

Decision No.

Decision No. 3580

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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M. M. ESEELMAN, et al,
Complainants,

-vs-

TITLE GUARANTEE & TRUST COMPANY,
a corporation,

Defendant.

Case No. 864

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Hartley Shaw, City Attorney, for City of Tropicco,
Nelson C. Burch for complainant, W. C. Seals,
W. G. Cooke for defendant.

BY THE COMMISSION:

OPINION ON FURTHER HEARING

The City of Tropicco filed an application for rehearing in the above case on the provisions of the order fixing a rate of \$75 per month for the 75 hydrants in service April 1, 1916, and 50¢ per month for each additional hydrant installed. The application alleges a prior contract between the city and defendant, fixing a rate of \$2.00 per hydrant per annum; that the usual or customary rate in Southern California is not in excess of \$3.00 per hydrant per annum; that the rate fixed by the order herein for fire service is unreasonable and excessive; that the city was not a formal party to the action, and that the contract in question was not placed in evidence at the original hearing. The Commission vacated the order and reopened the case to take further testimony and set the matter for further hearing.

Thereafter, W. C. Seals, one of the complainants, and chairman of the Water Service Committee of the Board of

Trustees of the City of Tropic, filed a petition for rehearing. No testimony was offered on behalf of petitioner Seals, but it was stipulated that both petitions should be submitted on the same evidence.

At the hearing the city showed by its testimony the contract for the \$2.00 rate as alleged; that there were 75 hydrants installed at the time of the order and an additional one is now being or soon will be installed, and that the company has installed a number of standpipes for irrigation use, with 3 inch angle valves, which would be available for fire protection by putting on bushings but that the city has not desired to use them.

The hydrants in question each have 4 inch barrels with two openings and 2 $\frac{1}{2}$ inch outlets and are installed on mains not less than 4 inches in diameter.

The city tax rate of \$1.00, the legal limit, produced in 1913, \$9398; in 1914, \$10,384.60; in 1915, \$10,639.90. The city derives an additional annual revenue of about \$250 from oil pipe line franchises, about \$250 from gas company franchise, about \$90 from telephone company franchise and for the year ending June 30, 1914, \$237 from bus licenses and \$108 from the dog tax. The city has had a deficit for the last two years. Its taxes are assessed and collected by the county officials under the statutes for a commission of 1% on amounts collected, and are levied on a valuation of about 40% of actual values. It was not shown what revenue will probably be produced from the assessment for the coming year nor whether the values for the purpose of assessment will be raised or lowered.

The city also showed that three fires had occurred in 1915, two in June, lasting 2 and 2 $\frac{1}{2}$ hours respectively, and one in November, lasting 3 $\frac{1}{2}$ hours, and that includ-

ing use for practice, the fire service had been used a total of only 15 hours during the year; that only one serious fire had occurred, but no figures concerning it were given.

Mr. H. F. Clark, one of the Commission's assistant hydraulic engineers, presented the report of the Board of Fire Underwriters of the Pacific on the City of Tropic, which estimated its population at 2352. It describes the gravity supply as having a flow of 162 gallons per minute, and a pumping plant with two pumps connected directly to the mains with a capacity of 1000 gallons per minute and storage reservoir of 1,500,000 gallons capacity, holding about four days supply, located about one mile northeast of the mercantile district, and at an elevation of about 90 feet above the town.

Mr. Clark reported that his investigation showed cost of the fire engine to be \$9500., 100 fire hydrants, \$4000, (those not installed being in storage) and the cost of installing the 75 being \$925. These figures were confirmed and agreed upon at the hearing. He also presented the following table of fire hydrant rentals fixed by Californian cities, none of them being fixed by the Commission:

Alameda,	\$1.00	per mo.	per hydrant					
Alhambra,	1.50	"	"	"	"			
Auburn,	60.00	per year	for 67 hydrants					
Bakersfield,	4.00	per mo.	per hydrant					
Benicia,	2.00	"	"	"	"			
Chico,	.50	"	"	"	"			
Eureka,	2.50	"	"	"	"			
Fresno,	.50	"	"	"	"			
Hayward,	2.75	"	"	"	"	main not less than 6 in.		
Kennett,	1.85	"	"	"	"			
Mill Valley)	1.00	"	"	2 way hydrant on 4 in. main				
)	.75			1 " " " " "				
)	.50			1 " " " 2 " "				
Monterey	Free							
Napa	2.00	per mo.	per hydrant					
Oakland,	2.47	"	"	"	"			
Paso Robles,	15.00	"	"	for all hydrants				
Red Bluff,	Free							
Redding,	1.00	per mo.	per hydrant					
San Anselmo,	1.00	"	"	"	"			
San Jose,	.50	"	"	"	"			
Santa Monica,	.25	"	"	"	"			
San Francisco,	2.50	"	"	"	"			
Santa Rosa,	1.00	"	"	"	"			

Stockton,	\$1.00 per mo. per hydrant,
Venice,	.25 " " " "
Watsonville,	25.00 " " for all city uses including hydrants.

