

ORIGINAL

Decision No. 7663.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Etna Development Company for) Application No.4517.
authority to increase its rates.)

Taylor and Tebbe by R. L. Taylor, for Applicant.

Luttrell and Ley by C. J. Luttrell, for Board
of Trustees of Town of Etna.

BY THE COMMISSION:

O P I N I O N

Etna Development Company is an incorporated public utility water company engaged in the business of supplying water for domestic and industrial purposes to consumers in and in the vicinity of Etna, Siskiyou County, California.

In the above entitled proceeding applicant asks for authority to increase its rates for service, it being alleged that the rates at present in effect are non-compensatory and insufficient to produce operating expenses, depreciation and interest return on its investment. The rates at present in effect were established by this Commission in Decision No.2789, issued September 30, 1915, In the Matter of the Application of Etna Development Company for an order authorizing increase in the rates for water in Etna, Siskiyou County, Application No.1868, Vol. 8, p. 170, Opinions and Orders of the Railroad Commission of California. In said

decision the Commission directed applicant's attention to the unusually high maintenance and operating expenses for a utility of this size and suggested that a material decrease in these expenses would result from the renewal of the badly deteriorated pipe mains, together with a reduction in the amounts paid for directors' fees and for salaries. Attention was also called to the lax methods of making collections.

A public hearing was held in this proceeding before Examiner Satterwhite, of which hearing all interested parties were notified and given an opportunity to appear and be heard.

The Board of Trustees of the town of Etna filed a formal protest to the granting of an increase in rates, alleging that the salaries paid and overhead operating expenses were disproportionate to the service rendered by the company; that applicant has neglected to make repairs of the badly deteriorated pipe mains, resulting in large waste of water; and that the water supply furnished from the ditch is unsanitary and impure. The State Board of Health has recently ordered the ditch fenced, however, which will no doubt result in an improvement of the sanitary conditions.

A field investigation was made by Mr. H. A. Noble, one of the Commission's Hydraulic engineers. The records of the company show that it expended the sum of \$2,194.16 in 1917 and \$2,012.45 in 1918 for maintenance and operation. These amounts, however, include unusually high overhead expenses for directors, secretary and attorney as compared with similar utilities of like size, and it is unreasonable that the consumers should be compelled to pay increased rates to cover these excessive charges.

It appears from the evidence that applicant has generally

disregarded the recommendations set forth by the Commission's decision in Application No. 1868, above referred to, with reference to the more economic and efficient management of its system. In said decision the Commission found that the sum of \$22,251 was a fair sum to be used for the purposes of that proceeding as a rate base, and that the sum of \$319 was a fair replacement annuity. No replacement of any of the pipes or additions to capital have been made since the date of the above mentioned appraisalment, and it appears that it is fair to include interest upon this amount in the annual charges for the purposes of this proceeding.

Taking into consideration the above facts and assuming that the deteriorated pipes will be replaced or repaired, and allowing for increased costs of material and labor, it is estimated that \$1,800 is a fair allowance for the annual maintenance and operation expenses of this utility.

The income produced by the rate schedule now in effect totalled \$3,416.70 for 1916, \$3,549.80 for 1917 and \$2,812.80 for 1918, excluding the amounts listed for uncollected bills of \$293.50, \$325.65 and \$360.30 for these years, respectively. The decrease shown for 1918 is accounted for mainly by the discontinuance of certain industrial and domestic services which will probably not be resumed.

Summarizing the estimated annual charges as given above, including maintenance and operation expenses, depreciation allowance and a fair interest return, we obtain a total of \$3,900 as a reasonable amount to be produced by rates from the consumers.

It is evident that the present rate schedule will not produce this amount. The rate schedule in the following order has been computed and is designed to yield the estimated annual charges.

The rates established in the following order are based upon

the assumption that adequate service will be rendered by applicant. To accomplish this, applicant must make certain improvements to its system, and therefore the rates established are expressly conditioned upon these improvements being made.

O R D E R

Etna Development Company having applied to this Commission for authority to increase its rates, a public hearing having been held in said application and the Commission being fully apprised in the premises,

It is hereby found as a fact that the present rate schedule of Etna Development Company, in so far as it differs from the rate schedule herein set out, is unjust and unreasonable, and that the rates herein established are just and reasonable rates to be charged by said company for water.

