

ORIGINAL

Decision No. 6253

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of BENICIA WATER COMPANY, a cor-)
poration, for an emergency rate) Application No. 4343.
for water furnished to the City)
of Benicia and its inhabitants.)

A. E. Shaw, for Benicia Water Company,
P. B. Lynch, E. C. Vans and J.J. Moore,
for City of Benicia.

LOVELAND and MARTIN, Commissioners:

O P I N I O N

This is an application by Benicia Water Company, a public utility corporation, hereinafter referred to as the applicant, engaged in the business of supplying water to the people of Benicia, for authority to install a temporary rate to amortize expenses incurred in furnishing an emergency supply of water to its consumers.

A public hearing in this matter was held in Benicia, February 28, 1918.

The application alleges in effect that owing to the lack of rainfall during the year 1918, and by reason of increased consumption, due to abnormal demands by manufacturers and the Southern Pacific Company, the supply of water in the reservoirs became greatly depleted and applicant was forced to sink a number of wells and to convey water in barges from the San Joaquin and Sacramento Rivers.

The cost of providing the emergency supply is set forth as follows:

Cost of installation of wells and equipment-----	\$ 8242.00
Cost of installation of barge and equipment-----	<u>4893.00</u>
Total cost of installation-----	\$13140.00
Salvage on wells and equipment-----	\$1681.00
Salvage on barge and equipment-----	<u>1294.00</u>
Total salvage-----	\$ <u>2975.00</u>
Net cost of wells, barge and equipment-----	\$10165.00
Cost of operation of wells, per month-----	632.00
Cost of operation of barge, per month-----	5568.50

Applicant asks permission to install emergency rates for water delivered to consumers and to continue such rates in effect until the entire extraordinary expense is amortized. The present rates and the emergency rates asked for are as follows:

For consumers using 2000 gallons or less, rates will remain as at present.

	<u>Present Rates</u>	<u>Emergency Rates</u>
From 2,000 gallons to 20,000 gallons per thousand gallons---	\$ 0.60	\$ 0.75
Next 10,000 " per thousand gallons-----	0.55	0.60
" 10,000 " " " "-----	0.50	0.55
" 10,000 " " " "-----	0.45	0.55
" 25,000 " " " "-----	0.40	0.55
" 25,000 " " " "-----	0.35	0.55
Over 100,000 " " " "-----	0.29	0.55
Monthly minimum for 5/8" meter (2500 gals. or less)---	1.50	
" " " 5/8" " (2000 gals. or less)---		1.50
All other rates the same as now in effect.		

The testimony offered was to the effect that the recent shortage of water on the applicant's system was caused by abnormal demands by manufacturers and by the Southern Pacific Company. War

activities were responsible for the great manufacturing use and the Southern Pacific Company's Port Costa Supply became so depleted that it was necessary to make up the deficiency at Benicia. Apparently the applicant has made every reasonable effort to increase its available supply and the recent shortage of water was caused by abnormal and unforeseen demands upon the water system and through no fault or omission on the part of the applicant.

It is also apparent that the applicant is not now earning, and for some years past has not earned, a return of six per cent upon its invested capital. In fact, testimony was introduced to show that the rate of return for the past seven years has ranged from a deficit of 1.42 per cent to a surplus of 3.14 per cent.

It is therefore evident that the applicant is entitled to an increase in rates in order that the extraordinary expenses, incurred in providing an emergency supply of water, may be amortized.

The actual total cost of providing the emergency supply is not yet available as operation of the wells and barge was continued until February 15, 1919, and final bills for expense have not yet been shown upon the applicant's books. Actual allowances for salvage upon well and barge equipment cannot be determined until such time as the equipment is sold or otherwise disposed of. Computations of the Commission's Engineers, based upon estimates of the applicant, indicate that the total expense will amount to \$27,000.00.

The emergency rate asked for will result in an increase of \$25,715.00 in 12 months over the revenues received from the sale of water in 1918, when based upon the quantities sold in that year. The applicant, however, contends that the increase will amount to \$20,336.00 or less, owing to probable decreases in quantities consumed. This contention is supported by the fact that the Southern Pacific Company has already materially reduced its draught on the system.

- Under the emergency rates desired consumers of 2,000 gallons or less per month would pay no more than under the present rates. During the year 1918 fifty-seven per cent of all consumers used less than 2,000 gallons per month, and it is seen that, under the proposed rates, the burden of paying for the emergency supply is placed upon consumers of large quantities of water who were directly responsible for the shortage.

In view of all the circumstances we are of the opinion that the emergency rates asked for by the applicant should be allowed and should continue in effect until further order of the Commission. On or before January 1, 1920, an additional investigation will be made and the Commission will issue such supplemental order as is required.

In connection with the use by Southern Pacific Company, previously mentioned in this opinion, we desire to particularly point out the fact that the shortage of water was very largely due to the demands of that Company upon the water system. The Southern Pacific Company is in reality a "consumer on wheels" and, in case of a deficiency at one point, can transfer its demands to another place where the supply is more plentiful. This was the procedure followed in 1918 when the Benecia Water Company was called upon to supply 44 per cent more water to the Southern Pacific Company than was used in 1917, with the result that the expense of furnishing the emergency water supply was very greatly increased. It is obvious that, having been such a vital factor in producing the shortage of water at Benecia, the Southern Pacific Company is morally bound to assist in paying for the emergency water supply and should continue its patronage. Under the circumstances, while the Commission is without authority to compel further purchases of water by the Southern Pacific Company from the applicant, we trust that with the facts clearly set forth, the moral responsibility will be recognized and appropriate measures taken.

ORDER

BENEZIA WATER COMPANY having made application for permis-

ion to install an emergency rate to be charged by said Benecia Water Company to its consumers, a public hearing having been held thereon, and the Commission being fully apprised in the premises:-

THE RAILROAD COMMISSION hereby FINDS AS A FACT that the rates now charged by Benecia Water Company are unjust and unreasonable insofar as they differ from the rates herein established, and that the rates herein established are just and reasonable rates to be charged by Benecia Water Company.

Basing its order upon the foregoing finding of fact and upon the findings of fact which are contained in the opinion which preceded this order;--

IT IS HEREBY ORDERED that BENECLA WATER COMPANY be, and the same is hereby, authorized to file with the Railroad Commission within fifteen days from the date of this order, and to thereafter, until further order of the Commission, charge the following rates for water served to the inhabitants of Benecia and vicinity.

RATE SCHEDULE

First 20,000 gallons, per thousand gallons	--	\$0.75
Next 10,000 " " " "	--	0.60
Over 30,000 " " " "	--	0.55

Monthly minimum rate for each 5/8 inch meter or less \$1.50 per month, and for each 1/4 inch diameter of meter above 5/8 inch \$0.50 per month.

All other rates to remain the same as those now in effect.

AND IT IS FURTHER ORDERED that Benecia Water Company shall on or before the fifteenth day of each month, file with the Railroad Commission a statement showing the revenues derived from the sales of water during the preceding month and during the corresponding month of 1918.

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 26th day
of March, 1919.

Edwin O. Edgerton
W. L. Hayward
Frank R. Hobbs
H. B. ...
Irving Martin
Commissioners.