SUMMARY

	<u>Per Hydrant</u>	<u>For all Service</u>
\$.25 per mo.-2	\$2.00 per mo.-2	\$15.00 per annum-1
.50 " " -4	2.47 " " -1	25.00 " month-1
.75 " " -1	2.50 " " -2	60.00 " annum-1
1.00 " " -6	2.75 " " -1	Free -2
1.50 " " -1	4.00 " " -1	
1.85 " " -1		

In almost all of the above cases the cities owned and installed the hydrants. He also presented the result of a study by the Wisconsin Railroad Commission of fire service rates under which it has raised the cost of fire protection and lowered the domestic rates in seven cities, as follows:

Date	City	1910 Population	Percent of W.Wks. Revenue Charged to Fire Service	Annual Charge for Fire Service
1910	Jefferson, Wis.	2582	75%	\$ 2560
1910	Ripon, Wis.	3739	65	6082
1911	Oconto, Wis.	5629	57½	9812
1909	Ashland, Wis.	11594	54½	20480
1911	Janesville, Wis.	13894	54	15795
1911	Beliot, Wis.	15125	48	14863
1910	Madison, Wis.	25531	49.6	17000

The annual charge for fire protection in the first three cities mentioned, being those most nearly comparable in population with Tropicco, average from \$1.00 to \$1.75 per inhabitant per year. The population of Tropicco was given at the original hearing as about 4,000. It is estimated by the Board of Underwriters at 2,352. The number of services installed indicates a population of about 3,785. Assuming the population to be 3,600, the charge for fire service fixed in the order amounts to 25 cents per inhabitant per year. The percentage of

probable gross water works revenue derived from fire service is about 7%.

There is no well recognized or established method of determining with mathematical precision what is a fair and just rate for fire protection service or what rate would prove compensatory. This is principally because systems for fire protection are rarely separate from domestic systems.

The burden of a fire service rate should be borne in proportion to the benefit obtained by those paying it. Those owning the business houses in any community pay a comparatively low charge for the usual water service. In the protection of their inflammable property from fire, they receive the greatest degree of benefit. Payment for fire protection benefit should be closely proportioned to assessed valuation of inflammable property. It is not practical, however, to seek to apply a special fire service tax upon improvements alone, especially as adequate legal machinery is not in existence. However, the principle of raising a considerable portion of the cost of fire protection by tax in proportion to value was applied in the original order which was vacated prior to the further hearing. For obvious reasons proper rates for fire service could not be fairly based on hours of actual use of water.

The position of the city is that the rate fixed by contract is satisfactory to it and to defendant. It appears to us that the contract rate for fire service leaves upon the owners of small homes an unfairly heavy proportion of the burden for fire protection; and that the owners of business and other property using but small quantities of water in proportion to value, receive an unfairly large share of the benefit.

The water users are the most directly affected. The city fixes assessed valuation and rate of tax to raise the amount needed to run the government. Defendant is only interested in knowing that its return is adequate, regardless of whether it is raised directly through domestic water rates, or indirectly through taxation to produce hydrant rentals.

Sufficient reason for changing the original order not having been shown, a similar order will be entered.

O R D E R

M. M. ESHELMAN et al having complained of the service and rates charged and collected by defendant, as trustee for Glendale Consolidated Water Company for water served to the inhabitants of the City of Tropic for domestic purposes, and defendant having filed its answer, and joined in the request to fix rates, and a public hearing of the case having been held, and a further hearing with special references to the fire service rate having been held upon the petitions of the City of Tropic and of W. C. Seals, Esq., the Commission does hereby find as facts:

(a) That the water rates of defendant, in so far as they differ from the rates herein found to be reasonable, are unreasonable and unjust, and the rates hereinafter set out are hereby found to be just and reasonable rates to be charged for the distribution of water by Title Guarantee & Trust Company to its consumers in Tropic and vicinity.

(b) That defendant has not failed or refused to provide adequate equipment and facilities for the service of water;

(c) That defendant's plant and system were not constructed by consumers or at their expense;

(d) That fire hydrants of the original cost of \$4768.

were installed by the City of Tropicco at its cost and expense.

Basing this order on the foregoing findings of fact, and the findings of fact in the above and foregoing opinion,

IT IS HEREBY ORDERED that defendant, Title Guarantee & Trust Company, be and it is hereby directed to establish and to file with the Railroad Commission within twenty (20) days from the date of this order the following rates to be charged for service of water to the inhabitants of Tropicco and vicinity, to-wit:

Monthly Meter Rates,

Minimum, including first 400 cubic feet 75¢

Next 1600 cu.ft., per 100 cu. ft. 10¢

Use in excess of 2000 cu. ft., per 100
cu. ft., 6¢

Municipal use for sprinkling and flushing
sewers, per 100 cu. ft., 6¢

Fire service, \$75 per month for the hydrants
in service April 1st, 1915: Additional
hydrants, 50¢ per month each.

Flat rates in effect April 1, 1916 unchanged.

Dated at San Francisco, California, this 18th
day of August, 1916.

Max Sheehan

Alex Gordon

Edwin O. Edgerton

Commissioners.