

Decision No. 7814

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
the Diamond Ridge Water Company, a )  
corporation, for a raise in rates )  
for furnishing and delivering water )  
to its consumers. )

Application No. 5563.

John W. Dorsey and W. E. Cashman for Applicant.

B. D. Marx Greene and E. J. Sinclair for  
Diamond Ridge Water Users' Association.

Frank F. Atkinson for Frank Walsh, et al.,  
Protestants.

Elon Dunlap in propria persona.

LOVELAND, Commissioner.

O P I N I O N

Diamond Ridge Water Company, applicant herein, is a public utility water company engaged in the business of furnishing and delivering water for domestic, manufacturing, industrial and irrigation purposes in and in the vicinity of Diamond Springs, El Dorado County, California. In the above entitled proceeding, applicant asks for authority to increase its rates, it being alleged in effect that the present rates do not produce sufficient revenue to meet maintenance and operation costs.

This Commission has recently made an extensive investigation into the affairs of Diamond Ridge Water Company, the details of which, and conclusions reached, being set out in its Decision No. 7749, dated June 19, 1920, to which reference is hereby made and from which I quote as follows:

"There is now pending before this Commission an application filed by defendant herein (referring to the above entitled proceeding), asking authority to increase its rates. The area served, however, is so small that it will undoubtedly be practically impossible to establish a rate which will yield to defendant herein (Diamond Ridge Water Company) revenue sufficient to meet its expenses and an interest return. Defendant however dedicated its system to a public use, and in reliance upon this dedication its consumers have proceeded to develop their ranches. The evidence shows that no real effort has been made to increase the business from its present system, and I am of the opinion that the poor service rendered has had a very material effect in reducing its business.

"Defendant herein purchased this property as a speculation, intending to finance the purchase of a large tract of land, to be later subdivided and sold at a large profit through the use of the water rights purchased with this system and the construction of impounding facilities. Defendant admitted that it was holding this for a speculation and that its speculative value was considerable. This however is no just reason why present consumers should be permitted to suffer for lack of water, and indeed, a far-sighted policy would be to render adequate service to these consumers, thereby securing their aid in the larger scheme and inducing others to settle, thus promoting the development which defendant is and has been attempting to finance. Present consumers should, however, be required to pay equitable rates and produce for the utility a sum equal to what the service is reasonably worth."

A statement of the operating revenues and expenses of Diamond Ridge Water Company for the years 1913 to 1919, inclusive, follows:

	<u>Operating Revenues</u>	<u>Operating Expenses</u>
1913 . . . . .	\$1,318.55	\$4,340.32
1914 . . . . .	3,594.15	6,900.73
1915 . . . . .	2,319.74	3,901.50
1916 . . . . .	1,011.90	5,290.05
1917 . . . . .	1,178.65	898.61
1918 . . . . .	1,717.25	5,992.19
1919 . . . . .	<u>1,195.09</u>	<u>5,507.39</u>
Total . . .	\$12,335.33	\$32,830.79

However, as pointed out in the previous decision of the Commission, from which we quote above, this Company cannot expect to charge rates that will assure a return at the present time on its investment.

The rates at present in effect are as follows:

Domestic service (flat rate), \$1.00 per month.  
Irrigation service, 20 cents per miner's inch.  
Industrial service (California Door Company  
only consumer), \$30.00 per month; \$1.00 addi-  
tional for each dwelling house.

After a careful consideration of the evidence it appears that applicant is entitled to receive an increased revenue for the service rendered, and the rates set out in the following order are designed to produce an increased revenue and more equitably distribute the charge for service rendered.

### O R D E R

DIAMOND RIDGE WATER COMPANY having applied to the Railroad Commission for an order authorizing it to increase its rates, a public hearing having been held and the Commission being fully apprised in the premises,

It is hereby found as a fact, that the present rate schedule of the Diamond Ridge Water 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 the Diamond Ridge 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, and thereafter charge the following rates:

#### For Domestic Use:

For each residence, store, etc., \$1.50 per month.  
Sprinkling or irrigation of lawns, shrubbery, gardens, etc., 3 cents for each square yard.

For Irrigation Purposes:

Per miner's inch day (24 hours), 30 cents.  
(1 miner's inch equals a flow of one fortieth  
of a cubic foot per second.)

For Industrial Purposes: (Flat Rate)

California Door Company, \$75.00 per month.  
Caldor Railroad Company, \$25.00 per month.

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 30<sup>th</sup> day of June, 1920.

F. D. Long  
Frank Allen  
H. B. ...  
David ...  
Commissioners.