

Decision No. FF39

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.  
-----

ORIGINAL

In the Matter of the Application of )  
CHICO WATER SUPPLY COMPANY, a cor- )  
poration, for an increase in rates )  
and charges for water furnished its )  
consumers in the City of Chico and )  
adjacent territory. )

Application No. 5524.

Guy R. Kennedy, for Applicant.

MARTIN, Commissioner.

O P I N I O N

Chico Water Supply Company, an incorporated public utility engaged in the business of supplying water for domestic and irrigation purposes in the City of Chico and adjacent territory, makes application for an increase in rates.

The application alleges in effect that by reason of increased costs of maintenance and operation the present rates are noncompensatory and insufficient to produce a remunerative annual revenue; wherefore the Railroad Commission is requested to make its order authorizing an increase of 25 per cent in the flat rates charged and adjusting the meter rates to conform thereto.

A public hearing was held in this proceeding at Chico, of which all interested parties were notified and given an opportunity to appear and be heard.

Chico Water Supply Company was incorporated in 1908 and

acquired by purchase all of the property of the Chico Water Company, which was organized in 1874 for the purpose of supplying water to the town of Chico. The history of the company shows a gradual expansion and improvement of the original system to meet the growth and needs of the community.

The present system consists of 6 groups of wells and timbered galleries and 5 pumping plants, all electrically driven except the main Plant No.1 and the old reserve unit in Plant No. 6, which are steam driven. Pump No. 5 has been dismantled and the water is now siphoned a distance of 1250 feet to the pump sump of No. 1. All water is pumped directly into the distribution mains and the excess goes to two steel storage tanks of 105,000 and 152,000 gallons, respectively, erected on 119 foot steel towers. About 70 per cent of the distribution mains are 4-inch to 12-inch in diameter and consist largely of cast iron pipe. These large mains, together with the storage tanks, affords ample pipe capacity and pressure for fire protection in the downtown area.

The pumping records show a very large use of water as compared with other like communities throughout the State. Chico with a population of about 9,000 has an average daily consumption of some 280 gallons per capita with a maximum of about 450 gallons per capita in the summer. The normal demand for water during the winter and spring months is supplied by the main pump Plant No.1, supplemented by Plant No. 2, while the three other pump plants are operated only as required to meet the large summer irrigation use.

The present rates, which have been in effect for some 25 years, were established by the municipal authorities. These rates include both flat and measured schedules of charges. There are about 1800 consumers, of whom only 76 receive service on the measured basis. The fact that so small a percentage of the service con-

nections are metered no doubt accounts for the excessive use of water.

H. A. Noble, one of this Commission's hydraulic engineers, submitted a detailed schedule and appraisal of the properties showing the estimated cost as \$206,008 and an estimated replacement fund of \$1,854.48, computed by the sinking fund method. The above totals were corrected to \$211,997 and \$1,929.94, respectively, by reason of the omission of certain lengths of standard screw pipe ranging from 3/4-inch to 2 1/2-inch diameter, which omissions were disclosed by checking the lengths of distribution mains as shown by a map filed by applicant.

No appraisal of these properties was submitted by applicant or the consumers at the hearing.

Mr. George R. Kibbe, of this Commission's Accounting Department, submitted an analysis of the company's book records, which shows the total fixed capital charged on the books to be \$213,776.27. However, except for recent years a detailed analysis of the various accounts going to make this sum could not be obtained from the available records. It is therefore impossible to determine whether or not the various items going to make up this sum were properly entered in the records.

The maintenance and operating expenses for the year 1918 totalled \$25,025.19 and for the year 1919 these expenses increased to \$30,605.07, largely due to increased pumping costs. The details of this expenditure were examined and found to be properly charged, with the exception of a few small items. Allowing for increased costs of electric power, salaries and other items of expense, the Commission's engineer estimated that \$51,500 is a reasonable amount to include in the annual charges for future maintenance and operation expenses.

Taking into consideration the facts set forth herein,

together with all other evidence relating to the value of the plant, its capacity to render efficient and adequate service, and the operating conditions, it appears that the following annual charges are the fair and reasonable amounts to be produced from rates.

Interest return . . . . .	-\$17,300
Replacement annuity . . . . .	1,930
Maintenance and operation expenses . . . . .	<u>31,500</u>
Total . . . . .	.\$50,730

Applicant's operating revenues totalled \$39,074.02 in 1919 and \$35,025 in 1918. It is therefore apparent that the present rates charged do not return to applicant the reasonable annual charges of the system. The evidence shows, however, that applicant has in general charged rates a great deal less than the established rates and thereby has lost revenues to which it is entitled.

A study of the present flat rate schedule in connection with the data of water use compiled from a recent house survey, shows that an adjustment of the form of the flat rate schedule in effect will more equitably distribute the charges among the various consumers, and will largely contribute to the increase in revenue required.

The rates set out in the following order are designed to yield approximately the above estimated annual charges. However, attention is called to the fact that it is impossible to establish a schedule of unmeasured rates whereby the charges will be equitably distributed among the various consumers in proportion to their use of water. A flat rate tends to an excessive and extravagant use of water. The benefits to be derived from a metered system are well established. They result in a conservation of the supply, an equitable distribution of the charges and a reduction in operation expenses, which in this system would be chiefly pumping costs and ultimately result in a saving to the consumer. It is therefore recommended that this utility

adopt some comprehensive plan for a gradual metering of the entire system.

