

ORIGINAL

Decision No. 3607

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

TOWN OF SAN ANSELMO,

vs.

MARIN WATER AND POWER COMPANY.

Case No. 611.

TOWN OF SAUSALITO,

vs.

MARIN WATER AND POWER COMPANY.

Case No. 731.

In the Matter of the Application  
of MARIN WATER AND POWER COMPANY  
for an order establishing the  
rates to be charged by said  
Company for water.

Application No. 1508.

Mason & Locke, by W. J. Locke, for Town of San Anselmo.  
Thomas, Beedy & Lanagan, by James Lanagan, for Town of  
Sausalito.  
Lillienthal, McKinstry & Raymond, by J. F. Haber, Jr.,  
for Marin Water and Power Company.

THELEN, Commissioner.

O P I N I O N.

The above three proceedings place in issue before the Railroad Commission the reasonableness of the rates charged by Marin Water and Power Company for water sold for domestic and other purposes in the southern portion of Marin County.

The complaint in Case No. 611 alleges, in effect, that Marin Water and Power Company, hereinafter referred to as the Water Company, has made it a practice to require the owners of new tracts or subdivisions of land in the Town of San Anselmo to pay to the Water Company in advance the cost of constructing and installing distributing pipe systems in said tracts or subdivisions and that the Water Company has included the cost of said distributing pipe systems in its capital investment upon which it asks a return; that the meter rates and the flat rates charged by the

Water Company in San Anselmo are unreasonably high; and, in particular, that the minimum meter rate of \$2.00 charged by the Water Company in the Town of San Anselmo is unfairly high. The complaint asks that the fair value of the distributing systems in the tracts and subdivisions referred to be deducted from the capital on which a return is allowed, that reasonable flat rates and meter rates to be charged in the Town of San Anselmo be established, and, in particular, that the minimum meter rate in the Town of San Anselmo be reduced from \$2.00 to \$1.00 per month. The answer denies the material allegations of the complaint and asks that the Railroad Commission establish just and reasonable rates to be charged by the Water Company in the Town of San Anselmo.

The complaint in Case No. 731 alleges, in effect, that the Town of Sausalito owns and operates a municipal water distributing system; that the Town secures its water by purchase at wholesale from the Water Company under contract dated March 8, 1909, between the Town of Sausalito and Marin Water and Power Company, a copy of which contract is inserted in the complaint; that said contract provides, in part, that the Water Company shall construct <sup>of</sup> a pipe line/adequate size from Corte Madera to the Town of Sausalito and thereafter supply to the Town of Sausalito such water as the Town may need; that the rate established by said contract to be paid by the Town of Sausalito to the Water Company is as set forth in said contract, with a minimum payment for not less than 200,000 gallons per day for each year during the life of the contract, which contract is to continue in force for a period of ten years from August 1, 1909; ~~xxx~~ that the Town of Sausalito is unable to use the minimum amount of 200,000 gallons per day; and that the rate established by the contract is unreasonably high. The complaint alleges other matters to which it is not necessary here to refer for the reason that we are concerned only with the establishment of a just and reasonable rate for water sold by the

Water Company to the Town of Sausalito. The complaint asks the Railroad Commission to establish just and reasonable rates to be paid by the Town of Sausalito for water supplied by the Water Company. The Water Company thereafter filed its written motion to dismiss the complaint by reason of alleged lack of jurisdiction in the Railroad Commission. A public hearing was held on this motion and the motion was thereafter denied (Vol. 8, Opinions and Orders of the Railroad Commission of California, p. 252). The Water Company thereafter filed its answer denying the material allegations of the complaint.

Subsequent to the filing of the complaints in Cases Numbers 611 and 731, Marin Water and Power Company filed its petition in Application No. 1508, asking the Railroad Commission to establish just and reasonable rates to be charged by the Water Company for all classes of service throughout the territory served by the Water Company as a public utility.

By consent of all parties, these three proceedings were consolidated for hearing and decision. The completion of the taking of testimony was deferred for the reason that it was assumed that the property of Marin Water and Power Company would later be taken over by Marin Municipal Water District at the compensation established by the Railroad Commission in Application No. 1141, entitled In the Matter of the Application of Marin Municipal Water District for an Order of the Railroad Commission Fixing and Determining the Just Compensation to be Paid to Marin Water and Power Company for its Lands, Property and Rights (Vol. 6, Opinions and Orders of the Railroad Commission of California, p. 507). The Railroad Commission's decision on said application was rendered on April 9, 1915, in Decision No. 2279. Litigation has delayed the transfer of this property. Upon being advised by Marin Municipal Water District that the District would not be embarrassed by a decision in these proceedings rendered prior to the taking over

of the property, the final hearing in these proceedings was set and the proceedings submitted on June 23, 1916.

