

Decision No. 26585

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Mrs. F.A. Bishop, G.S. Holeman,
C.F. Salz, G.W. Robinson, E.J.
DeLuce, Mrs. J. Cardoza, Henri
Salz, P.E. Hygelund, W.L. McWhirter,
R.T. Anderson, A.C. Norris, A.S.
Enos, V. Ames, Mrs. M. Bodutch,
R.E. Braden, F. Clark, W.J. Attwood,
Mrs. A.H. Steinhauer, I.B. Hodgkins,
F. Rogers, J. Santos, L. Sharman,
P. Pebelier, M. Nunes, L.C. Marriott,
T. Paulsen, R.E. Stagg,

Complainants,

vs.

Centerville Water Company,
a corporation,

Defendant.

ORIGINAL

Case No. 3569.

Allen G. Norris, for complainants.

R.E. Cross and A.F. Breslauer,
for defendant.

BY THE COMMISSION:

O P I N I O N

The above entitled complaint was filed by twenty-seven water users of the Centerville Water Company, a public utility operating in the town of Centerville, in Alameda County. It is alleged that the rates in effect are unreasonable and excessive as compared with the rates of other utilities in the vicinity and that inefficient management has resulted in a considerable loss of revenue. The Commission is asked to fix a more fair and equitable rate schedule.

In its answer defendant denies that the system is not managed properly and alleges that a lower rate cannot be established without injuriously affecting the financial status of the company.

A public hearing in this proceeding was held before Examiner Satterwhite at Centerville.

The meter rates in effect were established by this Commission in its Decision No. 8682, dated March 3, 1921 (19 C.R.C. 429) and are as follows:

Monthly Minimum Rates for Metered Service:

For 3/4- or 5/8-inch meters-----	\$1.25
For 1-inch meters-----	1.50
For 1 1/2-inch meters-----	2.00
For 2-inch meters-----	2.50
For 2 1/2-inch meters-----	3.00
For 3-inch meters-----	3.50

Monthly Quantity Rates:

300 cubic feet, or less-----	\$1.25
Next 700 cubic feet, per 100 cubic feet-----	.35
Next 3,000 cubic feet, per 100 cubic feet-----	.30
All over 4,000 cubic feet, per 100 cubic feet-----	.25

Fire Hydrants:

4-inch mains, per month-----	\$2.50
Less than 4-inch mains-----	2.00

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The evidence shows that defendant system consists of a 12-inch well, 157 feet deep, a pumping plant and an 8,000-gallon tank on a 45-foot tower, from which the water is distributed through approximately 39,000 feet of mains that vary from three-quarters of an inch to four inches in diameter. There are 270 services connected to the system, all of which are metered, and twenty-four fire hydrants. An auxiliary tank of 6,000 gallons'

capacity on a 10-foot tower provides storage of water for road sprinkling and other county uses. A standby double two-inch connection is maintained with the 36-inch transmission main of the San Francisco Municipal Water Department, which main passes through Centerville. This source of supply is only used during fires and other emergencies.

Complainants testified that the rates now in effect on defendant's system exceeded the rates charged by other water utilities in that vicinity and contend that, owing to the high water rates in effect on defendant's system, many consumers were compelled to forego having gardens and lawns and further claimed that those having gardens were forced to pay excessive and prohibitive charges for the privilege. Certain witnesses stated that, as a result of the excessive rates and poor pressure, many former consumers, including the High School, had installed their own wells to supply their premises.

The evidence is conclusive that the working pressure in the mains throughout the entire system is wholly insufficient for practical domestic use by reason of the low elevation and inadequate capacity of the tank and because of the small size of the water mains. Mr. Fred Rogers, Chief of the Centerville Fire Department, testified that the static pressure was approximately twenty pounds per inch and that the flowing pressure was not over ten pounds per inch. He also testified that a desirable pressure would be from thirty-five to forty pounds static or a flowing pressure of about twenty pounds per square inch.

In connection with the complaint of inefficient management, the consumers are now agreed that it is satisfactory since the present superintendent, Mr. E. Lauppe, has been placed in charge of the plant.

In connection with the charge of consumers that the rates are excessive, no evidence of value, operating costs, depreciation, etc., was presented other than that contained in the report prepared by C.F. Mau, one of the Commission's engineers, wherein the historical cost of the system as of August 1, 1933, was estimated to be Thirty-six Thousand Nine Hundred Thirteen Dollars (\$36,913); the average of the operating revenues for the years 1931 and 1932 was found to be Seven Thousand One Hundred Thirty-three Dollars (\$7,133); and the average of the operating expenses for the same period, including depreciation, was set out at Four Thousand Eight Hundred Eighty-nine Dollars (\$4,889). The operations for the above two years resulted in an annual net return of six and one-tenth per cent (6.1%) upon the investment.

