

Decision No. 8808

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application )  
of ELECTRIC WATER COMPANY, a cor- )  
poration, for an order revising ) Application No. 6081.  
its rates and charges for water )  
service. )

McCutchen, Willard, Mannon & Green  
by A.P. Mathew and A. Crawford Greene,  
for Applicant.

J. A. Hinman, Mayor, and W.P. Grijalva,  
City Attorney, for the City of Bakersfield.

BY THE COMMISSION.

O P I N I O N

ELECTRIC WATER COMPANY, applicant in the above entitled matter, is a public utility water company engaged in the business of selling and distributing water for domestic purposes to consumers in and in the vicinity of Bakersfield, California.

In this proceeding applicant asks for authority to increase its rates for service, alleging in effect that the present rates do not produce income sufficient to equal maintenance and operation expenses, replacement fund, and an adequate return on the investment.

Public hearings were held in this matter before Examiner Satterwhite at Bakersfield, of which all of applicant's consumers were duly notified and given an opportunity to appear and be heard.

The rates in effect at the present time are flat rates with a minimum of 75 cents per month, and have been in effect since

January 1, 1909. There are approximately 3400 consumers supplied by this system.

It appears from the evidence that the original plant from which the present system was developed was installed in 1897 as a part of a real estate project. On April 28, 1898, this plant was purchased by the present Electric Water Company from the Bakersfield Water Company, and since that date it has continued to distribute water to that portion of Bakersfield west of Union Avenue.

There are fifteen wells located in various parts of the city from which the water is pumped by electrically driven equipment, directly into the distribution mains, which vary in diameter from one inch to ten inches.

Mr. F. Emerson Hoar, consulting engineer for applicant, submitted an appraisal of this system showing an estimated original cost of \$673,020. This includes the sum of \$195,356 for development expense, and \$600 for non-operative real estate. Mr. Hoar also submitted an estimated reproduction cost of this system, totalling \$799,305. Mr. M. E. Ready, one of the Commission's hydraulic engineers, submitted an appraisal showing an estimated original cost of \$687,578. The evidence, however, developed certain facts which indicate that this figure should be increased to \$402,537 to cover additional development expense, building costs, and an allowance for paving over mains, which were not included in the figures submitted.

Mr. Hoar submitted an estimate of \$15,263.83 as the proper sum to be included in the annual charges for the depreciation of this plant. This estimate is based upon the straight line method of depreciation. Mr. Ready's estimate, corrected for the

added figures mentioned above, is \$3,094, computed by the sinking fund method.

The evidence relating to applicant's operating expenditures shows that, exclusive of depreciation, the sum of \$51,653.25 was expended during 1918, and \$48,186 during 1919. However, there is included in the 1919 charges the sum of \$5,313.52, which was paid during that year for 1915 taxes, and certain other items are included which do not occur annually which should be amortized over a series of years equal in length to their probable recurrence.

Mr. Hoar estimates that the probable future expenditure for operation will be \$76,724 annually. Deducting the sum of \$15,264 from Mr. Hoar's estimate, which is the estimated amount of the annual depreciation, we arrive at the sum of \$61,460 for this item as a comparable sum to the estimate by Mr. Ready, corrected for certain items submitted during the hearing, which totals \$52,750.

A careful consideration of the evidence leads us to the conclusion that this company should have a rate schedule established which will yield to it slightly in excess of \$91,000 annually. This sum includes a fair interest return, replacement annuity, and maintenance and operation expenditures. The operative income of this utility for 1919 was \$70,405, and for the first ten months of 1920, \$67,389. It is therefore apparent that applicant's present rate schedule does not yield to it a fair revenue, and the schedule established in the following order is designed to return to applicant an amount equal to the total annual charges indicated above.

#### O R D E R

ELECTRIC WATER COMPANY having applied to the Railroad Commission for authority to increase its rates for water, public hearings having been held and the Commission being fully apprised

in the premises;

IT IS HEREBY FOUND AS A FACT, that the rates and charges of Electric Water Company, in so far as they differ from the rates herein established, are unjust, unreasonable and unremunerative, and that the rates and charges herein established are just and reasonable rates.

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 Electric 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 schedule of rates, said rates to be charged for all service rendered subsequent to April 1, 1921:

MONTHLY FLAT RATES

For every dwelling house, tenement flat or apartment of three rooms or less and bath room.....	\$ 1.00
For every dwelling house, tenement, flat or apartment over three rooms, for each additional room.....	.15
For water closets or bath tubs in private residences, each.....	.20
For public bath tubs used in bathing establishments, boarding houses, and barber shops, each, ..	1.00
For public water closets or urinals, each.....	1.00
For rooms in second or third stories occupied as offices, each room with water,.....	.50
For restaurants and eating houses,.....	\$2.00 to 8.00
For soft drink parlors.....	3.00
For Photograph galleries.....	3.00
For bakeries.....	3.00 to 6.00
For drugstores.....	3.00 to 5.00
For blacksmith shops of one forge.....	2.00
Each additional forge.....	.60
For meat markets.....	2.00 to 5.00
For public halls or lodge rooms.....	2.00
For church buildings.....	2.00
For candy kitchens.....	2.00 to 6.00
For stores--general.....	1.50

For newspaper and press rooms.....	\$ 1.25
For pool halls.....	1.25
For undertaking establishments.....	3.00
For dentists' offices, per chair.....	1.25
For shooting galleries.....	1.25
For public drinking fountains.....	1.50
For public water troughs.....	1.50
For warehouses.....	2.50
For barber shops per chair used.....	.60
Minimum per month.....	2.00
For vegetable stand sprays.....	.50
For each public garage or service station.....	3.00
For each automobile.....	.25
For private stables for one horse or cow.....	.50
For each additional horse or cow.....	.20
For livery, board, feed, sales and hack stables, including water to wash vehicles, per horse:....	.30
Minimum per month.....	2.00
For watering lawns and grounds planted to shrub- bery, including water for trees and shrubbery in front thereof, per front foot.....	.015
For use of hose in front of stores and shops for washing windows and sprinkling sidewalk per front foot.....	.015
For steam engines not working over ten horse- power per day for each horsepower so used.....	.60
For all steam engines working over ten horse- power per day, for each horsepower so used.....	.50
For first five barrels of lime or cement, per barrel.....	.25
For over five barrels of lime or cement, per barrel.....	.15
For water used to mix mortar and dampen bricks, per thousand bricks.....	.25
For cement walks and floors, per 100 sq.ft.,....	.25
For cement curbs, per 100 lineal feet.....	.35
For fire hydrants, per hydrant.....	2.25
All other use to be paid for at measured rates.	

MEASURED MONTHLY RATES

First 500 cubic feet, per 100 cubic feet.....	.20
Next 1500 cubic feet, per 100 cubic feet.....	.15
Over 2000 cubic feet, per 100 cubic feet.....	.09

MINIMUM MONTHLY CHARGES

For each 5/8-inch meter.....	1.00
For each 3/4-inch meter.....	1.25
For each 1 -inch meter.....	1.75
For each 1½ -inch meter.....	2.50
For each 2 -inch meter.....	4.00
For each 4 -inch meter.....	10.00

IT IS HEREBY FURTHER ORDERED that Electric Water Company

be and it is hereby directed to file with the Railroad Commission, within thirty (30) days from the date of this order, for its approval, rules and regulations governing the distribution of water to its consumers, said rules and regulations to become effective upon their acceptance for filing and approval by the Commission.

Dated at San Francisco, California, this 31<sup>st</sup>  
day of March, 1921.

Frank P. Wilson

H. Loveland

W. B. ...

Dwight Martin

Commissioners.