The property owned by the Water Company, the elements entering into the value of this property, the territory served, and the method of operating the system are fully set forth in said Decision No. 2279, in Application No. 1141, to which decision reference is hereby made. By stipulation of all parties, the testimony in Application No. 1141 is a part of the record in these proceedings.

The subject matter of this opinion will be discussed under the following heads:

1. Value of Property.
2. Depreciation Annuity.
3. Maintenance and Operating Expenses.
4. Rates now in effect.
5. Rates herein established.

1. VALUE OF PROPERTY.

The facts bearing on the value of the property of the Water Company as of June 30, 1914, are fully set forth in said Decision No. 2279. The reproduction cost new of the physical structures of the Water Company as of June 30, 1914, including all non-operative structures, was estimated by the Railroad Commission's engineers to be \$972,543.00. The cost to reproduce new less depreciation of these structures was estimated by them to be \$763,028.00.

This being a rate case, certain deductions must be made for property which is non-operative. Additions must also be made for additions and betterments subsequent to June 30, 1914.

Railroad Commission's Exhibit No. 1 herein shows that after deducting the estimated reproduction cost new of non-operative ~~property~~ structures, the estimated reproduction cost new of

the remaining physical structures, as estimated by the Railroad Commission's hydraulic engineers as of June 30, 1914, is the sum of \$897,041.00. The further sum of \$3,837.00, being the estimated reproduction cost new of the Coleman Reservoir, should also be deducted, thus leaving a total estimated cost to reproduce new the used and useful physical structures as of June 30, 1914, of \$893,204.00.

Additions and betterments have been made by the Water Company subsequent to June 30, 1914, as follows:

July 1 to Dec. 31, 1914 (Railroad Commission's Exhibit No. 5),	\$ 3,447.68
Jan. 1 1915 to Dec.31, 1915 (Railroad Commission's Exhibit No.6),	10,257.93
Additional overhead percentages,	<u>1,026.00</u>
Total,	\$14,731.61

The addition of said sum of \$14,731.61 to the sum of \$893,204.00 gives a total estimated reproduction cost new of the used and useful physical structures of the Water Company as of January 1, 1916, amounting to \$907,935.61.

Referring now to the subject of real property, as distinguished from physical structures, deductions from the figures used in Application No. 1141 must be made for such lands as are not now used and useful in the Water Company's service to the public. Deductions must be made for a portion of the Porteous Tract, the Lagunitas Dairy Tract, the Worn Springs Tract and the Coleman Reservoir lots. While the Coleman Reservoir, located in San Rafael, is used to supply water to some 13 customers, more or less, it is clear from the testimony that these customers could be served at practically no additional expense without the use of this reservoir and that the Coleman Reservoir and lots can be severed from its water system by the Water Company without substantial injury. In view of this situation, it would not be fair

to charge the Coleman lots and reservoir to the rate payers under this system. Without making any deductions by reason of recent events which have raised a doubt in my mind with reference to the value of the lands of the Water Company, under the system as now constructed, as producers of water, I conclude that it would be reasonable to add to the value of the physical structures the sum of \$80,495.00 as the value of used and useful lands and water rights, thus making a total of \$988,430.61 for the sum of reproduction cost new of operative physical structures and the market value of used and useful lands and water rights as of January 1, 1916.

The Water Company has advised the Railroad Commission that it is rapidly setting meters and that within a short time the entire system will be metered. The sum of \$10,000.00 will accordingly be added to the "fair value" of the property to represent the cost of purchasing and setting 1,000 additional meters.

I find as a fact that a fair return to the Water Company on the fair value of its used and useful property is the sum of \$69,890.00.

## 2. DEPRECIATION ANNUITY.

As the return herein is being estimated on the cost to reproduce new, on the historical method, in the absence of accurate information on the investment, it is clear that the depreciation annuity must be estimated on the sinking fund basis.

Assuming a rate of interest of 5 per cent on the moneys in the sinking fund, I find that the sum of \$6,815.00 is a reasonable allowance for depreciation annuity, including an allowance

for 1000 additional meters.

