

ORIGINAL

Decision No. 27665

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
SAN GERONIMO VALLEY WATER COMPANY  
to increase rates.

} Application No. 18235  
} (Supplemental)

Brobeck, Phleger & Harrison,  
by James S. Moore, Jr.,  
for applicant.

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION

San Geronimo Valley Water Company, a corporation engaged in the public utility business of supplying water for domestic purposes in Woodacre, San Geronimo, Forest Knolls and Lagunitas, in Marin County, California, makes supplemental application for modification of the rates authorized in Decision No. 26690, issued on January 3, 1934.

The applicant alleges that in said Decision No. 26690 this Commission found as a fact that the reasonable operating expenses of applicant, including an allowance for depreciation, should not be in excess of ten thousand dollars (\$10,000) per annum; that the schedule of rates authorized by said decision is not sufficient to meet said annual expenses; and further alleges that for the purpose of this application applicant accepts the amount of ten thousand dollars (\$10,000) as reasonable at this time although the actual expenditures have been greater. Request is made that a rate be established to produce an annual revenue not less than the sum

of ten thousand dollars.

A public hearing was held in this supplemental proceeding before Examiner Johnson at Lagunitas.

The detailed history of this utility and its operating methods and practices is set out in our original decision and need not be repeated here.

Mr. P.A. Seitz, Secretary of the San Geronimo Valley Water Company, presented a summary of the operating expenses and revenues for the years 1930 to 1933, inclusive, and for the first eight months of 1934. The amounts correspond to those submitted by C.F. Mau, one of the Commission's engineers, who made a detailed examination of applicant's accounts for the purposes of this proceeding. Following is a summary thereof for the years 1932, 1933, and nine months of 1934. Similar data for prior years are set forth in Decision No. 26690.

SUMMARY OF MAINTENANCE AND OPERATING EXPENSES  
AND REVENUES

I t e m s	1932	1933	1934 : Estimated : to Nov.1st:1934 Totals:
<u>EXPENSES:</u>			
Source of Water Supply Expenses	\$ 202.49	\$ 140.60	\$ 36.98
Pumping Expenses	2,718.74	3,282.58	2,105.08
Purification Expenses	8.00	8.45	7.68
Transmission & Distribution Expenses	1,185.17	1,899.22	1,220.00
Repairs to Trans. & Dist. Systems	2,181.90	1,479.01	1,060.18
Collection & Promotion of Business Expenses	1,351.66	979.35	1,289.88
General Expenses	3,029.88	2,045.03	1,799.05
Loss Account Unpaid Bills	89.25	112.70	100.25
Taxes	549.42	519.83	385.74
<u>TOTAL OPERATING EXPENSES</u> (Exclusive of Depreciation)	\$11,316.51	\$10,466.77	\$ 8,004.84 \$ 9,605.00
Commission's Engineer's Allowance for Depreciation Annuity by 5% Sinking Fund Method			\$ 2,439.00 \$ 2,462.00 \$ 2,080.00 \$ 2,496.00
<u>TOTAL OPERATING EXPENSES</u> (Including Depreciation)	\$13,755.51	\$12,928.77	\$10,084.84 \$12,101.00
<u>GROSS ANNUAL REVENUES</u>	\$ 9,092.10	\$ 8,268.04	\$ 7,880.46 \$ 9,280.00
<u>DEFICIT</u>	\$ 4,663.41	\$ 4,660.73	\$ 2,204.38 \$ 2,821.00
Investment, exclusive of water rights as of August 31, 1932-----	\$118,175.00		

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Analysis of this tabulation shows that the operating expenses for the years 1933 and 1934 have been slightly reduced. This is due largely to the reduction of fifty per cent directed by the Commission in connection with the expenses for the San Francisco office and because certain extraordinary repairs occasioned by highway and street work have not occurred during these years.

The rate schedule now in effect and authorized by Decision No. 26690, supra, is as follows:

SUMMER RESORT RATES  
CALENDAR YEAR

Minimum Annual Charge, payable in advance, entitling consumer to 500 cubic feet of water each month for the 6-month period April 1 to October 1-----\$12.00

For use of water during any other months of the calendar year entitling consumer to 500 cubic feet of water each month, per month----- 1.25

Where water is used in excess of the monthly minimum quantities allowed under the foregoing charges, the schedule of monthly quantity rates shall apply.

PERMANENT RESIDENT METER RATES

Applicable to permanent residents who have taken water service for a period of twelve or more consecutive months under the regular monthly schedule as distinguished from the Summer Resort Schedule. This schedule is also optional with any consumer who will furnish suitable guarantee by deposit or otherwise to cover payment of water service for a period of twelve consecutive months.

