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Decision No. .

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

Decision No. 2883

In the Matter of the Application of)
GEO. W. ROBINSON, Manager of COTTAGE) Application
GROVE WATER COMPANY for an increase)
in rates for water.) No. 1776.

Geo. W. Robinson for applicant.

W. T. Fretwell for protestants.

BY THE COMMISSION.

O P I N I O N

The Cottage Grove Water Company furnishes water to the residents of Cottage Grove, a subdivision suburban to the city of San Jose. There are some 125 taps attached to the distribution system and approximately 500 persons are served with water.

A complaint, under Case 826, was filed with the Commission prior to the filing of this application, but both the proceedings were consolidated at the hearing. The decision in Case No. 826 dismissed that complaint as the matters involved were to

be fully considered herein.

Geo. W. Robinson, as manager, has been operating this water utility for the past two years. The system, when taken over by him, was composed of a well and pumping plant with about two miles of mains; a tank having a capacity of 45,000 gallons, erected on a tower 60 feet high, and one piece of real estate. Since acquiring the property, applicant has had drilled a new well, but has otherwise made few changes.

The rates charged by applicant have generally been what Mr. Robinson considered fair after surveying the premises of the consumer. There are one or two rates at \$3.00 and \$4.00, but the average is about \$1.25 per month.

Applicant has asked for the establishment of a graded flat rate depending upon the size of the house, number of animals kept, and area irrigated, but leaving to the Commission the proper amount to be charged therefor.

During the months of June and July applicant had trouble with the old well and before a new well could be drilled and placed in use, considerable dissatisfaction arose amongst certain of the consumers. After the new well was installed, the old one was sand pumped and then returned to service.

Complainants produced two samples of water tending to show the impurity and unhealthfulness of the water furnished. The health officers had been

requested to investigate the situation, but no action seems to have been taken by those authorities.

Certain of the consumers appeared for Mr. Robinson and testified that they were fully satisfied with the water and with the service rendered and had made certain allowances for Mr. Robinson when they knew he was having trouble with his well.

There seems no doubt that some temporary inconvenience was caused the consumers when the trouble existed at the well, but the evidence as to present service shows that the objectionable conditions were remedied.

The absence of fire protection was brought up by complainants but it was not shown that Mr. Robinson was receiving any return for fire service as such, nor that he is equipped to furnish fire service from the mains of his system.

The pressure throughout the district was found to be good during the hours when no sprinkling was going on. The extravagant use of water under the flat rate system has indirectly been the cause of many complaints of low pressure. The mains are small and when consumers try to irrigate their lots at times when others want water, poor pressure results for everyone. Sprinkling hours should be established in order to relieve that feature of the complaint.

The metering of the system would apparently cause many of the complaints to be withdrawn. Applicant testified that he had metered a few of the customers but that the meters soon were found out of order and never were repaired. We shall show, after an analysis of revenues and expenses of operating the system, that applicant is not receiving more than enough revenue to pay the operating expenses and under the circumstances of this particular case the furnishing of meters by those desiring them is fully justified, following Rule 18, as outlined in our Case No. 683.

An examination of the books of the applicant was made by one of the Commission's hydraulic engineers. Vouchers for all of the recent capital expenditures were found. From the inventory prepared by the engineer for Mr. Robinson, a valuation was prepared by our hydraulic engineers who found the reasonable cost new of the entire system to be about \$9,100. The valuation submitted by applicant's engineer was about \$9,850, but it was stipulated that whatever value the Commission decided upon would be accepted.

The annuity necessary to be set aside to provide for the renewal of the system was testified by applicant's engineer to be \$290. and this sum appears reasonable to our engineers.

Interest at seven per cent. on \$9,100.
amounting to \$637. together with \$290. depreciation

annuity, aggregate a fixed annual charge of \$927.

The maintenance and operating expenses which our engineers found proper from the two years operation of the plant amounted to \$3,048.60. Applicant's books showed \$3,899.28, but certain items were excluded by our engineers, such as traveling expenses, interest payments, etc. Other expenses incurred during the past two years, and not likely to recur for some time were amortized over a period of years. One-half this two-year expense, or \$1,524.30, would be the proper yearly charge.

We therefore find the following expenses attached to the operating of this water system;

Interest on investment of \$9,100.....	\$ 637.00
Depreciation annuity.....	290.00
M. & O. expense.....	<u>1524.30</u>
Total.....	\$2451.30

The income from the rates has been:

Sept. 1913, to Sept. 1914	\$1524.60
Sept. 1914, to Sept. 1915	<u>1508.10</u>
Average.....	\$1516.35

There is shown above a deficit of about \$900. annually in the operation of the system. A difficult situation arises in considering this annual deficit as to how it shall be recognized, when we consider that the San Jose Water Company is serving adjacent territory inside the city of San Jose at approximately the same rates as the applicant herein is now charging.

We have therefore come to the conclusion that the system should be metered. No other remedy seems practical. By authorizing a flat rate of \$1.50 per tap per month as a minimum and \$1.00 per tap per month for those who will advance the necessary funds as a deposit towards installing their own meters, we will expect to find a considerable decrease in the operating expense, particularly the power bills, and also remove charges of discrimination. The average water consumption is now about 20,000 gallons per month or three times the average generally found in similar communities.

Provision will be made for the return of the sums advanced by the consumers and a rate established for the metered use.

The analysis of the foregoing data in this opinion leads us to find as a fact that the rates heretofore collected by Cottage Grove Water Company in Cottage Grove have been non-compensatory, and that the following rates are reasonable and just and compensatory.

Flat Rates: \$1.50 per month for water used for domestic purposes; \$.0025 per square yard for all irrigation use, such as gardens, fruit trees, etc.

Meter Rates: \$1.00 per month minimum for 600 cubic feet or less; \$0.15 per 100 cubic feet for the next 800 cubic feet; \$0.12 per 100 cubic feet for all excess used over 1,400 cubic feet per month.

O R D E R

COTTAGE GROVE WATER COMPANY having made application for permission to establish a new schedule of rates for water delivered in Cottage Grove, and a hearing having been held and being fully advised in the premises, and basing our order on the foregoing opinion and findings of fact,

IT IS HEREBY ORDERED that Cottage Grove Water Company be authorized to establish the following schedule of rates:

Flat Rates: \$1.50 per month for domestic use, payable in advance; \$0.0025 per square yard per month for all irrigation use, such as gardens and fruit trees. This rate to be collected during each month of the year.

Meter Rates: \$1.00 per month minimum for 600 cubic feet or less; \$0.15 per 100 cubic feet excess for the next 800 cubic feet; \$0.12 per 100 cubic feet for all excess used over 1,400 cubic feet per month.

Meters will be placed at the option of the Cottage Grove Water Company at their own expense; or at the option of the consumer in case the consumer is willing to deposit in advance \$10. for a 5/8 inch meter, the deposit to be credited on water bills at the rate of \$0.50 per month.

IT IS HEREBY ORDERED that sprinkling hours for those paying flat rates be confined between six and eight A. M. and between five and eight P. M.

IT IS HEREBY ORDERED that Cottage Grove Water Company submit within 30 days from the effective

date of this order a complete schedule of rules and regulations governing the relations with the public.

IT IS HEREBY FURTHER ORDERED that the effective date of this order shall be December 1, 1915.

Dated at San Francisco, California, this 6th day of November, 1915.

Max Thelen

H. H. ...

Edwin D. Edgerton

Frank R. DeWitt

Commissioners.