

Decision No. 26049

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE STOCKTON LAND ASSOCIATION for
authorization to increase water
rates.

Application No. 18803.

A.F. Salfield, for The Stockton Land Association.

BY THE COMMISSION:

O P I N I O N

Applicant herein requests an increase in its domestic water rates alleging that the present rates are insufficient to provide for depreciation of its plant and equipment and still pay the utility a reasonable return upon its investment.

A public hearing in the matter was held before Examiner Johnson at Stockton.

The Stockton Land Association is a California corporation organized in 1907 primarily for the purpose of dealing in real estate. Its holdings consisted of lands situated in the northern portion of the City of Stockton which were subdivided into lots and sold with water service provided by the Association. The original facilities, installed in 1908, consisted of a well, a windmill pump and distribution mains sufficient to serve four blocks in Northern Addition "B" to the City of Stockton. Subsequently, Northern Additions "A" and "D" were added and the company's mains were extended to supply these new tracts. As the pumping equipment became inadequate it was replaced with the

present modern equipment. The plant now serves some 163 consumers from two drilled wells by means of two automatically-controlled and electrically-operated pumps. The land holdings have all been disposed of and applicant is now engaged solely in the water business. The present rates are all flat ranging from seventy-five cents (75¢) to two dollars (\$2.00) per month, depending upon the size of the consumer's premises.

No appraisalment was submitted by applicant other than a statement of book cost amounting to fifteen thousand sixty-four dollars (\$15,064). C.F. Mau, one of the Commission's engineers, estimated the historical cost of the system, based upon detailed inventory as of January 1, 1933, to be thirteen thousand six hundred and sixty-two dollars (\$13,662), and estimated the annual revenues to be two thousand nine hundred eleven dollars (\$2,911) and the corresponding operating expenses two thousand twenty-two dollars (\$2,022) per annum including one hundred seventy-seven dollars (\$177) for depreciation. This figure includes salary allowance for A.F. Salfield, President and Manager of the Association, who now receives nine hundred dollars (\$900) per annum, which charge, by reason of the small size of the system and the fact that the pumps are automatically operated and controlled, was indicated by the evidence to be excessive for the services actually necessary and rendered. The above figures, without revision, reflect a net return of 5.4 per cent on figures presented by applicant and 6.5 per cent on the figures submitted by the Commission's engineer. However, giving due consideration to a reasonable reduction in the item of salaries of general officers results in a net return slightly in excess of 7.5 per cent, from which it is apparent that this utility is realizing a reasonable and fair return upon its

operations under present rates and that its request for increased revenues very properly should be denied.

O R D E R

The Stockton Land Association having made application to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

IT IS HEREBY ORDERED that the application herein be and it is hereby denied.

IT IS HEREBY FURTHER ORDERED that The Stockton Land Association be and it is hereby directed to file with the Railroad Commission, within thirty (30) days from the date of this Order, rules and regulations to become effective upon their acceptance for filing by this Commission.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 12th day of

June, 1933.

W. C. Sawyer
Leon C. White
W. J. Lane
M. B. Harris
W. H. [unclear]
Commissioners