

Decision No. 8400

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application)
of Goold and Johns for Permission) Application No. 6178.
to raise water rates.)

J. LeRoy Johnson for Applicant.

MARTIN, Commissioner.

O P I N I O N

Goold and Johns is a copartnership which owns and operates a public utility water system supplying domestic water to the residents of Sunnyside Addition, a small subdivision adjoining the city of Stockton. The application in this matter alleges in effect that the rates now charged for water supplied to consumers do not provide sufficient revenue to yield operating expenses, depreciation and a reasonable return upon the investment. The Commission is therefore asked to establish an adequate schedule of rates.

A public hearing in this matter was held in Stockton of which all interested parties were notified and given an opportunity to be present and be heard.

The present rates were established by the original owners of the system in 1910 or 1911, all service being charged for on the flat rate basis of \$1.25 per month for each service.

The water supply is pumped from a well 192 feet deep into a ten thousand gallon redwood storage tank located upon a 35-foot tower from which the water is distributed through approximately 3400 feet of 3½-inch steel mains.

In October, 1920, there were 35 active services. At the hearing applicant testified that the capacity of its system is such that it is capable of supplying more than the present demands, and that there is a possibility of extending its service to another subdivision which would thereby add some twenty consumers to the present system. It appears that such an extension of service would tend toward the more remunerative operation of the system, in that the revenue to be derived would be large in proportion to the expense required for making the necessary extension.

Applicant's system is operated at the present time entirely on a flat rate basis. From time to time the Commission has held that it is impossible to establish a schedule of unmeasured rates whereby the burden of maintaining the system is equitably distributed among the various consumers in proportion to their use of water. The benefit to be derived from a metered system is not only an equitable distribution of the charges, but is also a means whereby the water supply can be conserved, good service rendered and operating expenses reduced. On the basis of our investigation in the present matter, a schedule of meter rates will be established for this system, and in the interest of more efficient operation, we recommend that applicants proceed with some systematic program for metering their service.

Mr. M. R. MacKall, one of the Commission's hydraulic engineers, introduced a report covering an appraisalment of the properties of applicant. Based upon the estimated original cost as of October 21, 1920, this amount is \$3,674. A depreciation annuity, calculated on the

six per cent sinking fund method is \$46 and a reasonable annual allowance for maintenance and operation expenses is set out as \$483. No appraisal of the property of the water system was submitted by applicants. A consideration of the evidence leads to the conclusion that the above estimates are fair, and they will be used for the purposes of this proceeding.

The total annual charges, based upon the foregoing figures, are \$823, and the revenues for the twelve months period from October 1, 1919, to October 1, 1920, were approximately \$450. It is evident, therefore, that the applicant is entitled to an increase in rates and the schedule established in the accompanying order is designed to be equitable to both the utility and the consumers.

O R D E R

Goold and Johns, a copartnership, having made application in the above entitled matter, a public hearing having been held thereon, and the Commission being fully apprised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Goold and Johns for water supplied to their consumers 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 its order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion,

IT IS HEREBY ORDERED that Goold and Johns be, and they are hereby authorized and directed to file with the Railroad Commission within twenty (20) days from the date of this order, the following rates for water delivered to their consumers in Sunnyside Addition and vicinity, said rates to be charged on all bills rendered on and after Jan. 1, 1921:

MONTHLY FLAT RATES

Residences-----	\$1.50
Irrigation, for irrigating lawns, shrubby, gardens, etc., for each square yard of surface actually ir- rigated-----	.005

MEASURED RATE SCHEDULE

Quantity Charges per
Month For Use:

From 0 to 2000 cubic feet per 100 cu.ft.--	.20
For all over 2000 cubic feet-----	.15

Readiness-to-Serve Charges
per Month:

5/8 and 3/4-inch meters-----	.50
1-inch meters-----	.75
1½-inch meters, and larger-----	1.00

The above readiness-to-serve charges are in addition to the charge per 100 cubic feet.

AND IT IS HEREBY FURTHER ORDERED that Gould and Johns file with the Railroad Commission within thirty (30) days from the date of this order, rules and regulations governing the supply of water to consumers, which rules and regulations shall be put into effect within five (5) days of their approval by this Commission.

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 30th day of November, 1920.

Edwin O. Edgerly

H. S. Loveland

Frank P. Holm

H. B. Brundage

Living Martin

Commissioners.