

Decision No. 9408.

**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
McEWEN BROS., a corporation, for )	
authority to increase rates for do- )	Application No. 6788.
mestic water service. )	

C. A. Odell for applicant.

D. J. Hall for City of Richmond and South Richmond Improvement Company.

BENEDICT, Commissioner.

O P I N I O N

McEwen Bros., a corporation, applicant herein, is a public utility water concern engaged in the business of furnishing water for domestic purposes to certain consumers in the City of Richmond, Contra Costa County, California.

Applicant alleges in effect that it is operating at a loss; that it is entitled to charge rates which will enable it to meet its maintenance and operation expenses, annual depreciation, and a reasonable interest on its investment. Therefore applicant submits a suggested schedule of rates and asks that the same, or such other rates as the Commission deems fair and reasonable, be established.

A public hearing was held in this proceeding at Richmond, of which all of applicant's consumers were duly notified and given an

opportunity to appear and be heard.

The rates at present in effect were established by this Commission in Decision No. 7540, dated May 3, 1920.

At the hearing applicant did not present an appraisal of its property.

Mr. D. E. Harroun, one of the Commission's engineers, presented a report covering the results of a field investigation, an appraisal of the property, and a study of the cost of maintenance and operation. His appraisal shows an estimated original cost of the system of \$15,914, and recommends \$302 as a proper replacement annuity computed by the 6% sinking fund method. This report also shows the sum of \$3,169 as a fair and reasonable estimate of the cost of maintaining and operating this system. These estimates were not questioned at the hearing or subsequently, and appear fair.

The following is a summary of the annual charges as indicated above:

Return on \$15,914 at 8% . . . . .	\$1,275
Replacement annuity . . . . .	302
Maintenance and operation cost. . . . .	3,169
Total estimated annual charges, <u>\$4,746</u>	

The total revenue from this system for the year 1920 was \$5,245, and has averaged \$3,052 per year for the four preceding years. It does not appear that there is reason to expect any notable increase in business in the near future. It would appear therefore that authority to increase the rates should be granted. However, the establishment of a rate that would return to applicant the estimated annual charges would be unreasonably high as compared with rates now charged for similar service by other utilities operating in adjacent territory, and would be a burden on the consumers. Therefore the rates herein established are deemed fair and reasonable rates. They are designed to produce the cost of maintenance and operation, a proper replacement annuity, and in addition a sum to apply as a return on the investment.

I submit the following form of order:

ORDER

McEwen Bros., a corporation, having applied to the Railroad Commission for authority to increase the rates for water served by it in the City of Richmond, Contra Costa County, California, a public hearing having been held, and the matter having been submitted,

It is Hereby Found as a Fact that the rates and charges of McEwen Bros., in so far as they differ from the rates herein established, are unjust and unreasonable, and that the rates herein established are just and proper rates to be charged for the service rendered;

and basing its order on the foregoing finding of fact and on 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 McEwen Bros., a corporation, be and it is hereby authorized to file with this Commission within twenty (20) days of the date of this order the following rates for water:

METERED RATES:

Readiness-to-serve charge to apply to all metered service.

Service Charge:

5/8" and 3/4" meters, per month . . . . . \$ .50  
1" meters, per month . . . . . 1.50

Quantity Charges:

From 0 to 5,000 cu.ft. per month, \$.50 per 100 cu.ft.  
Over 5,000 cu.ft. per month . . . . .25 " 100 " "

FLAT RATES:

Residences of not more than 5 rooms, with not  
over one bath-tub and toilet . . . . . \$1.50 per month  
For each additional room . . . . . .10 " "  
For each additional bath-tub or toilet . . . . . .15 " "

For each private barn, not more than two horses or cows . . . . .	\$ .50	per month	
For each additional horse or cow . . . . .	.20	"	"
Private boarding houses, for each boarder in addition to the family. . . . .	.10	"	"
Irrigation of lawns, shrubbery, gardens, etc., payable each month in the year, per 100 square feet. . . . .	.03	"	"
Stores and shops according to the use of water. . . . .	1.00 to 3.00	"	"
Municipal fire hydrants 2" and over, each. . . . .	1.00	"	"
Sewer flushing, street sprinkling and all other municipal use at the metered rate.			

IT IS HEREBY FURTHER ORDERED that the above established rates shall apply to all service rendered on and after October 1, 1921.

IT IS HEREBY FURTHER ORDERED that McEwen Bros. file with this Commission for its approval, within thirty (30) days from the date of this order, rules and regulations to govern its relations with its consumers.

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 24<sup>th</sup> day of August, 1921.

*H. B. Gardner*  
*H. W. ...*  
*Charles N. ...*  
*J. J. ...*  
 Commissioners.