill remains unpaid on the fifth day following such notice, may turn off the water and may not be required to recommence service until all arrearages are paid. Meter bills will contain this statement in bold-faced type.

RULE NO. 16:-

Upon deposit of $1.00, by any consumer, the company will test his meter. The consumer or some competent person appointed by him may be present at such test, if he desires. If upon such examination and test the meter is found to register 3 per cent more than the amount of water actually passing through it, a correct meter will be substituted for it and the fee of $1.00 will be repaid to the person making the application, and the water bill for the current period adjusted by an amount in proportion to the error discovered. If the meter shall be found accurate, or to register less than the actual amount of water passing through it, the fee of $1.00 shall be retained by the Company and the water bill paid as rendered.

RULE NO. 17:-

No water except when taken through meters shall be used for watering gardens, trees, lawns, flower beds, or plants, except between the hours of 5 A. M. and 11 A. M. and 1 P. M. and 5 P. M. and 6:30 P. M. and 10 P. M and no standing sprinklers shall be used without written consent of the company.

RULE NO. 18:-

In all cases where the city intends to use water excepting in case of fires and for street sprinkling, the city authorities shall give at least twenty-four hours' notice in writing of the place or places and time when the water will be used.

RULE NO. 19:-

Where two or more consumers are served from one service connection, the owner of the property will be held responsible for the entire bill unless he so changes the house piping that each consumer may be served independently of the others.

RULE NO. 20:-

For the violation of any of the aforesaid rules, the company

reserves the right to turn off the water upon five days' written notice, and to collect $1.00 after the matter has been adjusted and service reinstated.

RATES:-

The following are the effective water rates:

(1)	For every tenement or dwelling house of five rooms or less, small stores and shops per month,	$1.00
(2)	For every tenement or dwelling house over five rooms, for each additional room per mo.,	.08
(3)	For water closets or bath tubs in private residences, per month,	.12
(4)	For restaurants and eating houses, per month,	2.40 to $6.00
(5)	For large stores and warehouses per month,	2.60 " 3.25
(6)	For saloons, per month,	1.75 " 2.50
(7)	For rooms in second and third stories, occupied as offices for each room with water, per mo.,	.40
(8)	For Photograph Galleries, per month,	2.00
(9)	For public water closets or urinals where there is only one, per month,	.80
(10)	For each water beer pump, per month,	.80
(11)	For public bath tubs used in bathing establishments, boarding houses and barber shops, per tub, per month,	1.00
(12)	For Bakeries, per month,	2.00
(13)	For drug stores, per month,	1.50 to $2.50
(14)	For blacksmith shops or wagon shops for the use of water for cooling tires, etc., per month,	.80
(15)	For each additional forge or fire, per month,	.40
(16)	For private stables for one horse & buggy including water to wash same, per month,	.20
(17)	For each additional horse or cow per month,	.12
(18)	For livery, board, feed, sales and hack stables, including water to wash vehicles, per mo.per horse	.25
(19)	For school houses, for each pupil,	.04
(20)	For steam engines not working over 10 H.P. per day for each horsepower so used, per mo.,	.40
(21)	For all steam engines working over 10 H.P. per day for each horsepower, per month	.30
(22)	For barber shops, for eachchair used per mo.,	.40
(23)	For fountains not to be used more than 6 hrs. per day, for 1/16 inch jet., per mo.,	1.60
(24)	For 1/8 inch jet per month,	4.00
(25)	For 1/4 inch jet, per month,	8.00
(26)	For watering lawns and grounds, planted to shrubbery including water for trees and shrubbery in front thereof, per 50 front ft. per mo.	.40
(27)	For the use of hose in front of stores and shops, for washing windows and sprinkling sidewalks, according to frontage,	.20 to .40
(28)	For public water troughs for each trough per month,	.75 to 1.50
(29)	For public laundries, per month,	4.00
(30)	For meat markets, per month,	1.60
(31)	For public halls or lodge rooms, per month,	1.60
(32)	For the first five barrels of lime or cement - (a)per barrel 20¢(b)all over 5 bbls. per bbl.	.12
(33)	For water used to mix mortar and dampen bricks per thousands,	.16
(34)	For municipal fire hydrants, per hydrant per mo	1.50
(35)	For water used for municipal purposes, other than those named in the preceding rate, tank or meter measurement, per 1000 gals.,	.08

(36) Meter Rates:

4000 gallons or less,.....25¢ per 1000 gals.,
Next 4000 gals.,.....20¢ " " "
Next 8000 " .....15¢ " " "
Above 16,000 gals.,..... 8¢ " " "

Special contracts will be made subject to the approval of the Railroad Commission.

(37) Minimum monthly charge for each service connection,.....$ 1.00

---oOoOo---