

Decision No. 8842

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application)
of THE CAMPBELL WATER COMPANY for)
increase of rates and the estab-)
lishment of certain rules and)
regulations.)

Application No. 6145.

E. G. Hill for Applicant.

BY THE COMMISSION.

O P I N I O N

THE CAMPBELL WATER COMPANY, applicant herein, is a public utility engaged in the business of supplying water for domestic and irrigation purposes in and adjacent to the unincorporated town of Campbell, Santa Clara County. In this proceeding applicant asks authority to increase its rates, alleging in effect that the increased cost of labor and materials has rendered the income derived from its present rates unremunerative and noncompensatory. In addition to the establishment of increased rates, applicant asks the Commission's approval of certain rules and regulations.

A public hearing was held in this matter before Examiner Satterwhite, at Campbell, of which applicant's consumers were duly notified and given an opportunity to appear and be heard.

The Campbell Water Company acquired the water system in question under authority of this Commission in Decision No. 1484, Application No. 1065, issued May 5, 1914, In the Matter of the

Application of Campbell Water Company to sell its water plant to The Campbell Water Company, and of The Campbell Water Company to purchase the same and to issue 480 shares of its capital stock in payment therefor. (Vol. 4, p. 961, Opinions and Orders of the California Railroad Commission.)

Subsequent to the granting of the above application, The Campbell Water Company has appeared before the Commission in various proceedings. These matters are set out below and reference is hereby made to the proceedings cited for the early history of this utility, its operating conditions, and any other data which may be pertinent to the decision herein.

Application No. 1732, filed January 19, 1915.
 For permission to issue new stock.
 Granted--Decision No. 2577, issued July 8, 1915.

Application No. 1908, filed October 7, 1915.
 For permission to increase rates.
 Dismissed at request of applicant.
 Decision No. 3178, issued March 22, 1916.

Application No. 2677, filed December 18, 1916.
 For permission to issue note.
 Granted--Decision No. 3995, issued January 9, 1917.

The present rates were in effect when this company acquired the property, and include both flat and metered charges. The flat rates are only applied to business houses where the use is comparatively small. The measured rates in effect are as follows:

Service Connections larger than
 3/4" Pipe and 5/8" Meter:

3/4-inch meter.....	\$ 1.25
1 -inch meter.....	1.50
1 1/2 -inch meter.....	3.00
2 -inch meter.....	4.00

Minimum per month for 3000 gallons, 5/8-inch meter.....	1.00
Between 3000 and 6000 gallons, per 1000 gallons,	.20
Over 6000 gallons, per 1000 gallons.....	.15

For irrigation per hour run of pump..... 2.25

There are some 262 metered services and about 29 unmetered services, and there are also some 16 consumers taking water for irrigation purposes. For irrigation use the full capacity of the pump is delivered through a 12-inch concrete pipe to each consumer. The pump delivers between 400 and 1000 gallons per minute, depending on the elevation of the underground water table.

J. G. Hunter, one of the Commission's hydraulic engineers, submitted an estimate of the investment in operative property, based upon the prices of labor and materials which prevailed during the period of installation of the various structures, in the amount of \$34,340. On this basis an annual replacement fund of \$557 was allowed, computed by the sinking fund method. This amount set aside annually is designed to provide a fund for the replacement of worn out properties.

Applicant submitted an estimate of its operating expenditures for 1921 in the amount of \$8,895. This estimate was based on 1920 expenses.

The following tabulation shows a comparison of operating expenditures and revenues over a period of the past three years:

<u>ITEM</u>	<u>1918</u>	<u>1919</u>	<u>1920</u>
Operating Expenditures,	\$5,980	\$5,651	\$8,594
Operating Revenues,	6,966	7,785	10,149

These figures show a considerable increase from year to year, which has been largely due to the necessity for increased use of irrigation water because of the intense drought which prevailed during these three years. The 1920 expenses increased particularly because the water table was lowered beyond the depth of the company's well, and it was necessary to purchase water from other sources to supply consumers. However, the present season's rainfall will no

doubt replenish the underground supply so that the further purchase of water will not be necessary.

Based upon the evidence submitted and a detailed analysis of the book accounts, it is estimated that \$8,220 is a reasonable allowance for the future annual operation expenditures.

