

Decision No. 6853.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of EAST BAY WATER COMPANY, a cor-)
poration, for an order permitting)
it to replace certain large mains,)
taps and services now used exclu-)
sively in supplying the Southern)
Pacific Company at Oakland, Cali-)
fornia, with smaller mains, taps)
and services.)

Application No. 3215.

McKee and Tasheira by A. G. Tasheira,
for East Bay Water Company.

George D. Squires, for Southern Pa-
cific Company.

EDGERTON, Commissioner.

O P I N I O N

This is an application of the East Bay Water Company for authority to remove certain pipe lines and facilities now supplying water to the Southern Pacific Company at its Oakland Pier round house, yards, freight office, depot and wharves.

Applicant proposes to replace the present large services and other facilities with smaller pipes and meters through which the amount of water now used by Southern Pacific Company, or even greater quantities, can be drawn from applicant's water system.

Prior to May, 1917, the average use of water by the Southern Pacific Company was somewhat in excess of 130,000 cubic feet per month, but since that time the quantity used has greatly diminished. This is due to the fact that Southern Pacific Company purchased water from the Union Water Company, a competing utility. In emergencies the draft on applicant's system is temporarily increased to large amounts. Applicant contends that this unrestricted use of water in large amounts to meet emergencies caused by failure of its competitor to deliver an adequate quantity, necessitates the maintenance by it of facilities of such capacity and size that the revenue derived from the service is noncompensatory. Furthermore, such use will draw so heavily upon applicant's system as to seriously deplete the supply of many other consumers, causing thereby poor and intermittent service.

The Southern Pacific Company contends that applicant should be ready at all times to supply all the water that can be taken through the present facilities, likening itself to the ordinary householder to whom the East Bay Water Company is under obligation to provide service at any time and for brief periods.

We cannot consider the Southern Pacific Company in that light, as of approximately 60,000 consumers, this one user with seven services has in the past used eight percent of all water delivered by applicant. The transportation of so large a proportion of the water supply to one locality is obviously an entirely different matter from the transportation of the supply to the individual householder.

Applicant submitted evidence to show that the value of the pipe lines and services heretofore used in serving the

Southern Pacific Company is \$100,000, at present prices of material and labor, and that the cost of removing these pipe lines and replacing them with pipe of sufficient capacity to serve the present normal use of the Southern Pacific Company will cost approximately \$30,000, leaving about \$70,000 as the net salvage value.

The record in Case No. 1008, being the Commission's investigation into the rates and service of the East Bay Water Company, has been analyzed in so far as it refers to these particular pipe lines and services. This analysis shows a difference in the appraised cost of the present facilities and the pipe lines and services which applicant proposes to install, of from \$32,000 to \$36,000. The difference in maintenance and operation cost of the two sets of facilities is between \$1,500 and \$2,000 annually, the difference in depreciation annuity is between \$50 and \$150 per annum, and interest at seven percent on the difference in the appraised cost amounts to from \$2,240 to \$2,520 per annum.

It is therefore evident that some amount between \$3,800 and \$4,700 should be received by applicant, if the present facilities are to be retained and if it is to be required to stand ready with sufficient water for the Southern Pacific Company's unrestricted draft.

I propose that the East Bay Water Company be granted its application, provided the Southern Pacific Company does not agree to pay the following amounts monthly in addition to the established rates for water:

<u>MONTHLY USE</u>		<u>MONTHLY PAYMENTS</u>
Over	130,000 cubic feet	\$ 0.00
Between	110,000 and 130,000 cubic feet.....	50.00
"	90,000 " 110,000 " "	100.00
"	70,000 " 90,000 " "	150.00
"	50,000 " 70,000 " "	200.00
"	30,000 " 50,000 " "	250.00
"	10,000 " 30,000 " "	300.00
Less than	10,000 cubic feet.....	350.00

I recommend the following form of order:

ORDER

EAST BAY WATER COMPANY having made application for authority to remove certain pipe lines, services and meters now in place and used exclusively by Southern Pacific Company, a public hearing having been held, and the Commission being fully apprised in the premises,

IT IS HEREBY ORDERED that the application of East Bay Water Company be and it is hereby granted, unless the Southern Pacific Company shall, within ten (10) days of the date hereof, file with this Commission and the East Bay Water Company, written agreement that it will pay in addition to the amounts due for water used, at the legal rates in effect, the charges set out in the preceding opinion.

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 19th day of November, 1919.

Edwin O. Edgerton
H. B. ...
H. B. ...
 Commissioners.