

ORIGINAL

Decision No. 8149

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application )  
of BAKERSFIELD WATER WORKS, a cor- )  
poration, for authority to increase ) Application No. 5708.  
rates. )

Chickering & Gregory, by Evan Williams and W. C. Fox,  
for Applicant.

W. P. Grijalva, City Attorney, for City of Bakersfield.

J. A. Hinman, Mayor, representing the eastern portion  
of the City of Bakersfield.

Charles N. Sears, representing the East Bakersfield  
community.

Edson Abel, representing the Kern County Farm Bureau.

BY THE COMMISSION.

O P I N I O N

Bakersfield Water Works, applicant in the above entitled matter, is a public utility water company engaged in the business of selling and distributing water for domestic purposes to consumers in and in the vicinity of Bakersfield, California. In this proceeding applicant asks for authority to increase its rates for service, alleging in effect that the present rates do not produce income sufficient to equal maintenance and operation expenses, replacement annuity and an adequate return on the investment.

A public hearing was held in this matter before Examiner Westover at Bakersfield, California, of which hearing all ap-

plicant's consumers were notified and given an opportunity to appear and be heard. At the hearing Mr. M. E. Ready, one of the Commission's hydraulic engineers, presented a report covering a field investigation, appraisal of properties and maintenance study.

It appears that applicant's system consists of nine wells, from which the water is pumped by electrically driven equipment, one 100,000 gallon storage tank, and transmission mains varying in diameter from one inch to ten inches. There are some 1700 consumers supplied by this system. Reference is made to Decision No.2266, East Bakersfield Improvement Association vs. Bakersfield Water Company, Case 713, decided March 31, 1915, Volume 6 of Opinions and Orders of the Railroad Commission of California, page 462, for a more detailed description of applicant's plant, its history, and other data relating to its operation.

In this proceeding applicant submitted an appraisal of its system in the amount of \$178,861, this total including \$1,826 for reorganization expense and \$31,000 as the estimated cost of certain additions and betterments to be installed prior to January 1, 1921, and added the sum of \$7,044 for working capital, thus submitting \$185,905 as a proper rate base. The corrected rate base submitted by the Commission's engineer is \$157,840. The difference in rate base results from the inclusion of certain items by applicant which in the opinion of the Commission's engineer are improperly charged to capital, and certain other items which are duplications.

The replacement annuity, computed by the sinking fund method, is \$2,066. This latter sum, accumulated annually, is designed to provide a proper fund for the replacement of worn-out properties.

The maintenance and operation expenses of Bakersfield Water Works as shown by the books of the company for the years 1918 and 1919 were \$25,132 and \$30,973, respectively.

Applicant submitted an estimate of \$42,254.95 as a reasonable allowance for operating expenses. In Commission's Exhibit "A" the sum of \$32,470 is set out as reasonable for this expense.

The evidence relating to applicant's past and probable future expenditures has been carefully considered, and it appears that owing to the increase in the cost of electrical energy, labor and necessary supplies, the cost of operation will be increased over that of previous years. Making proper allowances for these various items, it appears that the sum of \$35,000 is a fair and just estimate of the future annual cost of operating this system.

The following is a summary of the annual charges, based on a careful consideration of the evidence:

Interest on \$160,000 at 8%, . . . . .	\$12,800
Replacement Fund, . . . . .	2,066
Maintenance and Operation, . . . . .	<u>35,000</u>
Total, . . . . .	\$49,866

The operative income of this company for 1918 was \$42,730 and for 1919, \$43,812. During these two years the Southern Pacific Railroad Company purchased large quantities of water from Bakersfield Water Company, but the railroad company has now installed a pumping plant of its own, thereby reducing the income of the water company to approximately \$36,000 per annum.

Taking all the facts and conditions into consideration, it is apparent that this is a case in which the application for authority to increase rates should be granted, and the schedule established in the following order is designed to return to applicant maintenance and operation expense, replacement fund and interest on investment.

