

Decision No. 6688

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

In the matter of the Application of)
Black Diamond Water Company, a cor-)
poration, for an order of the Rail-)
road Commission of the State of)
California, authorizing applicant)
to increase its rates and charges for)
water furnished to its consumers.)

Application No. 4787.

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B. D. Marx Greene for applicant.
R. N. Wolfe, City Attorney for City of Pittsburg.
W. C. Whittlaid for consumers.

BY THE COMMISSION:

OPINION

This is a proceeding brought by Black Diamond Water Company, hereinafter referred to as applicant, for authority to increase its rates and charges.

The application alleges in effect that on June 30th, 1919, the Commission by its Decision No. 6470 fixed the rates to be charged by applicant; that the following summary of annual charges was set out in the above mentioned decision:

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

that the sum allowed for maintenance and operation expenses includes the sum of \$1800 for the expense of hauling fresh water by barge from a point in the Sacramento above the intake to applicant's system during the time that the water at the intake is brackish; that owing to unforeseen circumstances and the extreme drought the cost of barging

water will far exceed the amount included in maintenance and operation expenses; that applicant inadvertently omitted some items of operating expense in its presentation of its former rate proceeding which should properly be included and that unless its earnings are increased it will not earn the rate of return heretofore adjudged by this Commission to be an adequate and fair return.

Applicant asks that its rates and charges be increased by the establishment of a temporary surcharge sufficient to compensate it for its unusual expense.

Public hearings were held in Pittsburg on August 6th and 13th, 1919:

The rate schedule in effect was established by this Commission in its Decision No.6470, In the Matter of the Application of Black Diamond Water Company to increase rates, Application No. 4471, decided June 30, 1919;

At the hearing in this proceeding, applicant submitted evidence to show that it had inadvertently omitted some items of operating expense from the sums reported at the hearing of Application No.4471. It asks that these sums be now included in its annual charges and the rates be increased accordingly. These items total some \$1500.

It is further contended that because of the extreme drought it was necessary to purchase a barge and haul water from a point some seven to ten miles above the point of diversion and that the expense incurred ^{in operating this barge} /is an emergency expense which should be cared for by the establishment of a surcharge. It is estimated that this expense will equal \$6000. The sum of \$1800 was included in the annual charges for this purpose.

Attention is directed to the fact that the present rate

schedule has been in effect only two months and that applicant is now installing meters on practically all its services. The income which will be produced by this rate schedule is at best an estimate under these circumstances, and furthermore it is to be expected that in any estimate of operating expenses some items will be exceeded whereas others will not be equalled. The sum established should equal total fair operating expenditures.

Until the rates recently established have had a fair test, it is inadvisable to change them unless an emergency arises or the entire operating conditions are changed. It appears that such an emergency has been created by the drought and that this additional expense should be cared for by a surcharge.

The period for which it will be necessary to operate this charge is problematical and it is therefore impossible at this time to satisfactorily estimate the total expenditure.

Therefore a surcharge will be established in the form of a percentage to be added to all bills, and applicant will be required to report its expenditures and revenue in detail each month.

ORDER

Black Diamond Water Company having applied to this Commission for an order establishing a surcharge and a public hearing having been held, and the Commission being fully apprised in the premises, -

IT IS HEREBY FOUND AS A FACT that the surcharge herein established is a fair and reasonable charge to be made by Black Diamond Water Company in addition to its rates and charges heretofore in effect, and basing its order on the foregoing finding of fact and on the further statements 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 add to all its tolls and charges a surcharge of fifteen (15) per cent in addition to the tolls and charges computed in accordance with its rate schedule heretofore in effect, effective for all bills rendered subsequent to the date of this order, and shall file with this Commission within twenty (20) days from the date of this order the above surcharge.

IT IS HEREBY FURTHER ORDERED that Black Diamond Water Company file with this Commission each month a statement setting forth in detail its operating expenditures and revenues.

IT IS HEREBY FURTHER ORDERED that the above surcharge shall remain in effect until further order of this Commission.

Dated at San Francisco, California, this 30th day of September, 1919.

Edwin O. Edgerton

H. B. Loveland

Francis E. Dwyer

H. W. Brundage

Commissioners.