

Decision No. 9728.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of M. E. LACASSIE for an order )  
authorizing the establishment of )  
water meters and fixing rates in )  
water system supplying the inhab- )  
itants of Walnut Creek with water. )

Application No. 6885.

Snook & Brown and F. P. Tuttle for applicant.

William J. Locke for Town of Walnut Creek.

BY THE COMMISSION.

ORIGINAL

O P I N I O N

M. E. Lacassie, applicant herein, owns and operates a public utility water system, furnishing water for domestic and industrial purposes in the town of Walnut Creek, Contra Costa County.

Applicant alleges that by reason of the waste and unlawful taking of water, the supply has been insufficient to meet the demand; that the installation of meters will check the waste; that the net revenue derived from the system does not give applicant a return of 3% upon the amount actually invested. Therefore appli-

cant asks that the Railroad Commission make its order authorizing her to install water meters and fixing a reasonable charge for water so supplied.

A public hearing was held at Walnut Creek, Contra Costa County, before Examiner Sattorwhite, of which all of applicant's consumers were duly notified and given an opportunity to appear and be heard.

The water supply is derived from three springs and two wells. The spring flow is delivered by gravity to two tanks, located near the wells. The water from the wells is pumped into the tanks, from which it is distributed by gravity to the consumers.

At the hearing applicant did not present an appraisal of her public utility property, nor a statement of operating expenses.

The operating expenses and revenues as shown by the annual reports filed with the Commission by applicant are as follows:

	<u>1918</u>	<u>1919</u>	<u>1920</u>
Operating expenses	\$600	\$600	\$1000
Operating revenues	1128	1236	1236

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 physical properties of the system of \$7869, and recommends \$59 as a proper replacement annuity, computed by the sinking fund method. The report also recommends the sum of \$959 as a reasonable estimate of the future cost of maintaining and operating the system. The estimated investment includes the cost of a new 100,000 gallon reservoir, which is to be constructed immediately. No objections were made at the hearing to any of the estimates presented, and, as they appear reasonable, they will be used for the purpose of this

proceeding.

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

Return on investment at 8% . . . . .	\$630
Replacement annuity, 6% sinking fund. . . . .	59
Maintenance and operation cost. . . . .	959
Total estimated annual charges . . . . .	<u>\$1648</u>

The total revenue from this system for the year 1920 was \$1236. This shows a return of 2.77% on the investment, based on the estimated annual charges as set out above.

Applicant asked in her petition and at the hearing that this Commission make its order authorizing the installation of water meters and the fixing of a reasonable rate for water so supplied. Inasmuch as the Commission will establish a measured rate in the following order, authority to install meters is automatically granted and applicant may install meters on any or all services she may desire, and charge the rates prescribed for that service.

The water supply of this system is not abundant, and means of conserving it should be adopted. It is also evident that there is a considerable waste of water because of the flat rate schedule, which would be greatly decreased if the system were fully metered. The Commission believes that the fairest method of serving water to consumers is on a measured basis. This method has the advantage of conserving the water, of distributing the charges equitably among the consumers by charging according to the use, and in this instance it will decrease operating expenses by reducing or perhaps eliminating pumping.

The schedule of rates established in the following order is designed to yield to applicant maintenance and operation expense, replacement fund, and a reasonable return on the investment.

ORDER

M. E. Lacassie having applied to the Railroad Commission for authority to install meters and to establish meter rates, 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 M. E. Lacassie in so far as they differ from the rates herein established are unjust and unreasonable, and that the rates and charges herein established are just and reasonable rates;

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 M. E. Lacassie be and she is hereby authorized and directed to file with this Commission within twenty (20) days from the date of this order the following rates, to be charged for all service rendered subsequent to December 1st, 1921.

METER RATES:

Readiness-to-serve charge to apply to all metered services; per month. . . . . \$0.50

QUANTITY RATES:

From 0 to 600 cubic feet per month, per 100 cubic feet . . . . . \$.25  
Over 600 cubic feet per month, per 100 cubic feet . . . . . .20

The quantity charge shall be in addition to the readiness-to-serve charge.

All other rates shall remain as at present in effect.

IT IS HEREBY FURTHER ORDERED that M. E. Lacassie file with this Commission for its approval, within thirty (30) days from

the date of this order, rules and regulations to govern her relations with her consumers.

Dated at San Francisco, California, this 8<sup>th</sup> day of November, 1921.

H. O. Prudig  
H. D. Loveland

Irving Masters  
Charles H. Johnson

J. J. [unclear]  
Commissioners.