

Decision No. 5735

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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ROSEVILLE WATER USERS ASSOCIATION,
Complainant.

-vs-

ROSEVILLE WATER COMPANY,
Defendant.

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) Case No. 1127.
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A. J. Hardán for complainants.
James D. Meredith for defendant.

BY THE COMMISSION:

O P I N I O N

Roseville Water Users Association, comprised of some thirty consumers of the Roseville Water Company, complains of the service and practices of that company.

The complaint alleges that defendant is a public utility water corporation, supplying water for domestic and irrigation purposes to the inhabitants of Roseville and vicinity; that the water supply of defendant is impure and inadequate; that service is intermittent; that the pipe system is inadequate to afford sufficient pressure for fire protection and domestic service;

and that the rates of defendant are exorbitant. Complainant asks that defendant be required to increase its water production and improve its service and that this Commission establish a schedule of fair and reasonable rates.

Defendant, in its answer, denies all the material allegations of complaint and alleges that its plant and system is adequate to supply sufficient water to consumers; that it is now supplying 400 gallons per day for each of the inhabitants of Roseville, which use it claims is exorbitant and wasteful, and that it has recently installed wells and additional pipe lines at large expense to increase its water supply and distribution facilities.

Public hearings were held by Examiner Westover at Roseville and San Francisco.

Defendant owns and operates a water plant supplying Roseville, a city of approximately 4000 population, with water. Its supply is obtained from the ditch system of the Pacific Gas & Electric Company from which it is delivered into defendant's reservoirs, which are located approximately three miles from the City of Roseville at an elevation of about 200 feet above the city. Water is transmitted from these reservoirs in sheet iron pipes to the city where it is distributed to the consumers.

This system was inaugurated in 1907 by the present owner, reservoirs were built and the long transmission main from the reservoirs was constructed to supply the then few residents of the city. As the city gradually grew, the system was enlarged and extended to meet

the demand.

Defendant admitted at the hearings that the service rendered during 1916 and the early part of 1917 was poor, but stated that it had constructed wells, pumping plant and a pipe line which a test had disclosed would deliver approximately 250 gallons of water per minute under a pressure of 142 pounds. It is contended by defendant that this additional installation, in conjunction with its supply obtained from Pacific Gas & Electric Company, will supply a sufficient quantity of water to meet all demands of consumers. It further contends that the use of water by the consumers has been wasteful in the extreme due to the fact that it has heretofore charged for the delivery of water under a flat rate schedule.

We are of the opinion that the additional installation above referred to will largely rectify the conditions of service complained of, but that without an investment so large as to be uneconomic it will be impossible to meet all demands at the time of peak consumption unless the entire system is metered. It has been our experience throughout the entire state that consumption of water from unmetered systems is exorbitant and wasteful, making for poor and intermittent service. We will, therefore, require that defendant meter its system as soon as practicable. We realize, however, that war conditions have rendered it impracticable to secure equipment without large expense and long delay. Therefore, while we will require defendant to

ultimately meter its entire system, such delay will be granted as will permit it to make this improvement economically.

The present rate schedule in effect is that established by the authorities of the City of Roseville in ordinance No. 76 and filed by defendant with the Commission.

Appraisals were submitted by Albert Givan, for defendant, and by J. C. Walther and C. E. Loveland for the Commission. The results of these appraisals, including the cost of new well and equipment, follow:

SUMMARY OF APPRAISALS

	<u>Railroad Commission Engineers</u>	<u>Defendant's Engineer</u>
Estimated cost new, Annuity,	\$116494 *1904	\$132625 **2963
Depreciated cost new,		101073

* - Sinking Fund Annuity.

** - Straight Line Method of Depreciation.

Mr. W. C. Hemphill, president of the Roseville Water Company, testified that the entire cost of the system, including deficits during its early years of operation, was between \$130,000 and \$140,000. It is unnecessary to discuss these appraisals in detail because the total annual charges computed on the smaller of these will require an annual income approximately equal to that now received by the utility.

The Commission's engineers report that defendant's records show a maintenance and operation expense for 1917 of \$11,658.00, and that in their opinion the amount was reasonable. The gross income for 1917 was \$24,599, leaving a net operating revenue of \$12,941. There has been no deduction from the above reported gross income for 1917 of \$24,599 for uncollectible accounts.

The new pumping plant was not operated

extensively in 1917 but undoubtedly will be operated almost continuously/during the summer season, which is the period of maximum demand. There is no means available by which to estimate the quantity of water which it will be necessary to pump from this plant, because of fluctuations in demand, and therefore the operation and maintenance costs during coming years cannot well be estimated without further data showing its actual operation. There will also be an additional operating expense because of the installation of meters, which must be met in the annual charges. War conditions have so increased the cost of labor and materials that the above reported maintenance and operation expense for 1917 will undoubtedly be very largely increased. In order that the utility may give adequate service, it is, of course, necessary that this increased cost be considered in the establishment of rates.

The total annual charges, if the Commission's engineers appraisal is used as a basis, are as follows:

Return on \$116,494.00	\$9519
Depreciation annuity	1904
Maintenance and operation expense as of 1917.....	11658
Total.....	\$22,881

We thus find this utility at present operating under a rate schedule which will return to it a gross revenue approximating the annual charges for the year 1917 without considering in detail the increased costs of operation.

The rates as established by the ordinance of the City of Roseville do not, in our opinion, equitably distribute the burden among the consumers in all instances, and we so modify the schedule as to eliminate some of the inequities.

The testimony submitted concerning purity

of the water supply does not justify a serious reflection upon its quality. The question of purity of water supply is under the jurisdiction of the State Board of Health. Apparently the corrective measures being installed will satisfy the complaint in this particular as well as those relating to inadequate service.

O R D E R

Public hearings having been held upon the issues raised by the pleadings in the above entitled case and the matter being submitted and now ready for decision,

THE RAILROAD COMMISSION HEREBY FINDS that the rates of the Roseville Water Company, in so far as they differ from the rates hereinafter set out are unjust and unreasonable, and that the rates established in the order following are just and reasonable.

Basing its order on the above findings of fact and upon those contained in the opinion preceding this order,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that defendant Roseville Water Company establish and file with this Commission within twenty days from the date of this order schedule of rates as follows:

1. Minimum meter rates, \$1.00 per month.

All other meter rates remain the same as established by ordinance and on file with this Commission.

Flat Rates: -

Residences, 2 rooms or less	\$1.00 per month
Residences, 3 or 4 rooms	1.50 " "

Small stores	\$1.00	per	month
Barber shops (1 chair)	1.50	"	"
Each additional chair	.50	"	"
Fire service to the City of Roseville per hydrant,	1.50	"	"
Minimum fire service payment,	150.00	"	"

All other flat rates to remain the same as established by ordinance of the City of Roseville and on file with this Commission.

IT IS FURTHER ORDERED that Roseville Water Company shall proceed as rapidly as its financial condition will permit to meter its entire system.

IT IS FURTHER ORDERED that the Roseville Water Company shall file with its rate schedule rules and regulations for the approval of this Commission.

IT IS FURTHER ORDERED that the complaint in so far as it relates to purity of water and service, be and it is hereby dismissed.

Dated at San Francisco, California, this 5th
day of *Sept.* 1918.

Thos. Hayward
Ally F. ...

Frank R. ...
Commissioners.