

Decision No. 8682.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application)
of CENTERVILLE WATER COMPANY for) Application No. 5943.
authority to increase rates.)

O. G. Foelker for applicant.

Edmund Nelson for certain consumers.

BY THE COMMISSION.

O P I N I O N

Centerville Water Company is an incorporated public utility engaged in the business of supplying water for domestic and commercial purposes to consumers in and in the vicinity of the town of Centerville, Alameda County. In the above entitled proceeding applicant asks for authority to increase its rates for service, alleging in effect that the present rates do not provide sufficient revenue to yield operating expenses, a fund for depreciation and a reasonable return upon the investment.

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

The affairs of Centerville Water Company have heretofore been reviewed by this Commission. An appraisal of the property of the company was made in 1915 in connection with the application of said company for permission to transfer its property (Decision

No. 2284, Application No. 1441, Vol. 6, p. 599, Opinions and Orders of the Railroad Commission of California), and further study was given in Application No. 3043, Decision No. 5181, issued March 6, 1918, which involved an application of this company for authority to issue stock for the purpose of securing a loan. To these proceedings we refer for the early history of the company and other matters relating to its management.

At the hearing herein, Mr. M. R. MacKall, one of the Commission's hydraulic engineers, submitted a report and appraisal of this system showing the estimated original cost of the used and useful properties to be \$25,729, a replacement annuity computed by the sinking fund method of \$319, and a reasonable annual allowance for maintenance and operation of \$2,335. This appraisal is based on the valuation of the system as prepared by the Commission's engineers in 1915 for the purposes of Application No. 1441, referred to above. That appraisal gave the estimated original cost of the system to be \$17,972 as of February 17, 1915. To this figure has been added the estimated original cost of all subsequent additions and betterments to capital up to November 15, 1920, which amounted to \$10,364. From this amount the sum of \$2,607 has been deducted for retirements from capital, leaving the original cost as of November 15, 1920, \$25,729.

The following is a summary of the annual charges based on the foregoing figures:

Return on \$25,729 at 8%.....	\$ 2,058
Annual Replacement Fund.....	319
Maintenance and Operation Expense..	<u>2,335</u>
Total.....	\$ 4,712

On November 15, 1920, there were some 125 active services on this system of which 86 were metered. The rates at present in

effect were arbitrarily adopted by applicant several years ago, and the estimated revenues collected for 1920 were \$2,186.

Evidence presented at the hearing, however, indicates lax methods in the operation and management of this system. It appears that the 1920 revenues would have amounted to not less than \$2,800 had the affairs of this utility been more efficiently administered. Applicant has not exercised due diligence in making collections, nor have adequate rules and regulations governed the operations of the company. Furthermore, the system is largely overbuilt and the methods of construction and equipment of the entire plant have in many instances been uneconomic, extravagant and injudicious.

It appears, however, that a considerable expenditure has been made by applicant in providing adequate water at proper pressure for fire protection purposes. This is an important service to the territory and the utility is entitled to a reasonable compensation. There is an existing Fire District in this locality which has the power to levy assessments to pay for this service and a reasonable rate will be included in the schedule.

A study of conditions prevailing under this system also shows that a great amount of water is wasted. This condition could be remedied and more adequate and satisfactory service rendered if meters were installed throughout the system. A metered system not only results in a conservation of the water supply, but is also a means whereby the charges for service rendered may be more equitably distributed, inasmuch as each consumer pays in direct proportion to the amount of water consumed. Increased revenues will undoubtedly result and operating expenses be curtailed by metering the system and the exercise of proper diligence in the management of its affairs.

Taking all the facts into consideration, we find that Centerville Water Company is entitled to receive an increased revenue,

yet it would be unfair to the present consumers to require them to pay rates which would return the total of the annual charges. The rates set out in the following order are designed to yield sufficient revenue to provide for the necessary and proper cost of maintaining and operating the system, together with an adequate replacement annuity and a fair return on the sum economically expended for the benefit of the present consumers.

O R D E R

CENTERVILLE WATER COMPANY, a corporation, having made application to the Railroad Commission as entitled above, a public hearing having been held in said matter and the Commission being fully apprised in the matter;

IT IS HEREBY FOUND AS A FACT, that the rates now charged by Centerville Water Company for water supplied to its consumers, insofar as they differ from the rates herein established, are unjust and unreasonable rates, and that the rates herein established are just and reasonable rates for the service rendered;

And basing its order upon the foregoing finding of fact and upon the further 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 Centerville Water Company be and it is hereby authorized and directed to file with the Railroad Commission within twenty (20) days from the date of this order, the following schedule of rates, said rates to be charged for all service rendered subsequent to March 1, 1921, and to be and become effective as of that date:

MONTHLY FLAT RATES

Residences not over 5 rooms occupied by a single family.....	\$1.50
For each additional room.....	.10
Additional for each flush toilet or bath tub.....	.25
For each private barn with not more than two horses or cows..	.60
For each additional horse or cow.....	.25
For each private garage where autos are washed on the premises.....	.25
For sprinkling or irrigation of lawns, garden or shrubbery for each square yard of surface actually irrigated.....	.01
Restaurants and cafes.....	2.50
Offices in upper stories of buildings, for each room provided with a water tap, except doctors' and dentists' offices....	.50
Doctors' and dentists' offices not exceeding two rooms provided with water tap.....	1.50
For each additional room with a water tap.....	.50
Drug stores.....	1.50
Photograph galleries.....	2.50
Barber shops, single chair.....	1.50
Each additional chair.....	.50
Soda fountains, soft drink places and ice cream or lunch parlors either alone or in connection with other business..	2.50
Butcher shops, bakeries.....	2.50
Livery and Feed Stables for not over 10 head of stock.....	3.00
For each additional animal.....	.25
Public garage, ten autos or less.....	3.00
For each additional machine.....	.25
Blacksmith and repair shop according to use of water..	1.50 to 3.00
Living rooms in connection with stores, shops or buildings, additional to store, shop or other rate.....	.75
Additional for each flush toilet or bath tub in above establishments not otherwise provided for.....	.25
For ordinary stores and shops not otherwise listed above, according to use of water.....	1.50 to 3.00
Public Water Troughs.....	3.00
 <u>Fire Hydrants:</u>	
For Hydrants on 4" mains, per month.....	2.50
For Hydrants on mains less than 4" per month.....	2.00

ALL OTHER USE AT METER RATES.

METER RATES

Monthly Minimum Payments for Metered Service:

For 3/4 or 5/8 inch meters.....	\$ 1.25
For 1 inch meter.....	1.50
For 1-1/2 inch meter.....	2.00
For 2 inch meter.....	2.50
For 2-1/2 inch meter.....	3.00
For 3 inch meter.....	3.50

Monthly Quantity Rates:

300 cubic feet or less\$1.25
Next 700 cubic feet, per 100 cubic feet... .35
Next 3000 cubic feet, per 100 cubic feet... .30
All over 4000 cubic feet, per 100 cubic feet .25

Dated at San Francisco, California, this 3d
day of March, 1921.

Frank DeLuca

H. B. Anderson

Dwight Martin

Commissioners.