### 3. MAINTENANCE AND OPERATING EXPENSES.

Railroad Commission's Exhibit No. 7 shows modifications of maintenance and operating expenses reported by the Water Company for the calendar years 1914 and 1915, resulting merely from taking from maintenance and operating expenses certain items/<sup>which</sup> clearly should be transferred to capital account. The Railroad Commission's hydraulic engineers reported in Exhibit No. 7 that after making these corrections, the maintenance and operating expenses for the calendar year 1914 were \$57,762.99 and that the maintenance and operating expenses for the calendar year 1915 were \$57,523.32.

In order to secure normal operating expenses to be used in these proceedings, it will be necessary to make certain additions to and deductions from the maintenance and operating expenses for the years 1914 and 1915.

Additions must be made for increased commercial expenses and increased maintenance expenses due to the enlarged metering of the system.

Deductions must be made in a number of items. The complete metering of the system will result in the use of considerably less water and hence will reduce materially the expenditures for labor, fuel and lubricants for pumping at Phoenix Gulch Reservoir. The total expenditures for these purposes were \$5,152.00 in 1914 and \$4,194.00 in 1915. The total salaries of general officers

are higher than is the case in almost any other water system of this size in California. A reasonable allowance would be \$1200.00 less than the total reported for the calendar years 1914 and 1915. The expenditures in connection with the proceedings for the acquisition of the Water Company's property by Marin Municipal Water District have been voluntarily deducted by the Water Company from its maintenance and operating expenses. The taxes paid by the Water Company include taxes both on operative and non-operative property. A reduction of \$1183.37 must be made for taxes paid on non-operative property. The item of rent for the San Francisco office must be deducted. While there is no reason why this company should not maintain an office in San Francisco if the stockholders so desire, the maintenance of two offices, one in San Rafael and one in San Francisco, can not be allowed in a rate case as charges against the consumers. There is no reason, in my opinion, why the business can not be properly handled from the San Rafael office. A portion of the time of the general officers should be charged to construction and a portion to replacements.

After carefully considering all of the evidence bearing on the question, I find that the sum of \$51,215.95 should be allowed herein under the head of reasonable maintenance and operating expenses.

The gross revenue received by the Water Company, as shown by the company's books, during the years 1909 to 1915, inclusive, has been as follows:



<u>Year.</u>	<u>Gross Revenue.</u>
1909	\$ 94,760.10
1910	121,250.58
1911	116,707.82
1912	115,913.97
1913	132,383.43
1914	135,793.96
1915	133,911.57

After careful consideration of all the evidence herein, I find that the rates herein established should yield to the Water Company a gross revenue of \$128,110.00.

#### 4. RATES NOW IN EFFECT.

The Water Company's rates now in effect are partly flat rates and partly meter rates. These rates will be set forth under the following heads:

- (a) Flat rate service.
- (b) Meter rate service.
- (c) Fire Hydrant service.
- (d) Sewer flushing and street sprinkling service.
- (e) Town of Sausalito service.
- (f) San Quentin Prison service.
- (g) United States Government service.
- (h) Service to other large users.

##### (a) Flat Rate Service.

The flat rates in effect in the Town of San Rafael are as follows:

First, For tenements covering ground surface under six hundred feet, occupied by no more than five persons, who shall use water for domestic purposes exclusively, 75 cents.

For ground surface covered by tenements so used:

<u>Square Feet</u>	<u>One Story</u>	<u>Two Story</u>	<u>Three Story</u>
700 to 800	\$ .95	\$1.00	\$1.05
800 to 1000	1.00	1.05	1.10
1000 to 1200	1.20	1.30	1.40
1200 to 1400	1.30	1.40	1.50
1400 to 1600	1.50	1.75	1.95
1600 to 1800	1.65	1.75	2.20
1800 to 2000	1.95	2.20	2.40
2000 to 2200	2.20	2.40	2.60
2200 to 2400	2.40	2.60	2.80
2400 to 2600	2.60	2.85	3.05
2600 to 2800	2.85	3.05	3.30
2800 to 3000	3.05	3.30	3.50
3000 to 4000	3.30	3.50	3.70
Over 4000 and upwards	3.50	3.95	4.40

Provided, however, that no extra charge be made for second and third stories when not occupied.

Second, For families of more than five persons for each adult above that number, 15 cents.

Third, Bath tubs in private houses for each tub 50 cents; in public houses, boarding houses, bathing establishments and barber shops each \$2.00.

