

Decision No. 8591

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application )  
of the PULLMAN WATER COMPANY for )  
authority to increase rates for )  
domestic water service. )

Application No. 2529.

C. A. Odell for Pullman Water Company.

D. J. Hall for City of Richmond and  
Rose E. Utz.

MARTIN, Commissioner.

SUPPLEMENTAL OPINION

A decision was rendered by the Commission in the above entitled application of Pullman Water Company on April 26, 1920, and that decision (Decision No. 7494) as supplemented by Decision No. 7905, established a schedule of rates and charges for service rendered by said Pullman Water Company. The water company, however, on August 2, 1920, filed a petition for rehearing, alleging that in consideration of the increased cost of labor and materials over that which obtained at the time of the original hearing, a further increase in rates should be granted.

In the mean time a complaint had been filed by Rose E. Utz et al. against Fred Meyers, doing business under the name of the Pullman Water Company (Case No. 1470), in which complainants alleged among other things that defendant had charged rates for water service in excess of those authorized by this Commission.

The Commission then reopened the application of Pullman Water Company for further hearing, and at the same time considered the complaint outlined above. The opinion and order in the complaint, however, will be rendered separately.

Mr. F. H. Van Hoesen, one of the Commission's hydraulic engineers, reviewed the operations of applicant to the date November 1, 1920, and submitted a report showing an estimated cost of the system to be \$48,352, a replacement annuity computed by the 5 per cent. sinking fund method of \$1,036, and an estimated cost for maintenance and operation of \$5,215 per annum. This latter sum is based principally upon an analysis of the reasonable and necessary actual costs for the first ten months of 1920, with an estimate sufficient to cover the balance of the year.

The sums set out in the foregoing statement have not been criticized, and are deemed reasonable for the purposes of this proceeding. Summarizing them we arrive at the following tabulation:

Interest on \$48,352 at 5% .....	\$3,866
Replacement annuity .....	1,036
Maintenance and Operation Exp..	<u>5,215</u>
Total .....	\$10,115

The gross revenue for the first ten months of 1920, as shown by applicant, is the sum of \$4,691.79, which extended for the full year would be approximately \$5,650.

While these figures indicate a wide margin between revenue and what appear to be reasonable annual charges for the system, we desire to direct attention to the fact that the evidence submitted at the hearing indicates that the rates established by this Commission in its Decision No. 7494 have not been properly applied by applicant. To what extent this condition is reflect-

ed in the revenue of the company, it is impossible to determine. Furthermore, it is a matter of record that the system of the utility in question is largely overbuilt, it having been designed to supply a large area of what is now very sparsely settled territory. It would thus be unfair to the present number of consumers to require them to pay rates which would return the annual charges shown in the above tabulation, but in view of the further information presented, it would appear that applicant is entitled to some increase over the rates set out in the original decision under this application, and the schedule of rates contained in the order which follows this opinion is designed to produce an increased revenue, and require a payment in the form of rates which is reasonable for the service rendered.

SECOND SUPPLEMENTAL ORDER

Further hearing having been had in the above entitled matter,

IT IS HEREBY ORDERED, that Pullman Water Company be and it is hereby authorized to file with the Railroad Commission, within twenty (20) days from the date of this order, the following modifications of its rate schedule at present in effect, said rates to become effective as of February 1, 1921:

MONTHLY METER RATES:

Readiness-to-Serve Charge:

For each meter in use-----\$0.50

Quantity Rates:

For use from 0 to 50,000 cu.ft.-----23¢ per 100 cu.ft.

For all use in excess of 50,000 cu.ft.---19¢ per 100 cu.ft.

The quantity rates herein established are in addition to the readiness-to-serve charge.

All rates established in Decision No. 7494, except as amended above, and by Decision No. 7905, to remain in full force and

effect.

The foregoing supplemental opinion and second supplemental order are hereby approved and ordered filed as the supplemental opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 26<sup>th</sup> day of January, 1921.

H. D. Lybrand  
Stanley W. W. W.  
H. B. W. W.  
Division Manager  
Commissioners.