

Decision No. 6576

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application)
of MRS. J. S. HAMILTON (Owner of) Application No. 4652.
the Inverness Water Works) for an)
order increasing rates.)

Chickering & Gregory by W. C. Fox, for
applicant.
Almeric Coxhead in propria persona and
for certain consumers.

BY THE COMMISSION:

O P I N I O N

Mrs. J. S. Hamilton, operating a water system
supplying domestic water in and about Inverness, Marin County,
applies for an order authorizing an increase in rates.

A public hearing upon the application was held
by Examiner Westover at Inverness.

The system in question was installed twenty
years or more ago by Mrs. Hamilton to furnish water to a por-
tion of the townsite of Inverness, subdivided by her from a
part of her large ranch. The water system was sold by her about
1906 and again acquired by her in 1913. A large part of the
pipe system was renewed and enlarged when she took it back as
the system had been neglected. Some of the complaints of service

hereafter referred to relate to the period when Mrs. Hamilton was not operating the system.

All of the water is produced by gravity, being diverted from two small streams on the ranch and conveyed through 6925 feet of 3", 4" and 6" transmission mains to redwood storage tanks, with a total capacity of 32,000 gallons. The water is distributed through 18,040 feet of standard pipe and steel screw/casing, mainly 2" and 4", to 114 service connections. There are 94 consumers of whom 33 are permanent residents, and the remainder summer visitors, or those who make occasional week-end visits to Inverness.

Applicant has not kept systematic accounts showing the cost and operation of the system and it has proven impossible for her to segregate the items from her books showing ranch accounts. It is necessary, therefore, to depend entirely upon estimates. Her counsel announced at the hearing that the estimates of cost of structures^{and of} operation prepared by the Commission's engineers were so nearly those of an engineer employed by applicant, that they would adopt the figures of our engineers and therefore offer no engineering testimony.

Applicant's counsel, however, urges that \$1050 be added to the appraisal, as the value of about 21 acres of real estate used and useful for protecting the sources of water supply. This ground lies in the two steep canyons above the springs but has not been fenced or set apart for water use. The springs are protected from cattle on the ranch by heavy brush on the slopes and apparently do not need other protection at this time nor need land be

segregated for this purpose. The areas referred to were not shown to be used and useful at this time.

Mr. H. A. Noble, one of the Commission's assistant hydraulic engineers, prepared and submitted in evidence an estimate of reproduction cost ^{of the system} now _{which} aggregates \$11,207, based on average unit prices prevailing for five years prior to 1917. He computes the annuity necessary to cover depreciation at \$225.45 per year, and cost of maintenance and operation at \$950 per year.

The annual charges which should be produced by rates are therefore as follows:

Maintenance and operation, including legal and engineering fees	\$950.
Depreciation	225.
Return on investment	785.
Total annual charges	<u>\$1960.</u>

The gross income for 1918, based on 113 services at \$12 and one hotel at \$60, totaled \$1416.

The rates found in the order it is estimated will produce sufficient revenue to cover the above annual charges.

Consumers attending the hearing expressed the general sentiment that there would be no objection to a reasonable increase in rates, provided they received high class service. As we have said before, the Commission will require such service in all instances. The utility should have a rate sufficient to fairly compensate for such service, if the resulting rate is reasonable. A majority of the consumers some time ago joined in executing a document acquiescing in an increase to \$15.00 in the present annual charge of \$12.00.

Considerable complaint developed at the hearing as to service, particularly during the period of abnormal water shortage in 1918. The testimony shows that during the 1918 season the storage tanks were frequently drained by heavy consumption during the night, and that consumers on higher levels would be without water for relatively short periods during the morning and evening hours of heaviest draft, when water is most needed for domestic use and irrigation of lawns and gardens. The draining of the storage tanks during the night suggests carelessness or waste on the part of some consumers in leaving faucets open.

Service this season appears to be generally satisfactory with sufficient water developed to meet the present needs of the community, if properly conserved and distributed. We are advised that since the hearing applicant has voluntarily installed an additional storage tank of 10,000 gallons capacity on a high level, thereby assuring an adequate supply and service to the consumers in that zone, one of whom complained at the hearing.

To guard against a possible future shortage, applicant proposes to build a trail in what is known as the "Second Valley" on her ranch to bring in an additional supply from the creek flowing therein. This trail would afford a place for laying pipe if this becomes necessary, but she does not wish to divert the water nor lay the pipe until additional water is needed, and it appears from the testimony that the present situation does not justify this additional investment, which would result in an increase in the rate base upon which present consumers should pay a return in rates.

O R D E R

Mrs. J. S. Hamilton having applied to the Railroad Commission for authority to increase rates to be charged for the service of domestic water in and about Inverness, Marin County, and a public hearing having been held thereon and the Commission being fully advised,

THE RAILROAD COMMISSION HEREBY FINDS AS A FACT that the present rates charged by Mrs. J. S. Hamilton, doing business under the name of Inverness Water Works, are unreasonable and non-compensatory, but that the rates hereinafter in this order set forth are just and reasonable rates, and basing its order upon said finding of fact and upon the findings of fact contained in the opinion preceding this order;

IT IS HEREBY ORDERED that Mrs. J. S. Hamilton, doing business under the fictitious name of Inverness Water Works, be and she is hereby authorized to file, within twenty (20) days from date and to charge and collect the following schedule of rates to apply to all service after September 1, 1919.

FLAT RATES:

Annual charge, payable in advance January 1, each year \$15.00

METERED RATES:

Minimum annual charge, payable in advance, for which consumer will be entitled to 600 cubic feet each month of the year covered by the payment 15.00

Excess water used, payable monthly, per 100 cu.ft.25

IT IS HEREBY FURTHER ORDERED that applicant, within twenty (20) days, prepare and file with the Commission for acceptance, to become effective when approved, rules and regulations governing service on her system; this schedule to include a rule under which meters may be installed at the option of applicant or any consumer, and a rule limiting the hours during which water may be used for irrigation.

IT IS HEREBY FURTHER ORDERED that applicant
render high class service of sufficient water under adequate
pressure.

Dated at San Francisco, California, this 16th
day of August, 1919.

Edwin C. Engstrom
H. B. Portland
Frank Deley