Fourth, Horses, kept for private use, each 25 cents; washing vehicles each 25 cents; cows, each 25 cents.

Fifth, Livery stables, including water for washing vehicles, each horse and vehicle, 50 cents.

Sixth, For each horse trough on sidewalk \$2.00.

Seventh, For water used for washing windows and sidewalks, charge may be made in addition to that for other uses of one cent per linear front foot of the premises to be washed, if done with hose.

Eighth, For each water closet in public building, \$2.00; for lodging houses, boarding houses, \$1.00; for water closet for use in one private dwelling, 50 cents; for each additional water closet for use in each private dwelling, 25 cents.

Ninth, For each barrel of lime or cement used 25 cents; wetting bricks for building, per thousand, 25 cents.

Tenth, Irrigation of lawns, gardens and grounds one half

of one cent per square yard per month, payable every month of the year, provided there shall be no charge for irrigation less than 25 cents per month.

Eleventh, Hotels, taverns, lodging houses and boarding houses shall be charged for boarders and lodgers within the same, 15 cents, but this shall not include bath tub or water closet, which shall be separately charged as above.

Twelfth, Restaurants, \$3.00; saloons, \$2.50; laundries, \$10.00; carriage manufacturers, \$1.50; stock yards and pasture grounds, for each head of stock 25 cents.

Thirteenth, Bakeries, \$1.00.

Fourteenth, Stores, offices, warehouses, and tenements not mentioned in any other classification and requiring only an ordinary amount of water at rates provided for in the first item of this section.

Fountains are supplied at meter rates.

The flat rates in effect in the remaining territory served by the Water Company are the same as those in effect in San Rafael, except that the minimum rates for tenements are \$1.00 for one story, \$1.05 for two stories and \$1.10 for three stories.

(b) Metered Rate Service.

The Water Company's meter rates in effect throughout its entire territory, with the exception of certain special uses hereinafter referred to, are as follows:

4,000 gallons or under	50 cents
5,000 gallons	48 cents
6,000 gallons	45 cents
7,000 gallons	43 cents
8,000 gallons	42 cents
9,000 gallons	41 cents
10,000 gallons	40 cents
11,000 gallons	39 cents
12,000 gallons	38 cents
13,000 gallons	37 cents
14,000 gallons	36 cents
15,000 gallons	35 cents
16,000 gallons	34 cents
17,000 gallons	33 cents
18,000 gallons	32 cents
19,000 gallons	31 cents
20,000 gallons and over	30 cents

These rates are among the highest rates in California.

The minimum rate on metered service in San Rafael, Ross and Larkspur is \$1.00, but in San Anselmo the minimum is \$2.00. This discrimination is the chief source of complaint of the Town of San Anselmo and must be removed.

The Water Company's flat rate users and metered users as of December 31, 1915, were as follows:

<u>Locality</u>	<u>Flat Rate Users</u>	<u>Metered Users</u>	<u>Total</u>
San Rafael	664	1046	1710
San Anselmo	689	287	976
Ross	120	169	289
Larkspur	1	92	93
Sausalito	---	5	5
Unincorporated territory	<u>222</u>	<u>216</u>	<u>547</u>
Total	1696	1815	3511

The Water Company claims that, by actual count, 12½% of its services were dead on June 26, 1916.

(c) Fire Hydrants.

The number of fire hydrants and the rate in the various communities served by the Water Company are as follows:

<u>Locality</u>	<u>Number of Fire Hydrants</u>	<u>Rate</u>
San Rafael	117	\$100.00 per month (including flushing of sewers).
San Anselmo	43	\$1.00 per month for each hydrant.
Ross	42	\$1.00 per month for each hydrant.
Larkspur	4	50 cents per month for each 2" hydrant and \$1.00 per month for each 2½" hydrant.
Corte Madera	<u>1</u>	No charge.
Total, December 31, 1915,	207	

The Water Company owns the fire hydrants.

(d) Sewer Flushing and Street Sprinkling Service.

The rates in effect for sewer flushing are as follows:

<u>Locality</u>	<u>Rate</u>
San Rafael	Included in \$100 per month "for flushing sewers and extinguishing fires."
San Anselmo	\$1.00 per month for each fire hydrant includes water "for fire purposes and flushing sewers."
Ross	No mention
Larkspur	No mention

The rates in effect for street sprinkling and other municipal uses, except as hereinbefore designated, are as follows:

<u>Locality</u>	<u>Rate</u>
San Rafael	20 cents per 1000 gallons
San Anselmo	20 cents per 1000 gallons
Ross	20 cents per 1000 gallons
Larkspur	25 cents per 1000 gallons
County of Marin	20 cents per 1000 gallons

(A) Town of Sausalito Service.