O R D E R

BAKERSFIELD WATER WORKS having applied to the Railroad Com-

mission for authority to increase its rates for water, a public hearing having been held, and the Commission being fully apprised in the premises,

It is Hereby Found as a Fact that the rates and charges of Bakersfield Water Works, in so far as they differ from the rates herein established, are unjust, unreasonable and unremunerative, and that the rates and charges herein established are just and reasonable rates,

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

IT IS HEREBY ORDERED that Bakersfield Water Works be and it is hereby authorized to file with the Railroad Commission of the State of California, within twenty (20) days from the date of this order, and thereafter charge, the following rates:

FLAT RATES:

	<u>Per Month</u>
For every tenement or dwelling house of 5 rooms or less, and bathroom. . . . .	\$1.50
For every tenement or dwelling house over 5 rooms, for each additional room . . . . .	.15
For water closets or bathtubs in private residences, each . . . . .	.20
For restaurants and eating houses, . . . . .	4.00 to 8.00
For small stores, offices or shops, . . . . .	1.50
For large stores and warehouses, . . . . .	3.00
For soft drink parlors, . . . . .	3.00
For rooms in second and third stories occupied as offices, each room with water, . . . . .	.50
For photograph galleries, . . . . .	3.00
For public water closets or urinals, each . . . . .	1.00
For public bathtubs used in bathing establishments, boarding houses and barber shops, per tub, . . . . .	1.25

	<u>Per Month</u>
For bakeries, . . . . .	\$3.00
For drug stores, . . . . .	3.00
For blacksmith shops or wagon shops for the use of water for cooling tires, etc., . . . . .	2.00
For each additional forge or fire, . . . . .	.50
For each garage or service station, . . . . .	3.00
For each automobile, . . . . .	.25
For private stables for one horse and buggy, including water to wash same, . . . . .	.50
For each additional horse or cow, . . . . .	.20
For livery, board, feed, sales and hack stables, including water to wash vehicles, per horse, . . . . .	.30
Minimum per month, . . . . .	2.00
For schoolhouses, for each pupil, . . . . .	.04
For steam engines not working over ten horse- power per day, for each horse-power so used, . . . . .	.50
For all steam engines working over ten horse- power per day, for each horse-power so used, . . . . .	.50
For barber shops, for each chair used, . . . . .	.50
Minimum per month, . . . . .	2.00
For mountains not to be used more than 6 hours per day, for 1/16 inch jet, . . . . .	2.00
For 1/8 inch jet, . . . . .	6.00
For 1/4 inch jet, . . . . .	10.00
For watering lawns and grounds, planted to shrubbery, including water for trees and shrubbery in front thereof, per fifty-foot front, . . . . .	.75
For the use of hose in front of stores and shops, for washing windows and sprinkling sidewalks, per front foot, . . . . .	.025
For public water troughs, for each trough, . . . . .	1.50
For public laundries, small, . . . . .	3.00
For public laundries, large, . . . . .	8.00
For bottling works, . . . . .	30.00
For meat markets, . . . . .	3.00
For public halls or lodge rooms, . . . . .	2.00

	<u>Per Month</u>
For the first five barrels of lime or cement	
(a) per barrel, . . . . .	\$0.25
(b) over 5 barrels, per barrel, . . . . .	.15
For water used to mix mortar and dampen bricks, per thousand, . . . . .	.25
For municipal fire hydrants, per hydrant . . . .	2.25
For water used for municipal purposes other than those named in the preceding rate, tank or me- ter measurement, per 1000 gallons, . . . . .	.12

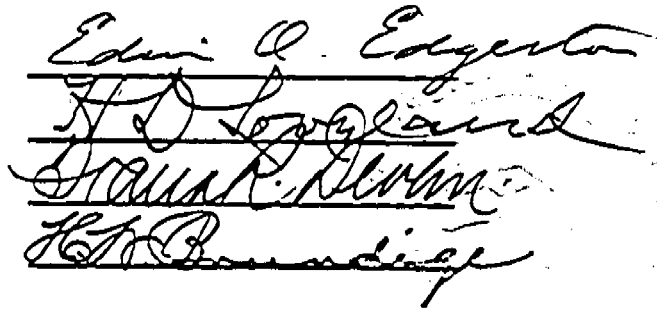
METER RATES:

First 4000 gallons, per 1000 gallons, . . . . .	.25
Next 12000     "     "     "     "     . . . . .	.20
Over 16000     "     "     "     "     . . . . .	.12

Minimum monthly charge:

For 5/8 inch meters, . . . . .	1.00
For 3/4     "     "     . . . . .	1.25
For 1     "     "     . . . . .	1.75
For 1 1/2     "     "     . . . . .	2.50
For 2     "     "     . . . . .	7.50
For 3     "     "     . . . . .	15.00

Dated at San Francisco, California, this 25<sup>th</sup> day  
of September, 1920.

  
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 Commissioners.