O R D E R

Chico Water Supply Company having applied to this Commission for an order authorizing it to increase its rates, and a public hearing having been held and the Commission being fully apprised in the premises.

IT IS HEREBY FOUND AS A FACT that the present rate schedule of Chico Water Supply Company, in so far as it differs from the rate schedule herein set out, is unjust and unreasonable, and that the rates herein established are just and reasonable rates to be charged by said company for water.

And basing its order on the foregoing finding of fact, and the other statements of fact contained in the opinion preceding this order,

IT IS HEREBY ORDERED that Chico Water Supply Company be and it is hereby authorized to file with this 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 May 1, 1921:

RATE SCHEDULE

Monthly Flat Rates:

1. Residences and tenements of 5 rooms or less occupied by a single family. . . . . \$1.20  
For each additional room. . . . . .10  
Additional for each flush toilet or bathtub . . . . . .20  
For each private garage where automobiles are washed on the premises . . . . . .20  
For each private barn with not more than two horses or cows . . . . . .60  
For each additional horse or cow . . . . . .25
2. Private boarding houses,-for each roomer or boarder, in addition to the family rate. . . . . .10
3. Sprinkling or irrigation of lawns, shrubbery, gardens, etc., payable every month in the year, up to 3000

square feet, per 100 square feet of surface watered . . .	\$.03
Over 3000 square feet, per 100 square feet of surface watered . . . . .	.015
4. Restaurants and cafes, per unit of seating capacity . . .	.12
Minimum charge . . . . .	2.00
5. Offices: rooms in upper stories of buildings so occupied, for each room with water tap except doctors' and dentists' offices, . . . . .	.60
6. Doctors' and dentists' offices, not exceeding two rooms with water tap, . . . . .	1.50
For each additional room with water tap, . . . . .	.50
7. Drug Stores . . . . .	1.75
8. Photograph galleries, or where water is used for commercial photo developing and printing in addition to the rate for store or premises . . . . .	1.50
9. Barber shops, for single chair . . . . .	1.25
For each additional chair. . . . .	.50
10. Soda fountains, soft drink places and ice cream or lunch parlors, either alone or in connection with other business, . . . . .	1.75
11. Bakeries, butcher shops and retail markets, . . . . .	2.00
12. Livery and sales stables or stockyards, per average number of stock fed . . . . .	.30
Minimum payment . . . . .	2.50
13. Public garages, average 6 automobiles or less . . . . .	3.50
For each additional automobile, . . . . .	.30
14. Blacksmith, wagon and repair shops where water is used for cooling tires, etc., . . . . .	1.50
15. Public halls, clubs or lodge rooms, . . . . .	1.50
Additional for buffet . . . . .	1.50
16. For ordinary stores and shops not otherwise listed, according to use of water . . . . .	\$.1.00 to 3.00
17. For use of hose in front of stores and shops for washing windows and sprinkling sidewalks, streets, etc., according to frontage, . . . . .	\$.0.25 to 1.25
18. Living rooms in connection with stores or shops, additional to store rate, . . . . .	.75
19. Additional for each toilet or bathtub in 4 to 16, inclusive, . . . . .	.30
20. Bathing establishments, either alone or in connection with barber shops, for one public bath tub, . . . . .	1.25
For each additional bathtub . . . . .	.75

- 21. Private fire service:
  - For hydrants of 4-inch mains or larger, . . . . . \$0.75
  - For hydrants of less than 4-inch mains, . . . . . 0.50
- 22. Public water troughs, each . . . . . \$1.25 to 2.50
- 23. Public drinking fountains in any place, . . . . . 1.00
- 24. Building work:
  - For mortar and to dampen brick, per 100 brick, . . . . . .25
  - For cement work and plastering, each barrel of  
cement or lime used, . . . . . .25
- 25. Water for all purposes or establishments not herein  
specified including hotels, lodging houses, apart-  
ments and laundries, charged for at meter rates.
- 26. Meters may be installed at the request of any con-  
sumer or at the option of the utility.

Public Use:

- 1. For service of water for the extinguishment of fires  
which may be drawn from the 115 fire plugs and the  
19 fire cisterns at present in service, which are  
the property of the City, per month, . . . . . \$275.00
- For each additional fire plug or hydrant which  
may be installed, per month, . . . . . 1.00
- 2. Water for sprinkling roads and streets by the City  
or County and for flushing of sewers, by com-  
puted or measured quantity used, per 100 cubic  
feet, . . . . . .10
- 3. For all other municipal use of water the charges shall  
be made at the regular meter rates.

Metered Use:

- 1. Monthly minimum payments for metered use:
  - For 3/4-inch and 5/8-inch meters, . . . . . \$ 1.00
  - For 1 -inch meters, . . . . . 2.50
  - For 1 1/2 -inch meters, . . . . . 3.25
  - For 2 -inch meters, . . . . . 4.00
  - For 2 1/2 -inch meters, . . . . . 4.75
  - For 3 -inch meters, . . . . . 5.50
- 2. Monthly quantity rates:
 

	Per 100 Cubic Feet
For use between 0 and 1000 cubic feet . . . . .	\$.22
Between 1000 and 3000 cubic feet . . . . .	.17
All use over 3000 cubic feet. . . . .	.12

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 9<sup>th</sup>  
day of April, 1921.

---

*A. D. Lawrence*

---

*H. N. Brundage*

---

*Orville Martin*

---

Commissioners.