The rates paid by the Town of Sausalito for water purchased from the Water Company and distributed through the Town's municipal system are specified in Paragraphs VI and VII of the contract of March 8, 1909, as follows:

Paragraph VI.

"Said second party (the Water Company) shall receive and accept as payment for all water furnished the maximum rate of 30 cents per thousand gallons when the total amount of water furnished to first party (Town of Sausalito) shall not exceed an average during the respective year of two hundred thousand gallons per day. And when such average amount of daily consumption shall exceed two hundred thousand gallons, the rate per thousand gallons for all water furnished shall diminish proportionately, so that, when the average daily amount supplied shall have reached five hundred thousand gallons, or over, the rate for water furnished shall become 22 cents per thousand gallons; provided, however, that said maximum rate of 30 cents per thousand

gallons shall at once be reduced to 27 cents, whenever the Bon Tempe Dam proposed to be constructed by second party shall be in use by second party, and the rate thereafter shall diminish in the same proportion until the amount supplied is five hundred thousand gallons per day, or over, except that then, the maximum rate shall be figured at 27 cents, instead of 30 cents per thousand gallons; but the rate shall continue to be 22 cents per thousand gallons for said maximum consumption per day of five hundred thousand gallons or over."

Paragraph VII.

"First party (Town of Sausalito), in consideration of the foregoing agreements to be performed by second party, hereby agrees that it will, during the first year of the term hereof, pay for not less than one hundred and fifty thousand gallons of water per day, and after first year, for not less than two hundred thousand gallons per day for every year during the life of this agreement."

The Town of Sausalito has never used even the average of 150,000 gallons per day specified in Paragraph VII of its contract with the Water Company. The total number of gallons used and the average per day from 1910 to 1915 have been as follows:

<u>Year</u>	<u>Total Gallons</u>	<u>Average per Day</u>
1910-1911	42,116,550	115,000
1911-1912	31,737,600	87,000
1912-1913	36,444,625	100,000
1913-1914	36,882,675	101,000
1914-1915	35,189,574	96,500

As already indicated, a 12 inch cast iron pipe line was laid by the Water Company from a point near Corte Madera to the Town of Sausalito to serve the Town with water under the contract of March 8, 1909. In addition to the Town of Sausalito, Northwestern Pacific Railroad Company, the Federal Government at Fort Baker, the Federal Government at Angel Island and a number of small consumers also receive water through said 12 inch pipe line. The consumption of the large users through this pipe line in the year 1915 was as follows:

<u>Consumer</u>	<u>Consumption</u>
Town of Sausalito	35,189,574 Gals.
Northwestern Pacific R.R.Co.	14,386,350 "
U.S.Government--Ft. Baker,	760,285 "
U.S.Government--Angel Island	6,665,379 "
Total,	57,001,588 Gals.

(f) San Quentin Prison Service.

The amount of water consumed in San Quentin Prison is such as to entitle the prison, under the established meter rates, to a rate of 30 cents per thousand gallons.

In 1915, the prison used the following amounts of water:

January	3,659,011	gallons
February	3,468,558	"
March	4,672,006	"
April	3,229,855	"
May	3,641,806	"
June	3,889,830	"
July	4,227,230	"
August	3,817,830	"
September	4,557,113	"
October	3,865,742	"
November	3,722,296	"
December	4,061,193	"

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46,812,470 " @ 30¢ \$14,043.70

The Water Company has found it necessary to install a booster pump at San Quentin, so as to enable the prison to secure the amount of water needed. Although the State has hitherto paid the expense of running this pump, I am of the opinion that the expense of maintaining and operating the pump should be borne by the Water Company. The prison authorities do not ask reimbursement for the expense of the man who operates the pump. The other expenses of maintenance and operation, however, should be reimbursed by the Water Company.

The prison authorities have asked the Commission to give special consideration to the question of a reduced rate, due to the large amount of water used.

(g) United States Government Service.

The United States Government uses water through the Sausalito pipe line at Fort Baker, and also at a wharf in Sausalito, from which point the water is conveyed by barge to Angel Island.

