

Decision No. 6470.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application )  
of BLACK DIAMOND WATER COMPANY ) Application No. 4471.  
to increase rates. )

B. D. Marx Greene for Applicant.

BY THE COMMISSION.

O P I N I O N

Black Diamond Water Company, a public utility water corporation, applicant herein, asks this Commission to authorize it to increase its rates charged for water to its consumers in the city of Pittsburg, and vicinity.

Applicant alleges in effect that it is a public utility water corporation engaged in the business of distributing and selling water for manufacturing, domestic and other uses in the city of Pittsburg, Contra Costa County, and territory adjacent thereto; that the present rates are unjust and unremunerative, and do not produce a sum sufficient to meet operating expenses, replacements and interest on a fair rate base; that applicant filed with this Commission, in Case No. 870, entitled City of Pittsburg v. Black Diamond Water Company, a complete inventory and the original cost of its property at that time, and is herein presenting additions and retirements to date; that this Commis-

sion, in its order in the above mentioned case, established the present rate schedule, and directed applicant to proceed with the installation of meters at the rate of ten meters per month; that applicant proceeded to carry out the program set forth in the Commission's order until the year 1918, at which time, owing to the high price of materials and labor and the scarcity of meters, a lesser number were installed, and that at the present time there are 844 consumers, and 337 thereof are metered; that during the summer of 1918, owing to the extreme drought, the water supply was diminished and became brackish to such an extent as to render it unfit for human consumption; that in order to properly serve its consumers, applicant hired tank wagons to haul potable water from wells in the vicinity, at great expense to itself.

Applicant asks for an order from this Commission authorizing it to establish a rate schedule which will produce a reasonable annual revenue, and further prays for authority to establish a surcharge to compensate it for its extraordinary expense in the year 1918, in supplying potable water to its consumers.

The rate schedule now in effect was established by this Commission in its Decision No. 3257, City of Pittsburg v. Black Diamond Water Company, Case No. 870, decided April 17, 1916, Opinions and Orders, Railroad Commission of California, Vol. 9, p. 710, and a Supplemental Decision, No. 3413, in the above proceeding, decided June 9, 1916, reported in Vol. 10, Opinions and Orders of the Commission, at page 296, which rate schedule has been in effect since that date.

The water supply for this system is obtained by pumping from what is known as New York Slough, an arm of the Sacramento River. It is then treated and filtered, in order to produce a sanitary and potable water. From the filters it is pumped

into a 100,000 gallon distributing tank on a 70-foot tower, and from this tank it is delivered to the consumers through iron and steel pipes. For a detailed description and history of this system, reference is made to Decision No. 3257, supra.

A public hearing was held in this proceeding in Pittsburg, at which hearing evidence was submitted on the part of applicant to justify its petition, and the results of the investigation of this Commission's Engineering Department were also submitted. Mr. E. A. Noble, one of the Hydraulic Engineers of this Commission, submitted an estimated probable cost new as of June 1, 1919, of \$89,223, and a 4% sinking fund annuity of \$2,373. Mr. A. Kempkey, engineer for applicant, submitted an appraisal as of the same date, the results of which are as follows:

Probable original cost .....	\$ 98,328
Depreciated cost .....	70,717
Depreciation allowance .....	4,897

Mr. Kempkey computed this depreciation allowance on what is known as the Adams Third Method of Depreciation. He used a 6% sinking fund and a 6% return on the investment. In the sum of \$98,328, reported by Mr. Kempkey as the probable original cost, no deduction was made for certain pipe lines replaced in 1918, which the Commission's engineers found to have cost \$1,945. To the above reported sums should be added \$13,752, the cost of a barge purchased for the purpose of hauling water at such times as the water at the intake becomes brackish. So little difference exists between the appraisals submitted by the company and this Commission's engineers, that for the purposes of this proceeding, it is unnecessary to further discuss the value of the plant.

The company's reports, as submitted, of maintenance and operation expense, were examined by the Commission's engineers and checked in detail, in the original records of the company. The following tabulation summarizes the income and expenses of the

of the company for the past three years:

<u>Year</u>	<u>Gross Revenue</u>	<u>Operating Expenses</u>
1916 .....	\$ 14,425	\$ 11,904
1917 .....	17,553	12,044
1918 .....	19,477	15,641

The following is a detail of the operating expenses of the company for 1918, as taken from the records of the company by the Commission's engineers:

Office Salaries, Expenses, Collecting, etc.....	\$ 4,417.62
Electric Power Pumping .....	2,942.10
Distribution Repair .....	637.55
Purification Expense .....	1,479.44
Transmission Repair .....	122.10
Pumping Labor and Expense.....	2,990.44
Service Repair and Expense .....	281.94
Meter Repair .....	123.20
Automobile Expense and Repair.....	176.03
Taxes.....	1,252.21
Hauling water with teams .....	<u>1,218.08</u>
Total - - - - -	15,640.71

The expenditure of the sum of \$1,218.08 set out above for hauling the water with teams, was necessitated because of the fact that the flow of the Sacramento River became so small during the summer of 1918 that the water at the point of diversion became brackish due to the inflow of salt water from the ocean. Water was hauled in tank wagons from near-by wells to relieve the shortage of water for drinking purposes.

During the early part of 1919, applicant purchased a barge with which to haul water from a point farther up the Sacramento River, where the water is not brackish. The operation of this barge during the summer season, it is estimated, will cost approximately \$1,800, which amount should be added to maintenance and operation expenses.

Combining these various items of operating expense, it is found as a fact that \$16,222 is a fair sum to be included in the rate base for operating expenses.

