

Decision No. 6289

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application }
of Pedro Gonsalves for Authority }
to Increase the Rate Charged for } Application No. 4342.
Water Supplied to Certain Con- }
sumers. }

C. W. White, for Pedro Gonsalves.

By the Commission:

O P I N I O N

This is the application of Pedro Gonsalves (Gonzales), who is sole owner and operator of a small water utility selling water for domestic and irrigation purposes in Eden Township, Alameda County, for authority to increase the rates charged his consumers. The community served lies in unincorporated territory about one mile south of the southern limits of the City of San Leandro.

The application states, in effect, that the charge heretofore made has been a flat rate of \$1.00 per month per consumer; that the revenue produced by this rate is insufficient to pay the cost of maintaining the water system and a reasonable return on the investment; wherefore applicant prays that such an increased rate be authorized as appears meet and proper in the premises.

A public hearing in this proceeding was held in San Leandro on February 28, 1919, before Examiner Encell.

This system supplies water to about forty consumers for domestic and irrigation uses. Water is pumped from two wells lo-

cated at the rear end of two lots owned by applicant. The small community served is reasonably built up for a suburban district. The system is merely a small neighborhood affair which has practically reached its maximum capacity unless entirely rebuilt. A number of the consumers have extra lots besides those occupied by their dwellings, and use all the space possible for raising fruits and vegetables for the market. These gardens are irrigated from the system of the applicant at no increase in charge over the rate for a house alone. This is unjust to those consumers who do no irrigating.

A field investigation of this utility was made by Assistant Engineer C.I. Rhodes of the Commission's Hydraulic Division, and his report submitted at the hearing. No other appraisal was presented. Practically no records are or have been kept by applicant of operating expense, income or capital expenditures. Mr. Rhodes reports an estimated cost new of \$2640 and a sinking fund annuity of \$51.

After a careful inspection of the few original records available, and analysis of the remaining elements of expense, a reasonable sum to cover the maintenance and operation expense of this utility is found to be \$495.00 per annum.

The annual charges which the consumers should return to the utility are,

Interest on \$2640 @ 8%	\$211
Maintenance and Operation Expense	495
Depreciation	<u>51</u>
Total Annual charges	\$757

The total gross income applicant can expect with the rates at present in effect does not exceed \$480.00 per annum. It is apparent that such rates are unjust and unreasonable.

Though a fully metered system would be desirable, it is not deemed advisable in this proceeding that applicant be ordered to incur the additional expense of installing meters. From the meager data available, it appears that the rate hereinafter established will yield an amount at least equal to the above annual charges. In view of the opposition expressed, at the hearing, to a flat rate, a provision will be herein made for a meter rate. Meters may be installed at the option of the utility or any consumer may demand that a meter be installed and water be delivered to him thereafter at measured rates. If the consumer demand that a meter be installed, he shall deposit with the utility the cost of such meter and installation. The amount deposited shall be returned to him as a credit on water bills at the rate of 50 percent of his monthly bill.

O R D E R

Application having been made by Pedro Gonsalves(Gonzales) for authority to increase the rate charged for water, a public hearing having been held and the matter having been submitted,

IT IS HEREBY FOUND AS A FACT, that the rates now charged by Pedro Gonsalves, in so far as they differ from the rates herein established, are unjust and unreasonable and that the rates herein established are just and reasonable.

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

IT IS HEREBY ORDERED, that Pedro Gonsalves(Gonzales) be and he is hereby authorized and directed to file within twenty days from the date of this order with the Railroad Commission of the State of California and thereafter charge the following schedule of rates:

Flat Rates:-

For a single lot and dwelling	\$1.25 per month
For each additional lot irrigated	1.00 " "

Meter Rates:-

For first 400 cu.ft. or less	\$1.00
Over 400 cu.ft., per 100 cu.ft.	0.25

IT IS FURTHER ORDERED, that applicant provide at all times adequate service to each consumer receiving water from his system,

IT IS HEREBY FURTHER ORDERED, that Pedro Gonsalves (Gonzales) file rules and regulations within 30 days of the date of the order with this Commission for its approval and shall therefore put into effect such rules and regulations as amended and corrected by this Commission.

Dated at San Francisco, California, this 25th day of April, 1919.

Edwin C. Lytle

H. B. Leonard

H. B. Brundage

Wm. J. Martin

Commissioners.