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Decision No. ✓ _____.

ORIGINAL

Decision No. 2905

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

In the Matter of the Application of)	
FRANK P. CADY and RILLA E. CADY for	)	<u>Application</u>
an order establishing rates for wa-)	
ter furnished to the inhabitants of)	
the Town of Susanville and of con-	)	<u>No. 1848.</u>
tiguous territory.)	

J. E. Pardee and J. A. Pardee
for Applicants.

G. C. Julian for the Town of
Susanville and also for
the County of Lassen.

A. H. Taylor for the Susanville
Grammar School District.

BY THE COMMISSION.

O P I N I O N

This is an application on behalf of FRANK
P. CADY and RILLA E. CADY for an order establishing
rates for water furnished to the inhabitants of the
Town of Susanville and contiguous territory in Las-
sen County.

Applicants are the owners in common of the property commonly known as Susanville Water Works and are engaged in the business of selling water to consumers in Susanville and its immediate vicinity for domestic and commercial use and also for the irrigation of gardens and family orchards. Applicants are at present supplying water under flat rates fixed by an ordinance of the Board of Trustees of the Town of Susanville.

The only evidence of the amount upon which interest should be allowed consists of applicants' annual reports and the appraisal by this Commission's hydraulic engineer, Mr. R. W. Hawley. The reports of applicants show a total of capital expenditure, which, according to their own admission, is in large part estimated.

The appraisal by Mr. Hawley is an estimate of the reproduction cost new of the property at the present time and totals \$48,518. As pointed out by Mr. Hawley at the hearing, however, minor charges, due to items of property not included, would make a slight change in favor of applicants.

A considerable part of the plant was undoubtedly installed at greater expense than it would cost to install it at this time, it being necessary at the time of its installation to haul pipe and other materials by wagon some twenty-four

miles. For instance, pipe listed in the appraisal above mentioned at \$0.95, according to the evidence actually cost applicants \$1.55 in 1911, immediately before the construction of the Southern Pacific line into Susanville.

The only criticism by the utility of Mr. Hawley's appraisal was that it did not perhaps include a sufficient amount for water-rights, land and intangible features. The land consists of forty acres, upon which are located the springs known as "Big Springs", the source of applicants' water supply. The entire plant of applicants' predecessor, including this land, was purchased by applicants in 1884 for \$11,500. Mr. Hawley testified that he had ^{made} an estimate of the value of all physical structures then in existence and subtracting that estimated value from the above mentioned purchase price, found that the land, water-rights and intangible property had actually cost applicants \$3,685.00. The same items in the present estimated cost are listed at \$4,240.00. Taking into consideration all of the evidence, we find that it will be fair and reasonable to allow applicants a return upon the sum of \$50,000.00.

The maintenance and operation expense of applicants for the year 1913 amounted to \$2,769.00 and for the year 1914 to \$2,371.00. Installing of certain meters as hereinafter suggested will cause an increase in capital investment and also some slight increase in the expense of maintenance and operation, and we find that applicants' proper and reasonable operating expenses in the immediate future will be about \$2,640.00 per year.

The evidence showed clearly that the flat rates now in effect are unsatisfactory to the consumers as well as to the applicants, and that they result, in numerous instances, in most inequitable charges. The flat rates now in effect do not differentiate between dwellings, whether they be of two rooms or ten, excepting that the monthly rate for a dwelling in which only one person resides is \$1.00, whereas for other dwellings it is \$1.50. In addition the use of water outside of buildings, or for irrigation purposes, is \$1.00 per city lot, or any portion thereof. These rates would impose the same burden

upon the owner of a small cottage, with perhaps twenty square feet of garden or lawn, as upon the owner of a large house with ten or twenty times as much irrigated land surrounding it. In fact, the present rates are so inequitable that, as Mr. Frank P. Cady testified, in many instances he does not make any irrigation charge at all against small householders with small gardens or lawns, although he realizes that by the terms of the ordinance he is entitled and required to charge them \$1.00 per month in addition to their residence rate.

Mr. A. H. Taylor, representing the Susanville Grammar School District, made a particular complaint against the flat rate charged for water furnished the grammar school building. The flat rate amounts to \$17.00 per month, whereas the amount charged when the water was furnished through a meter was from \$8.20 to \$10.00 per month. From the evidence it appeared that the meter was removed subsequent to a decision of the Superior Court to the effect that according to the terms of the ordinance neither the utility nor the consumer could arrange for payment by the meter rate in any case where there was provision for collection by flat rates.