The following is a summary of the annual charges which should reasonably under normal conditions be returned to the utility in the form of rates:

Return on \$34,340 at 8%.....	\$ 2,747
Replacement Fund.....	557
Maintenance and Operation.....	<u>8,220</u>
Total.....	\$11,524

As shown by the operating revenues which are tabulated herein, it will be seen that while the revenue for 1920 was \$10,149, the average revenue over the period indicated is considerably less. As we have reason to believe that the peak of the drought period is now passed, conditions will again return to normal, and we do not anticipate that the income from operation will keep pace with the record of the past three years.

Taking into consideration the various phases of the situation as outlined herein, we find that some adjustment of rates is necessary to enable this company to operate on a more remunerative basis. The rate schedule established in the following order is designed to return to applicant a revenue equal to the annual charges set out above, and charge a rate to consumers which is reasonable for the service rendered.

While specific authority has been asked in this proceeding for the approval of certain rules and regulations, attention is directed to the fact that the Commission handles this phase of public utility regulation by a different method than through formal

proceedings. In the order which follows, applicant will be required to file a complete schedule of its proposed rules and regulations, which will be given consideration and become effective as indicated in the order.

O R D E R

THE CAMPBELL WATER COMPANY having applied to the Railroad Commission for an order authorizing an increase in its rates for water, a public hearing having been held and the Commission being fully apprised in the premises;

IT IS HEREBY FOUND AS A FACT that the rates heretofore charged by The Campbell Water Company, in so far as they differ from the rates herein established, are unjust, unreasonable and unremunerative, and the rates herein established are just and reasonable.

And basing its order upon 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 The Campbell Water Company be and it is hereby authorized and directed to file with the Railroad Commission, within twenty (20) days of the date of this order, the following schedule of rates, said rates to be charged for all water delivered to consumers on and after April 1, 1921, and on that date to supersede any and all rate schedules theretofore in effect or on file by The Campbell Water Company:

MONTHLY FLAT RATES

Residences not over 5 rooms, occupied by single family.	\$1.50
For each additional room.....	.10
Additional for each flush toilet and bathtub.....	.25
For each horse or cow.....	.25
For each private garage where automobiles are washed on the premises.....	.25

For each public garage, 10 cars or less.....	\$2.50
For each additional machine.....	.25
For sprinkling or irrigation of lawns, garden or shrubbery, for each square yard of surface actually irrigated.....	.01
Restaurants and cafes, according to use of water	2.00 to 3.00
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 2 rooms provided with water tap.....	1.50
For each additional room with a water tap.....	.50
Drug store.....	1.00
Photograph galleries.....	2.50
Barber shop, single chair.....	1.50
For each additional chair.....	.50
Soda fountain, soft drink places and ice cream or lunch parlors, either alone or in connection with other business.....	2.50
Butcher shops, bakeries, according to use of water.....	1.00 to 2.50
Blacksmith and repair shops, 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 trough.....	3.00
Fire hydrants on 4-inch mains.....	2.00
Fire hydrants on mains less than 4-inch mains.....	1.50
Water for Irrigation, per hour for full capacity of pump	2.50

All other use shall be charged for at meter rates. Meters may be installed at the request of any consumer or by the utility.

SERVICE CHARGE FOR EACH METER IN USE

<u>Size of Meter</u>	<u>Per Month</u>
5/8-inch	\$0.50
3/4-inch	1.00
1 -inch	1.50
1½ -inch	2.50
2 -inch	4.50

FOR WATER DELIVERED THROUGH METERS

0 to 400 cu.ft.	\$0.25 per 100 c.f.
400 to 2000 cu.ft.	.20 per 100 c.f.
Over 2000 cu.ft.	.15 per 100 c.f.

IT IS HEREBY FURTHER ORDERED, that The Campbell Water Company be and it is hereby directed to file with the Railroad

Commission for its approval, within thirty (30) days from the date of this order, rules and regulations governing service to consumers, said rules and regulations to become effective upon their approval and acceptance by the Commission.

Dated at San Francisco, California, this 9th
day of ~~March~~ ^{April}, 1921.

Frank Owen

H. W. Loveland

H. B. Brundage

Erving Martin

Commissioners