The following is a summary of the annual charges to be produced by the rate schedule established herein:

Interest.....	\$6,500
Depreciation annuity.....	2,835
Maintenance and Operation expense.....	<u>16,222</u>
Total - - - - -	\$ 25,557

Details of water use and the basis of computing the present flat rates, were submitted at the hearing. Using the detail submitted as a basis, the rate schedule established herein has been computed, and is such as to produce the above annual charges.

This Commission in its Decision No. 3413, City of Pittsburgh v. Black Diamond Water Company (Case No. 870), directed applicant herein to install meters at the rate of ten meters per month, until the system was fully metered. This program has not been carried out by applicant, although applicant's system is now approximately 45 per cent metered. It is now asked that the above mentioned order be so modified as to relieve applicant from metering the smaller water users in the old residence district, in which there is a large proportion of small residences. Because of the fact that there is so small a consumption of water by this class of consumers, it appears that it would benefit neither the utility nor the consumers to install meters. It therefore appears advisable to relieve applicant of this expense.

#### ORDER

Black Diamond Water Company having applied to this Commission for an order authorizing it to increase its rates, and a public hearing having been held, and the Commission being fully ap-

prised in the premises,

IT IS HEREBY FOUND AS A FACT that the rate schedule of Black Diamond Water Company, in so far as it differs from the rate schedule herein established, is unjust and unremunerative, and that the rate schedule herein established is fair, just and remunerative, and basing its order on the foregoing finding of fact and on the further findings of fact set out in the opinion preceding this order,

IT IS HEREBY ORDERED that Black Diamond Water Company be, and it is hereby authorized and directed to file with this Commission, within twenty (20) days from the date of this order, the following rate schedule, effective for all meter readings subsequent to June 25, 1919:

RATE SCHEDULE

Metered Use:

MONTHLY MINIMUM PAYMENTS FOR METERED SERVICE

For 3/4 inch or 5/8 inch meters .....	\$ 1.25
For 1 inch meter.....	2.00
For 1 1/2 inch meter.....	2.75
For 2 inch meter .....	3.50

Quantity Rates:

Per 100 cu. ft.

For use between 0 and 300 cu.ft. per month.....	\$ .41-2/3
For use between 300 and 2000 cu. ft. per month.....	.27
Over 2000 cu. ft. per month.....	.21

Municipal Use:

Fire service minimum for 35 hydrants, per month.....	\$70.00
Additional Hydrants, per hydrant.....	1.50
Street Sprinkling and sewer flushing, and all other municipal use at meter rates.	

Flat Rates:

To apply to all users on separate premises  
in whatever ownership.

1. Residence and Tenements of four rooms or less, occupied by a single family and including one bath and toilet, per month.....	\$ 1.50
For each additional room, per month.....	.10
For each additional bath tub or toilet, per month.....	.20
For each private barn, not more than two horses or cows, per month.....	.60
For each additional horse or cow, per month.....	.20
2. Private Boarding Houses--for each roomer or boarder in addition to the family, per month.....	.15
3. Irrigation of gardens and grounds, payable every month in the year, per 100 square feet .....	.07
4. Livery Stables and Stock Yards, per average number of stock fed, each.....	.35
5. Barber Shops, for single chair per month .....	1.25
For each additional chair.....	.25
6. Saloons or Hotel Bar-rooms .....	3.00
7. Restaurants and Cafes, per unit of seating capacity.....	.10
8. Bakeries, in addition to the store rate, accord- ing to monthly use of flour, for each barrel used.....	.06
9. Public Garages, average 6 autos or less per month.....	3.00
For each additional auto, per month.....	.50
10. Photograph Galleries, or where water is used for photograph printing and developing, in addition to the store rate, per month .....	1.50
11. Soda Fountains and Ice Cream Parlors, either alone or in connection with other business, per month	\$1.50 to 4.00
12. Wagon and Blacksmith Shops, per month.....	1.50 to 3.00
13. For small stores and shops not otherwise listed, per month.....	1.00 to 2.00
14. For large stores and warehouses not other- wise listed, per month.....	2.00 to 5.00
15. Additional for each bath tub or toilet in 4 to 14, inclusive, per month.....	.50

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| 16. Living Rooms in connection with stores or shops,<br>additional to store rate, per month, .....   | \$ 1.00     |
| 17. For use of hose in front of stores and shops for wash-<br>ing windows and sprinkling sidewalks, according to<br>frontage, per month..... | 25¢ to 1.25 |
| 18. Bathing establishments, either alone or in connec-<br>tion with barber shops, for one public bath tub,<br>per month.....                 | 2.00        |
| For each additional public bath tub, per month,.....   | .75         |
| 19. Building Work:   |             |
| For mortar and to dampen brick, per 1000 bricks.....   | .20         |
| For Cement Work and Plastering, each barrel of<br>cement or lime used, .....   | .20         |
| 20. Water for all purposes or establishments not speci-<br>fied in above schedule, charged for at meter rates.                               |             |
| 21. Meters may be installed at the request of any con-<br>sumer or at the option of the utility.   |             |

IT IS HEREBY FURTHER ORDERED that Black Diamond Water Company be, and it is hereby authorized to discontinue the installation of meters upon all its services until further notice, and it is directed to file with this Commission, within twenty (20) days from the date of this order, a plan for a comprehensive metering program.

Dated at San Francisco, California, this 30<sup>th</sup>  
day of January, 1919.

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*H. H. Loveland*  
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*H. W. Brundage*  
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*James M. ...*  
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 Commissioners.