Mr. Taylor also testified that the school authorities wished to improve and beautify its grounds with trees and shrubs, but that it would be

impossible for them to do so under the present rates, which would impose an additional burden of \$14.00 per month, or a total of \$31.00 per month for the building and the grounds.

We find that the present rate is excessive and have materially reduced it in the following order.

C. G. Julian, Esq., protested in behalf of the Town of Susanville that of the nineteen fire hydrants at present installed eight are on mains of less than four inches in diameter, two being on three inch mains and the remainder on two or two and one-half inch mains; and that the service through these mains is not adequate for fire protection purposes. This was admitted by applicants, as was also the contention of Mr. Taylor that at times there was no water in the second story of the grammar school, but applicants state that as soon as it is possible to acquire funds, mains will be increased in size so as to give to the school, and to practically all of the fire hydrants, proper service.

No serious complaints as to the quality of the water, its pressure or the adequacy of the service other than those above stated, were made.

At the hearing the question was raised as to whether or not the town should pay for its fire protection service. It appears that the town has been enjoying free fire protection service since

1884 under a contract made between applicants' predecessors and the fire commissioners of the Town of Susanville, said contract being dated May 22, 1884. The contract contained, among others, a provision that in consideration of the promise of the said fire commissioners to purchase pipe, attach it to the reservoir of the water works and lay "pipe in connection therewith throughout said town", which the said owners of the water works should have the right to use in connection with serving the city with water, at all times except when needed for use in connection with a fire, the said owners of the water works, and their successors, did on their part agree to keep said pipe in good and sufficient repair and to furnish the said "fire commissioners, and their successors in office free liberty and license to use said waters throughout said town at any and all times when fires are raging, free of charge".

There was some dispute as to exactly how much pipe was purchased and laid by the fire commissioners under this agreement, but apparently about 3,000 feet of six inch riveted steel or iron pipe was so installed at the expense of the fire district. This pipe ran from the reservoir down Main Street, but the pipe was never extended throughout the town, and a number of years ago it became fully depreciated and was replaced by new pipe, at the expense of applicants.

Of the nineteen fire hydrants at present installed in Susanville, only five are on the line

which was originally served by the three thousand feet of pipe above referred to.

This Commission is, of course, not bound by contracts of this kind made prior to the passage of the Public Utilities Act, but even if it were so bound we find that in this case the fire commissioners did not fulfill the terms of their contract, in that they never attempted to lay mains throughout the town. For the money they actually expended they have received free fire protection for approximately thirty years not only from the mains they laid but from additional mains laid by applicants and applicants' predecessors; and they have received free service not only throughout the life of the mains which they laid but for a number of years thereafter. We find that under all the circumstances the town is not now, either legally or equitably, entitled to free fire protection service.

On the other hand, we do not feel that the town should pay full rates for fire hydrants connected to mains where the service is not adequate, and for this reason, while we shall authorize a monthly charge of \$1.50 for fire hydrants on four inch mains and larger, we shall authorize a monthly charge of only twenty-five cents for fire hydrants on mains smaller than four inches.

We assume that this material difference in the charge allowed for adequate fire hydrant service as against inadequate service will induce

the company to install four inch mains as rapidly as feasible where needed for fire protection.

The proposed new schedule of flat rates will, we believe, provide annual returns ^{of} between \$7,000.00 and \$7,500.00, providing for maintenance and operation expenses, depreciation and eight per cent. interest upon the applicants' plant.

There was introduced in evidence Mr. Hawley's appraisal, in which he had carefully estimated the probable life of the various component parts of applicants' plant. Figuring the depreciation upon these various parts, upon a six per cent. annuity basis, we find that a total sum of \$460.00 per year should be allowed for this item.

While flat rates must of necessity be less equitable than meter rates, nevertheless, from the evidence introduced at the hearing, we realize that it would not be feasible for applicants to meter their entire system in the immediate future and, accordingly, we have authorized a ^{new} system of flat rates so as to do away as far as possible with the present serious discrepancies, and we are also establishing a meter rate subject to the provision that either the applicants may install a meter in any case where they feel that water is being wasted or that for any other reason they are not receiving adequate compensation, or the consumer may demand that a meter be installed by the

applicants whenever he feels that the flat rate herein established is imposing an unjust burden upon him.

There is, of course, a considerable element of uncertainty as to what the returns will be in metering any part of an unmetered system, and the rates which we shall establish in the following Order must be regarded as more or less experimental. It may be found necessary to change them somewhat after they have been tested by actual use for a year or so.