The rate for the service to Fort Baker is 30 cents

per thousand gallons, with a minimum of \$6.00 per month. The amount of water used in 1915 was as follows:

January use	1800	gallons	
<del>February use</del>	<del>13050</del>	"	
March use	17400	"	
April use	1500	"	
May use	15150	"	
June use	18975	"	
July use	16125	"	
August use	18750	"	
September use	108467	"	
October use	510170	"	
November use	19449	"	
December	19449	"	
	760285	"	-- \$245.59

For the water taken from the end of the wharf at Sausalito for use on Angel Island, the United States Government pays a rate of 40 cents per thousand gallons, which was authorized by this Commission on July 6, 1914, in Application No. 1223, on request of the Water Company (Vol. 5, Opinions and Orders of the Railroad Commission of California, p. 18). This rate includes an item of 10 cents for wharf maintenance fund. During the year 1915, the United States Government took at the wharf 6,665,379 gallons of water for which it paid 40 cents per thousand gallons.

#### (h) Service to Other Large Users.

The owners of a number of subdivisions purchase water from the Water Company at the established meter rates and sell the water at retail to the users on the respective subdivisions. The amount of water taken is such as to entitle the subdivision owners, at the established meter rates, to a rate of 30 cents per thousand gallons.

Northwestern Pacific Railroad Company, which takes water from the Water Company in Sausalito, took in 1915, 14,386,350 gallons, for which it paid at the rate of 30 cents per thousand gallons.



5. RATES HEREIN ESTABLISHED.

FLAT RATES.

As already indicated, the Water Company has advised the Railroad Commission that it is rapidly installing meters and that within a short time the entire system will be completely metered. For this reason and for the further reason that no logical basis for the establishment of flat rates has been presented herein, no change will be made in the flat (or unmetered) rates, except as to fire hydrant rentals as to which metered service is not feasible.

The fire hydrant rental herein established will be \$1.50 per hydrant per month, which rate is at least not too high for this service.

METER RATES.

By reason of the metering of the system hereinbefore referred to, important changes in operating conditions and revenues are now being effected. Manifestly, the amount of water which will be used by the consumers who are now being metered, and the amount of their bills after metering can not be known with absolute accuracy now. However, it is possible to make fairly reliable assumptions based on the testimony herein with reference to the amount of water which has been used by the consumers who have heretofore been metered. The experience of the past, as shown by the record herein, will serve as a guide in the estimates necessarily made for the future. The discrimination against water users in San Anselmo resulting from the minimum meter rate of \$2.00 per month must be eliminated.

After careful consideration, I find as a fact that the following rates are just and reasonable rates to be charged by

the Water Company for metered service, except as hereinafter indicated:

Minimum, -	\$1.00 per month for the first 280 cubic feet or less.
280 cubic feet to 1000 cubic feet, -	\$.25 per 100 cubic feet.
All over 1000 cubic feet, -	\$.20 per 100 cubic feet.
Public street sprinkling and sewer flushing, -	\$.20 per 100 cubic feet.
Other public use on grounds and in buildings at general meter rates, and fire hydrant <sup>rentals</sup> <del>rates</del> as set forth elsewhere.	

A number of special conditions require further consideration, as follows:

- (a) Sausalito Pipe Line Users.
- (b) San Quentin Pipe Line Use.
- (c) Use from Wharf at Sausalito.

(a) Sausalito Pipe Line Users.

In 1909, the Water Company, at an expense of approximately \$92,591.00, built a 12 inch pipe line from a point near Corte Madera, for the purpose of serving water to the Town of Sausalito for its proposed municipal distributing system to the Northwestern Pacific Railroad Company in Sausalito and to possible other users. In addition to these two customers, the Water Company conveys water through this pipe line for sale to the United States Government at Fort Baker, to the United States Government, Department of Commerce and Labor, at a wharf in Sausalito for transportation to Angel Island, and to a number of small consumers.

The cost of this pipe line was greater than would normally have been incurred by the Water Company to secure an equivalent amount of revenue. Hence I find that a fair portion of the cost, depreciation, operation and maintenance of this pipe line should be, <sup>charged directly</sup>

to the water users on this pipe line. These users should pay a rate correspondingly greater than the rate paid by users on other portions of the Water Company's system.

I find as a fact that the following rates are just and reasonable rates to be charged by the Water Company for metered service to consumers on the Sausalito pipe line below the tunnel near Corte Madera:

Minimum, -	\$1.00 per month for the first 280 cubic feet, or less.
All over 280 cubic feet, -	\$.25 per 100 cubic feet.

