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Decision No. 9611.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of H. F. DEVENNEY }  
for permission to increase wa- }  
ter rates. }

Application No. 5738

ORIGINAL

H. E. Schmidt, for applicant.

BY THE COMMISSION:

O P I N I O N

The application in the above entitled proceeding alleges that the present rate for water supplied to consumers is entirely inadequate, taking into consideration the investment and operating expense in connection therewith. The Commission is therefore asked to establish a rate of \$2.00 per month for each family occupying a 50-foot lot.

A public hearing was held in Wasco before Examiner Westover, at which all interested parties were given an opportunity to appear and be heard.

H. F. Devenny is engaged in the business of supplying water for domestic purposes to some thirty-eight consumers residing in a section of the town of Wasco, Kern County. The present rates as charged by applicant are \$2.00 per month for each family occupying a 50-foot lot, and \$2.00 for each 50-foot lot irrigated for lawn or garden purposes. This rate was arbitrarily increased

April 1, 1921, by the defendant without authority from the Commission, from the former rate of \$1.50 per month.

The water supply is obtained by pumping from a well located in the rear of applicant's residence. Water is stored in a 5000 gallon galvanized tank located in a tank-house at an elevation of twenty-five feet above ground and distributed through approximately 3800 feet of 2-inch galvanized iron pipe.

The applicant claimed that the plant cost approximately \$3700 and that the operation expenses for the year 1920 amounted to \$993, the revenues for the same period amounting to \$684.

Mr. M. R. MacKall, of the Commission's Hydraulic Division, submitted a report and an appraisal of this plant, based upon available records of installation, in which the estimated original cost of the system was shown as \$2372, the replacement annuity, calculated by the sinking fund method, as \$37, and recommending a reasonable annual allowance of \$627 for maintenance and operation expenses.

The valuation placed upon the system by the applicant was not based upon actual records of cost of installation nor upon an inventory. The operation expenses for 1920 as submitted by applicant included the cost of digging a well pit and the installation of new pumping equipment, both of which should be charged to invested capital. A careful consideration of the evidence leads to the conclusion that the estimates of the Commission's engineer are fair and reasonable and they are used herein.

The total annual charges based upon the foregoing figures are \$854, and the revenues for the year 1920 amounted to \$684. It is therefore evident that the applicant is entitled to an increase in revenue, and the rate schedule established in the accompanying order is designed to produce a fair return to the utility and at the same time be a fair rate to the consumers for the service rendered.

O R D E R

H. F. Devenney having made application as above, a public hearing having been held and the matter having been submitted,

IT IS HEREBY FOUND AS A FACT, that the rates now charged by H. F. Devenney for water supplied to his consumers are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

And basing its order upon the foregoing finding of fact and upon the statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that H. F. Devenney be and he is hereby authorized and directed to file with the Railroad Commission within twenty (20) days from the date of this order the following rates for water delivered to his consumers in Wasco, effective as to all service rendered on and after November first, 1921:

Monthly Flat Rates:

For residences, per month . . . . .	\$1.70
For each additional 50-foot lot actually irrigated, per month irrigated . . . . .	1.70

IT IS HEREBY FURTHER ORDERED that H. F. Devenney be and he is hereby ordered to refund to each consumer the excess collected for water service over the former rate of \$1.50 per month up to the effective date of this order, namely, November first, 1921.

IT IS HEREBY FURTHER ORDERED that H. F. Devenney file with the Railroad Commission within thirty (30) days from the date of this order rules and regulations governing service to his consumers, said rules and regulations to be and become effective upon

their acceptance for filing by this Commission.

Dated at San Francisco, California, this 14<sup>th</sup>  
day of October, 1921.

H. D. Loveland

Charles A. Brown  
J. J. Smith

Commissioners.