

Decision No. 8586

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of MANUEL J. SIMAS for an Order)
authorizing increase of water rates.)

ORIGINAL
Application No. 6134.

L. A. Enos for applicant.

Albert Nelson for certain protesting consumers and in propria persona.

A. E. Campbell for Fay Water Company.

BY THE COMMISSION.

O P I N I O N

Manuel J. Simas, applicant in the above entitled matter, owns and operates a public utility water system which supplies water for domestic purposes to the inhabitants of Avila, San Luis Obispo County. The application in this proceeding alleges in effect that the present rates do not yield sufficient revenue to provide operating expenses, depreciation and a fair return upon the investment, and the Commission is accordingly requested to establish an increased schedule of rates.

A public hearing was held in this matter before Examiner Westover at San Luis Obispo. All interested parties were notified and given an opportunity to be present and be heard.

The present water supply for the system in question is

purchased through a metered connection, at the rate of 20¢ per 1000 gallons, from the Fay Water Company, a public utility engaged in supplying water to various consumers and the wharves situated at or near Avila. The Fay Water Company obtains its water from wells and also by gravity. As the water is not delivered to applicant at sufficient pressure to reach the storage tanks, a booster pump or an auxiliary windmill is used for this purpose. Applicant's storage facilities consist of two redwood tanks having a total capacity of 26,000 gallons, from which the water is distributed to consumers by gravity. There are four shallow wells on this system which may be used in cases of emergency.

At present water is sold under flat rates ranging from \$1.00 for small houses occupied by one individual, to \$1.75 per month for larger residences. On November 1, 1920, there were 45 consumers.

A report was submitted by Mr. M. R. MacKall, one of the Commission's hydraulic engineers, which shows an appraisal of this plant based upon the estimated original cost, amounting to \$3,419, an annual replacement fund, computed by the 6% sinking fund method, of \$56, and a reasonable allowance for maintenance and operation expenses of \$1,450. No appraisal of the water utility property of this plant was submitted by applicant.

A consideration of the evidence leads to the conclusion that the estimates submitted are fair, and they will be used for the purposes of this proceeding. Following is a summary of the annual charges outlined above:

Return . . on \$3,419 at 8%-----	\$ 274
Replacement Fund-----	56
Maintenance and Operation-----	<u>1,450</u>
Total-----	\$1,780

The revenue collectible during 1919 was the sum of

\$945. However, the evidence presented during the hearing indicated that lax methods prevail with relation to making collections and that this condition is responsible for failure to collect a large percentage of available revenues. It appears that the adoption of a more aggressive and efficient policy of plant management would greatly reduce the present waste of water, reduce operating expenses and be the means of materially increasing the revenue and improving the service.

Considering the probability of a normal annual increase in population, and the more remunerative income to be derived from efficient and judicious management of the system, it appears that the schedule of rates set out in the following order, while not designed to produce the entire amount of the annual charges which the investment appears to warrant, will result in an increase in revenue and a fair rate to the consumers for the service rendered.

O R D E R

MANUEL J. SIMAS having made application to the Railroad Commission as entitled above, a public hearing having been held and the Commission being fully apprised in the matter,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Manuel J. Simas for water supplied to his consumers are unjust and unreasonable, in so far 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 on the foregoing finding of fact and on the other statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California, that Manuel J. Simas be, and he is hereby

