

Decision No. 8021

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of the Union Water Company of) Application No. 5798.
Arcata, a corporation, for per-)
mission to increase meter charges.)

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Lem Yocum, for the Applicant.

Geo. H. Burchard, City Attorney,
for the Board of Trustees of
Arcata.

BY THE COMMISSION:

O P I N I O N

The above entitled matter is an application brought by Union Water Company of Arcata, a corporation owning and operating the above named public utility water system, and engaged in the business of selling water for domestic and commercial uses to consumers in and in the vicinity of Arcata, Mendocino County. In this proceeding applicant asks for authority to increase its meter rates, and bases its request solely upon the allegation that the costs of maintenance and operation have materially increased.

The schedule of rates at present in effect was established about 1900 by the Board of Trustees of Arcata. The meter rates so established are as follows:

For first 10,000 gallons, per 1000 gals.----\$0.35
For all over 10,000 gallons, per 1000 gals.- 0.20
Minimum \$1.00 per month.

On June 1, 1920, the company had 317 meters in use, and a

total of 602 consumers.

The water company was organized on Sept. 21, 1883. On November 6, 1883, the town of Arcata, in consideration of the water company's furnishing free water for fire hydrants, gave them a franchise for a period of 50 years, granting the right to use the streets and alleys of Arcata, and to supply the town with water.

The water system consists of three small unlined reservoirs, formed by damming up Park, Preston and Janes creeks, giving an approximate total storage capacity of 305,000 gallons.

The water from Park and Preston creeks discharges by gravity through four and seven inch steel pipe lines, respectively, and supplies water sufficient for the consumers' needs except in the summer months, at which time water is pumped from the reservoir on Janes creek by means of a 20-horsepower General Electric motor and a 4" centrifugal, 2-stage, Krogh pump, through 8500 feet of 5" wood stave pipe to Arcata.

The applicant presented evidence purporting to show that the original cost of installation of the water system complete to June 1, 1920, was \$37,167, and the value of the real estate owned was \$17,068, making a total investment of \$54,235. Detailed records of the original cost are not available, and the data upon which applicant's evidence was based is incomplete. The Commission's engineers submitted an appraisal based upon the average prices of labor and materials of similar construction throughout the state during the same period. This estimate of the original cost of installation of the water system to June 1, 1920, amounts to \$47,822, for real estate \$5,445, and \$1,000 for tools, supplies and miscellaneous equipment on hand, making a total for the entire plant of \$54,267.

The depreciation annuity upon the various component parts of the system on a 6% sinking fund basis, amounts to \$640 per year.

The maintenance and operation expenses for the year 1917 were \$5,430.95; for 1918 were \$6,187.45; and for 1919 were \$6,400.81.

It is unnecessary to further discuss the value of this system, replacement fund or operating expenses. Even using the highest figures submitted, we arrive at a sum less than the income received during the year 1919. Computing the interest return at 8% upon either of the above mentioned sums, and adding thereto the 1919 operating expenses and replacement fund, shows a total of less than \$11,771, which was the revenue received by applicant during the year 1919. Applicant is therefore not entitled to an increased rate.

A plea in intervention was submitted during the hearing by the City Attorney of Arcata, on behalf of the Board of Trustees of the town, denying the jurisdiction of the Railroad Commission to fix rates within the limits of the town. In this regard it is sufficient to state that the Public Utilities Act as amended and the provisions of the Constitution of this state clearly delegate to the Railroad Commission complete authority in the matter of rates to be charged by public utilities within the corporate limits of municipalities.

O R D E R

The Union Water Company of Arcata, a Corporation, having applied to this Commission for an order increasing meter rates for water to be furnished to the inhabitants of the town of Arcata and vicinity, in Mendocino County, and a public hearing having been held at which all interested parties were given an opportunity to be present and be heard, and the Commission being fully apprised in the premises,

IT IS HEREBY FOUND AS A FACT, that the present rates charged by applicant are compensatory and remunerative.

And basing its order upon the foregoing finding of fact and upon the further findings of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED, that the application herein be, and the same is hereby denied.

Dated at San Francisco, California, this 27th day of August, 1920.

Edwin O. Edgerton

H. S. Loveland

Frank R. Johnson

H. N. Brundage

Commissioners.