And basing its order upon the foregoing finding of fact and the other statements of fact contained in the opinion preceding this order,

IT IS HEREBY ORDERED that Etna Development Company be, and it is hereby authorized and directed to file with this Commission the rates for water established in the following schedule, upon the following conditions and not otherwise:

1. Etna Development Company shall immediately proceed to put its system in such condition as will enable it to render good and adequate service to its consumers, and within twenty (20) days of the date hereof plans and specifications of the necessary repairs shall be submitted to the Railroad Commission for its approval.

2. Upon the satisfactory completion of the repairs contemplated, Etna Development Company shall advise the Railroad Commission of said fact in writing, and ten (10) days after the

acceptance of these repairs as adequate the following schedule of rates shall become effective:

RATE SCHEDULE

Monthly Flat Rates.

To apply to all users on separate premises in whatever ownership

- | | |
|---|--------|
| 1. For residences or not more than 4 rooms occupied by single families | \$1.00 |
| For each additional room | .10 |
| Additional for each bathtub or patent toilet | .10 |
| 2. Private garages, where cars are washed on the premises, for each auto kept | .20 |
| 3. For each private barn, not more than two horses or cows | .50 |
| 4. Private boarding houses for each boarder in addition to the family | .10 |
| 5. Hotels and lodging houses: | |
| Dining room | 2.00 |
| For each room with water tap | .20 |
| For each room without water tap | .10 |
| For each private bathroom | .25 |
| 6. Public toilets in hotels, lodging houses and public places | .50 |
| For each additional toilet | .25 |
| 7. Public urinals in hotels, office buildings, pool rooms, or any public place, for each bowl where a drain is used, each | .50 |
| With automatic trap flusher, each | .75 |
| 8. For one public bathtub in hotels, lodging houses, barber shops and bathing establishments | 1.25 |
| For each additional public bathtub | .50 |
| 9. Offices or rooms in upper stories of buildings so occupied, each | .25 |
| 10. Livery stables and stock yards, per average number of stock fed, each | .20 |
| 11. Barber shops, for single chair | 1.25 |
| For each additional chair | .50 |
| 12. Bakeries, in addition to the store rate, according to monthly use of flour, for each barrel used | .05 |

13. Public garages, average 4 autos or less	\$2.50
For each additional auto50
14. Soda fountains, and soft drink, ice cream, or lunch places, either alone or in connection with other business	1.40
15. Drug stores	1.25
16. Photograph galleries or where water is used for photo printing and developing in addition to the store rate	1.25
17. Blacksmith, wagon and machine shops	1.00
18. Restaurants and cafes per unit of seating capacity ..	.15
19. Laundries and wash houses	\$2.00 to 5.00
20. For small stores and shops not otherwise listed75
21. For large stores and warehouses, not otherwise listed	1.50
22. Living rooms in connection with stores and shops, additional to store rate50
23. Additional for each bathtub or toilet in 10 to 21, inclusive20
24. Irrigation of garden and grounds payable every month in the year, per 100 square feet irrigated	.03
25. Water for industrial uses or for all purposes not specified in above schedule charged for at meter rates.....	
26. Fire hydrants: For each hydrant owned by the town75
27. Sprinkling roads and streets by the town, measured by water tank capacity, per 100 cubic feet08
28. Automatic sewer flushers, according to measured or computed quantity of water used, per 100 cubic feet08

Meter Rates:

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

1. Monthly minimum payments,	
For 3/4 or 5/8 inch meters	1.00
For one inch meter	1.50
For 1 1/2 inch meter	2.00
For 2 inch meter	2.50

2. Monthly quantity rates,

For use from 0 to 2000 cubic feet, per 100
cubic feet \$.11
For use over 2000 cubic feet, per 100 cubic feet .08

3. Meters may be installed at the option of the consumer or the company.

Dated at San Francisco, California, this 7th day of
June, 1920.

Edwin O. Edgerton
H. S. Loveland
Dwight Martin
Commissioners.