

Decision No. 8366

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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ORIGINAL

In the Matter of the Application of )  
George S. Montgomery for an increase )  
and adjustment of the water rates in )  
the territory served by the Cazadero )  
Water System. )

Application No. 5770.

H. R. Womeldorff for applicant.

F. J. Schneider and George Adams  
for the consumers.

BY THE COMMISSION.

O P I N I O N

The application in the above entitled proceeding alleges in effect that the present rates collected for water supplied to consumers do not yield sufficient revenues and the Commission is asked to permit an increase and adjustment of rates.

A public hearing was held before Examiner Westover at Cazadero at which all interested parties were given an opportunity to be present and to be heard.

The water system operated by applicant serves consumers in Cazadero and vicinity, Sonoma County, and derives its supply from creeks and springs, storage being provided by three large tanks and distribution to consumers made through wrought iron pipes.

The district served is a summer resort which has a great fluctuation in population during the different seasons of the year, the number of active services varying from a minimum of 18 during the winter, to approximately 76 during the summer months. The area

served is sparsely settled and it is therefore necessary for the utility to maintain an extensive distribution system, of sufficient capacity to deliver water to a comparatively large number of temporary residents during a few months in the summer season, while during the remainder of the year a very much smaller system would be required to serve consumers. The investment still remains during the slack season and many of the operating expenses do not fluctuate with the number of consumers served. It is apparent that the greater portion of the supply is sold during the summer months and that the utility must at all times of the year stand ready to serve any and all consumers, and that this readiness to serve entails a continuous expense.

The present rates charged by the utility for service to its consumers are flat rates of \$1.00 per month when water is used without regard to whether or not the consumer uses water during one month or the entire year. Three consumers pay from \$1.50 to \$2.00 per month to cover use of water greater than that of the ordinary consumer.

The actual cost of the system is unknown, but investigation by the Commission's engineers indicates that the original cost was not less than \$5500; that the depreciation annuity, computed by the sinking fund method, is \$130; and that an annual allowance for maintenance and operating expense of not less than \$900 should be made. With interest at 8 per cent the annual charges would thus amount to \$1470. Revenues from the sale of water during the twelve months ending March 31, 1920, were \$380 and it is thus apparent that the utility is entitled to an increase in rates.

The evidence shows that the district served by applicant is still in its development stage, and if a rate schedule is established to produce the total annual charges, based upon the

estimated original cost as set out herein, it would be so high as to be unfair to the consumers. The schedule set out in the accompanying order is designed to yield sufficient revenue to provide for maintenance and operating expense, depreciation annuity and some return upon the investment; is based upon rates charged by other utilities similarly located; and will work substantial justice to both the consumers and the utility.

Because of the fact that most of applicant's consumers receive water for only a short period each year, it is a difficult matter to equitably distribute the expense among the consumers, and it would be unfair to require the consumers receiving water during the entire year to bear a <sup>large</sup> part of the <sup>extra</sup> expense incurred because of those receiving service for a few months only.

Testimony shows that in some few instances the application of the flat rate charges established herein will result in unduly large bills and injustice to consumers. This is particularly true in regard to resort hotels where sleeping quarters are provided by means of small cottages or tents. In instances of this kind it is apparent that meters should be installed and payment made under measured rates.

During previous years many complaints of poor service have come to the Commission, but testimony shows that the water system has been largely rebuilt during the past year and that consumers are now satisfied with the service rendered.

#### O R D E R

George S. Montgomery having made application to the Commission for permission to increase and adjust rates, a public hearing having been held thereon, and the Commission being fully advised in the matter,

IT IS HEREBY FOUND AS A FACT that the rates now charged

by George S. Montgomery for water supplied to consumers in Cazadero and vicinity are unjust and unreasonable insofar as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service, and basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion,

IT IS HEREBY ORDERED that George S. Montgomery be, and he is hereby authorized and directed to file with the Railroad Commission, within twenty days from the date of this order, the following schedule of rates, said rates to be charged for water delivered to his consumers on and after January 1, 1921, and to be and become effective as of that date:

FLAT RATES

Minimum annual charge, payable in advance, which entitles consumer to a maximum of 400 cubic feet of water per month for four months-----\$14.00

For each additional month, which entitles consumer to 400 cubic feet of water----- 1.00

Flat rates for the entire year, payable in advance, which entitles consumer to 400 cubic feet of water per month----- 18.00.

METER RATES

Minimum annual charge, payable in advance, which entitles consumer to a maximum of 400 cubic feet of water per month for four months;-----\$14.00

All use during other months, 400 cubic feet or less----- 1.00

Meter rates for the entire year, payable in advance, which entitles consumer to a maximum of 400 cubic feet per month----- 18.00

For use in excess of 400 cubic feet, in any month:

From 400 to 4000 cubic feet,----- \$0.20 per 100 cubic feet.  
Over 4000 cubic feet----- 0.10 per 100 cubic feet.

IT IS HEREBY FURTHER ORDERED that George S. Montgomery shall file with this Commission, within 30 days from the date of

this order, rules and regulations governing service to consumers, which shall provide, among other things, as follows:

1. That the annual charges shall be due on January 1st of each year.
2. That in the event a consumer receives service for only a portion of the month, the rates for the full month shall be charged.
3. A meter may be installed upon any service at the option and expense of the utility and the consumer thereafter be charged at meter rates.
4. Any consumer may demand that a meter be installed upon the service supplying him with water, and that he be charged at meter rates. In such case the consumer shall deposit with the utility the estimated cost of meter and installation and the deposit shall be returned to consumer at the rate of 25 per cent of the bills for water used through the meter.

Dated at San Francisco, California, this 26<sup>th</sup> day of November, 1920.

Elin O. Edgerton

A. S. Loveland

William P. Quinn

H. B. Bunting

Iwing Martin  
Commissioners.