

Decision No. 9911

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of The Pullman Water Company for) Application No. 7301.
authority to increase rates for)
domestic water service.)

C. A. Odell and Faulkner and Faulkner, for applicant.
D. J. Hall, for City of Richmond.
John A. Miller, for certain consumers.

BENEDICT, COMMISSIONER.

ORIGINAL

O P I N I O N

In this proceeding the Pullman Water Company, owned by Fred Myers, asks authority to increase rates for water supplied to consumers in Richmond and vicinity, Contra Costa County.

The application alleges in effect that the present rates, established by this Commission in its Decisions No. 7494, No. 7905 and No. 8591, do not yield sufficient revenue to cover maintenance and operating expense, an allowance for depreciation, and a reasonable return upon the investment. The Commission is asked to authorize the collection of the following rates:

A "ready to serve charge", per month	\$1.00
For all water used, in addition to the "ready to serve charge", per 100 cubic feet	.50
Unmetered or flat rate charge, per month	2.00

A public hearing was held at Richmond, of which all interested parties were notified and given an opportunity to be present and to be heard.

This water system consists of four pumping plants, about 144,000 feet of distribution mains ranging in size from 2 inch to 4 $\frac{1}{2}$ inches in diameter, and two tanks for storage and regulation of the supply. There are 317 consumers served, 58 percent of whom are metered.

Applicant did not present an appraisal of the property but based his entire case upon the reports of the Commission's engineers filed in previous proceedings in which the utility was involved.

Mr. C. E. Monett, one of the Commission's hydraulic engineers, presented a report which stated in effect that the system was so largely overbuilt that a return based upon the entire original cost of the system would result in a rate beyond the ability of the consumer to pay. His estimate of a reasonable rate base for the purpose of this proceeding, after giving consideration to the overbuilding of the plant and the compensation received for piping certain real estate subdivisions, was \$18,350. Depreciation annuity was calculated by the sinking fund method at 6 percent and amounts to \$689, while a reasonable maintenance and operating expense was shown as \$4963.

The total annual charges, based upon the foregoing figures, are \$7140, while the revenues for the year 1920 amounted to \$4953. It is, therefore, evident that applicant is entitled to an increase in rates.

In order to produce the foregoing annual charges, the present rates would have to be increased an average of 44 per cent and would place too heavy a burden upon the water users, therefore the rate schedule set out in the accompanying order is designed to do substantial justice to both the utility and the consumers.

The present schedule of rates in effect is as follows:

Monthly Meter Rates.

Service Charge
For each meter in use, \$0.50

Quantity Rates
From 0 to 50,000 cubic feet, per 100 cu. ft. 0.23
Over 50,000 cubic feet, " " " " 0.19

Monthly Flat Rates.

For residences of not more than 5 rooms with one bath and toilet 1.40
For each additional room .10
For each additional bath or toilet .15
For each private barn, with not more than one horse or cow .50
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., per 100 square feet .03
Stores or shops according to size \$1.00 to 3.00
Municipal fire hydrants, 2 inch and larger 1.00
Sewer flushing, street sprinkling and all other municipal use at the meter rate.

It appears that on this system the present form of rate, consisting of service charge plus a charge for water used, is not generally understood by the consumers and is frequently a source of discord and does not promote harmonious relations between the utility and the consumers. Under the circumstances I believe it advisable to eliminate the present form of rate and to compute the new schedule upon the basis of a monthly minimum charge.

I submit the following form of order:

ORDER

The Pullman Water Company having made application in the above entitled matter, a public hearing having been held thereon, and the matter having been submitted,

It is Hereby Found As a Fact that the rates now charged by Pullman Water Company for water delivered to its 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 the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion,

IT IS HEREBY ORDERED that Pullman Water Company be, and it is hereby ordered and directed to file with this Commission within twenty days from the date of this order the following schedule of rates to be charged for water delivered to its consumers, such rates to be effective for all service rendered subsequent to January 31, 1922.

Schedule of Monthly Meter Rates

Monthly Minimum Charges

For 5/8 inch meters	\$1.50
" 3/4 " "	1.75
" 1 " "	2.00
" 1 1/2 " "	3.00
" 2 " "	4.00

For All Water Used

From 0 to 5000 cubic feet, per 100 cu. ft.	0.40
Over 5000 " " " " "	0.36

Monthly Flat Rate Schedule

For residences of not more than 5 rooms	1.25
For each additional room	0.10
For each bath tub or toilet	0.25
For each private barn, with not more than one horse or cow	0.50
For each additional horse or cow	0.25
For each private garage, with not more than one automobile	0.35
For each additional automobile	0.25
Private boarding houses, for each boarder in addition to the family	0.10
Irrigation of lawns, shrubbery, gardens, etc., per 100 square feet	0.04
Stores or shops, according to size 1.25 to	3.00
Municipal fire hydrants, 2 inch and larger	1.00
Sewer flushing street sprinkling, and all other municipal use at the meter rates	

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 23rd
day of December, 1921.

H. B. Rausch
A. W. Howard

James Martin
Charles H. Rice

W. J. Meredith
Commissioners.