O R D E R

FRANK P. CADY and RILLA E. CADY having applied to this Commission for an order establishing rates for water to be furnished to the inhabitants of the Town of Susanville and contiguous territory in Lassen County,

And a public hearing having been held, at which counsel appeared for the applicants and also for the town of Susanville and the County of Lassen, and an appearance having also been made in behalf of the Susanville Grammar School District, and evidence having been introduced by all the parties concerned, and the Commission being fully advised in the premises,

WE HEREBY FIND AS A FACT:

- (1) That a readjustment of the existing rates, resulting in the schedule of rates hereinafter specified, would distribute the charges among the consumers upon a more equitable basis than at present.
- (2) That the rates herein established are just and reasonable.

Basing our conclusions upon the foregoing findings of fact and upon the further findings of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Frank P. Cady and Rilla E. Cady be, and they hereby are, authorized within thirty days from the date of service upon them of a copy of this Opinion and Order, to publish and file with this Commission and thereafter charge and collect from their consumers in the Town of Susanville and the territory served by them adjacent thereto, the following rates, all of said flat rates being fixed upon a monthly basis, and all of said rates, whether flat or meter, to be payable monthly:

MONTHLY FLAT RATES.

1. Apartment Houses, Boarding Houses, Lodging Houses, Hotels:
 - a. Dining rooms \$1.50
 - b. Bedrooms, per room15
2. Auto repair shops, blacksmith shops, printing offices, shoe shops, plumbing shops, undertaking parlors, photograph galleries, railroad stations, dental offices, and theaters 1.50
3. Bakeries, bottling works, butcher shops, drug stores, public garages, slaughter houses, saloons and creameries ... 2.50
4. Bank offices, billiard parlors, fraternal halls, professional offices, stores and shops not otherwise listed75
5. Barber shops, per chair75
6. Breweries and Laundries 5.00
7. Chop houses, cafes and restaurants, per unit of seating capacity10
8. Livery stables and feed yards,
 - per average number of stock fed, ea... .20
 - per average number of vehicles, ea.... .20
9. Ice plant 7.00
10. School buildings 4.00
11. For County Hospital, Jail, Court House and Hall of Records 15.00
12. The Town of Susanville,
 - a. Fire Department quarters 1.50
 - b. Street sprinkling, per one hundred square feet02
 - c. Sewer flushing,
 1. Automatic flushing tank, ea.... 3.00
 2. By use of fire hydrants and hose, per hour 1.00
 - d. Fire Hydrants,
 1. Fire service minimum 18.50
 2. Hydrants on mains 4 inch and larger, ea..... 1.50
 3. Hydrants on mains smaller than 4 inch, ea..... .25

13.	Residence rates, for four rooms and less .....	.75
	For each additional room .....	.10
14.	Private garages provided with water tap.....	.50
15.	Private barns with not more than two horses or cows .....	.50
	Additional animals, each .....	.15
16.	Auxiliary uses:	
a.	Steam engines, per horse power .....	.10
b.	Soda fountains and ice cream parlors	1.50
c.	Public bath tubs (barber shops, hotels, etc.) each	1.50
d.	Private bath tubs .....	.20
e.	Public and semi-public toilets and urinals, each .....	.50
f.	Private toilets .....	.10
g.	Irrigation of lawns, shrubbery and gar- dens, private or public, per 100 square feet (nearest measure) .....	.02
h.	Steam heating plants	2.00
i.	Refrigerating plants	2.00
j.	Public drinking fountains	1.50
k.	Public watering troughs	2.50

Meter Rates.

Monthly minimum for any use	1.00
For use between 0 and 1,000 cu.-ft. per mo. 20¢ per 100 cubic feet.	
For use between 1,000 and 2,000 cu. ft. per mo. 15¢ per 100 cubic feet.	
For all use above 2,000 cu. ft. per month, except as hereinafter set forth, 10¢ per 100 cu.ft.	
All use above 2,000 cu. ft. per month for irriga- tion purposes, 5¢ per 100 cu. ft.	

AND IT IS HEREBY FURTHER ORDERED that meters may in any case be installed, and the meter rate thereupon be applied, at the option of applicants; or a meter shall be installed and the meter rates similarly applied for the service of any consumer demanding the same.

Dated at San Francisco, California, this 18th day of November, 1915.

Max Thelen

Edwin O. Edgerton

Francis R. Decker

Commissioners.