(b) San Quentin Pipe Line Use.

Mr. James A. Johnston, warden of San Quentin Prison, asked that particular consideration be given to the rate paid by the Prison for water. As pointed out by Warden Johnston, the amount of water bought by the Prison is large. On the otherhand, the Water Company constructed a long pipe line for the sole purpose of serving this customer. This pipe line cost approximately \$18,621.00. It seems only fair that a portion of this additional burden should be charged directly to this customer.

I find as a fact that the following rates are just and reasonable rates to be charged by the Water Company for metered service to consumers on the San Quentin pipe line:

Minimum, -	\$1.00 per month for the first 280 cubic feet, or less.
All over 280 cubic feet, -	\$.215 per 100 cubic feet.

The Water Company should repay to the Prison the expense incurred by the Prison in maintaining and operating the pump at the Prison, apart from the services of the operator.

(c) Use from Wharf at Sausalito.

The United States Government, Department of Commerce and Labor, pays to the Water Company, in addition to the standard rate for water, the sum of 10¢ per 1000 gallons to cover maintenance and replacement of the wharf. This additional charge was agreed to by the parties and sanctioned by the Railroad Commission in Decision No. 1654, made on July 6, 1914 in Application No. 1223 (Vol. 5 of Opinions and Orders of the Railroad Commission of California, page 18) and may be continued in effect.

From careful consideration of all the evidence herein, I am reasonably satisfied that the rates herein established will produce the revenue to which the Water Company is fairly entitled. If the metering of the system should produce results not reasonably to be anticipated from the evidence herein, so that the Water Company does not receive the revenue to which it is fairly entitled, the Water Company may, after a <sup>normal</sup> year's trial, apply for a modification of the rates herein established.

I submit the following form of order:

ORDER.

The above entitled proceedings having been submitted and being now ready for decision, and the Railroad Commission being fully advised,

The Railroad Commission hereby makes its findings of fact as follows:

1. The Railroad Commission hereby finds as a fact that the rates charged by Marin Water and Power Company for water are unjust and unreasonable in so far as they differ from the rates herein established.

2. The Railroad Commission hereby finds as a fact that the rates herein established to be charged by Marin Water and Power

Company for water sold are just and reasonable rates.

Basing its order on the foregoing findings of fact and on the further findings which are contained in the opinion which precedes this order,

The Railroad Commission of California hereby makes its order in these proceedings as follows:

IT IS HEREBY ORDERED that MARIN WATER AND POWER COMPANY shall charge and collect rates for water as follows:

1. Schedule No. 1 - Applicable to all metered use except as specified in Schedules 2, 3 and 4.

Minimum	-	\$1.00 per month for the first 280 cubic feet, or less.
280 cubic feet to 1000 cubic feet		\$ .25 per 100 cubic feet.
All over 1000 cubic feet		.20 per 100 cubic feet.
Public use - all		.20 per 100 cubic feet.

2. Schedule No. 2 - Applicable to all users on the Sausalito Pipe Line below the tunnel near Corte Madera.

Minimum	-	\$1.00 per month for the first 280 cubic feet, or less.
All over 280 cubic feet		\$ .25 per 100 cubic feet.

3. Schedule No. 3 - Applicable to all users on the San Quentin Pipe Line.

Minimum	-	\$1.00 per month for the first 280 cubic feet, or less.
All over 280 cubic feet		\$ .215 per 100 cubic feet.

4. Schedule No. 4 - Applicable to all users from wharf at Sausalito.

Same as Schedule No. 2, except that the additional sum of 7½ cents per 100 cubic feet may be charged for maintenance and replacement of the wharf.

5. Schedule No. 5 - Applicable to all fire hydrants - \$1.50 per month per fire hydrant.

Rates for all classes of service not otherwise in this order specified shall remain in effect as at present.

The rates herein established shall apply, in so far as they refer to metered use, to the meter reading made in the month of September, <sup>1916,</sup> and thereafter, and in so far as they refer to fire hydrant rentals, to service rendered during the month of September, 1916, and thereafter.

Within 20 days from the date of this order, Marin Water and Power Company shall file with the Railroad Commission a schedule of the rates herein established.

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 August, 1916.

Max Thelen  
H. H. Howard  
Alex Gordon  
Edwin O. Edgerton

Commissioners.