The present rate provides for 300 cubic feet or less per month for the minimum charge of One Dollar and Twenty-five Cents (\$1.25). This quantity of water is considerably less than the amount fixed at present by this Commission for the average domestic water system comparable in size and operating conditions with the water plant operated by defendant. The testimony of the consumers was unanimous to the effect that increasing the amount of water permitted under the minimum together with a reasonable reduction in the quantity rates undoubtedly would result in a very large increase in water consumption by all water users, would actually increase gross revenues and should be the means of adding new and additional customers. Complainants further insist that such decrease will also prevent any further loss of patronage through the installation of private wells. However, from the rate of return at present earned by this utility, it is clear that no substantial reduction in its charges can be made at this time with-

out seriously affecting its earning power; nevertheless, it is apparent that the water pressure is so low and the storage facilities so insignificant that the service supplied by defendant company is not reasonably worth the amount now being paid therefor by the users.

Defendant company maintains an office in San Francisco where the books and records are kept and water bills made out. It would appear that economies could be effected through the elimination of this unnecessary institution. A study of conditions by defendant no doubt will indicate several measures which may be adopted to further reduce operating expenses.

Giving consideration to the entire situation, it appears that the present monthly quantity of water (300 cubic feet) should be increased to 400 cubic feet. Although it is believed that defendant would be able to obtain greater revenues through increased demand and sales of water if it placed in effect a general reduction in the various quantity blocks, yet under existing circumstances defendant will not be ordered by the Commission to file further reduced rates at this time.

However, the water pressure conditions must be improved without delay and increased to not less than an average of thirty-five (35) pounds per square inch static throughout the distribution system. This can be accomplished perhaps to the best advantage by the installation of a larger storage tank having a bottom tank elevation of not less than seventy feet above the surface of the ground in the vicinity of the well and pump-house. In the following Order defendant will be directed to remedy pressure conditions as indicated above on or before the first day of April, 1934.

O R D E R

A public hearing having been held in the above entitled

proceeding, the matter having been submitted for decision, and based upon the findings in the Opinion preceding this Order,

It is hereby found as a fact that the rates herein established are and will be fair and reasonable alike to consumers and the utility, and

IT IS HEREBY ORDERED:

1. That Centerville Water Company, a corporation, be and it is hereby directed to file with this Commission, within thirty (30) days from the date of this Order, the following schedule of rates, said rates to become effective and to be charged for all service rendered subsequent to the 30th day of November, 1933:

R A T E S

Monthly Minimum Charges:

For 5/8 x 3/4-inch meter-----	\$1.25
For 1-inch meter-----	1.50
For 1½-inch meter-----	2.00
For 2-inch meter-----	2.50
For 2½-inch meter-----	3.00
For 3-inch meter-----	3.50

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rates."

Monthly Quantity Rates:

For 400 cubic feet, or less-----	\$1.25
Next 600 cubic feet, per 100 cubic feet-----	.35
Next 3,000 cubic feet, per 100 cubic feet-----	.30
Over 4,000 cubic feet, per 100 cubic feet-----	.25

Fire Hydrant Rates:

From 4-inch mains or larger, per month-----	\$2.50
From mains less than 4 inches in diameter-----	2.00

2. That Centerville Water Company, a corporation, shall file with this Commission, within thirty (30) days from the date of this Order, revised rules and regulations governing relations with its consumers, said revised rules and regulations to become effective upon their acceptance for filing by this Commission.

3. That Centerville Water Company, a corporation, be and it is hereby directed to make such improvements to its water system on or before the first day of April, 1934, as will provide throughout its distribution system a working pressure of not less than thirty-five (35) pounds per square inch static, said improvements to be installed in a manner satisfactory to and subject to the approval of this Commission. Such pressure may be obtained either through the installation of additional storage facilities having a higher elevation than the existing storage tank, or otherwise.

4. That on or before the tenth day of April, 1934, said Centerville Water Company, a corporation, be and it is hereby directed to file with this Commission an affidavit to the effect that it has complied with the provisions of Paragraph 3 of this Order.

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 25th day
of November, 1923.

O. S. Leary
Leon Whitely
M. J. Lee
W. H. Brown
Commissioners.