Monthly Minimum Charges:

For 5/8-inch meter-----	\$1.25
For 3/4-inch meter-----	2.00
For 1-inch meter-----	2.25
For 1 1/2-inch meter-----	3.50
For 2-inch meter-----	5.00

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

Monthly Quantity Rates:

0 to 4,000 cubic feet, per 100 cubic feet-----	\$0.25
Next 6,000 cubic feet, per 100 cubic feet-----	.23
Over 10,000 cubic feet, per 100 cubic feet-----	.20

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The evidence conclusively shows that the schedule of rates established in the original decision in this proceeding unfortunately has failed to produce the revenues anticipated and that the year's trial given this schedule has demonstrated that in fairness it should be modified. Obviously, it is extremely difficult to design with exactitude the yield of rates covering service rendered by plants catering to communities whose water demand<sup>(2)</sup> is devoted primarily to summer resort, week-end and holiday residents. Reasonable charges for such a type of service cannot be based equitably upon the volume of water actually consumed. Although the minimum monthly quantity allowance of water on this particular system was fixed at 500 cubic feet, analysis of the evidence herein presented shows that sixty-three per cent of the patrons used 300 cubic feet, or less, of water, that seventy-two per cent used 400 cubic feet, or under, and that eighty per cent did not take in excess of 500 cubic feet per month. The anticipated increased consumption of water over and above the minimum allowance under quantity rates especially reduced to encourage this type of demand did not occur.

The rates set out in the following Order, while amounting to a slight increase over those heretofore authorized, nevertheless are lower than the charges of the principal and public water works which serves generally throughout the other and major communities in Marin County, and also are substantially less than the average water rates paid in other predominantly summer-resort areas in central California similarly providing throughout the entire year a high quality of water service.

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1. Out of a total of 563 water customers in 1934, there were 200 who permanently resided in the area served and 363 who were non-resident patrons and therefore occasional water users.

FIRST SUPPLEMENTAL ORDER

San Geronimo Valley Water Company, a corporation, having made supplemental application to this Commission for authority to modify the rates heretofore established in Decision No. 26690, 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 found as a fact that the rates now charged by San Geronimo Valley Water Company, a corporation, in so far as they differ from the rates herein established, are unjust and unreasonable and the rates herein established are just and reasonable rates to be charged for service rendered, and

Basing its Order upon the foregoing findings of fact and upon the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that San Geronimo Valley Water Company, a corporation, be and it is hereby authorized and directed to file in quadruplicate with this Commission, within twenty (20) days from the date of this Order, the following schedule of rates for water delivered to its consumers in and in the vicinity of the unincorporated communities of Lagunitas, Forest Knolls, San Geronimo and Woodacre, Marin County, California, said rates to become effective for all service rendered subsequent to the 31st day of December, 1934:

PERMANENT RESIDENT RATES

Applicable only to bona fide permanent residents

Monthly Minimum Charges:

For 5/8-inch meter-----	\$1.50
For 3/4-inch meter-----	2.00
For 1-inch meter-----	2.25
For 1 1/2-inch meter-----	3.50
For 2-inch meter-----	5.00

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

Monthly Quantity Rates:

From	0 to 500 cubic feet, per 100 cubic feet-----	\$0.30
Next	500 cubic feet, per 100 cubic feet-----	.25
Next	1,000 cubic feet, per 100 cubic feet-----	.23
Over	2,000 cubic feet, per 100 cubic feet-----	.20

SUMMER RESORT RATES  
CALENDAR YEAR

Minimum annual charge entitling the consumer to 500 cubic feet of water each month from April 1st to October 1st and 100 cubic feet of water each month from October 1st to April 1st-----\$15.00

When water is used in excess of the monthly minimum quantities under the foregoing annual charge, the following rate schedule shall apply:

For the Period from April 1st to October 1st:

	0 to 500 cubic feet, included in the annual charge.	
Next	500 cubic feet, per 100 cubic feet-----	\$0.25
Next	1,000 cubic feet, per 100 cubic feet-----	.23
Over	2,000 cubic feet, per 100 cubic feet-----	.20

For the Period from October 1st to April 1st:

	0 to 100 cubic feet, included in the annual charge.	
Next	400 cubic feet, per 100 cubic feet-----	\$0.30
Next	500 cubic feet, per 100 cubic feet-----	.25
Next	1,000 cubic feet, per 100 cubic feet-----	.23
Over	2,000 cubic feet, per 100 cubic feet-----	.20

The foregoing summer resort minimum annual charge shall be due and payable in advance on January 1st of each year but may, at the option of the consumer, be paid in two equal installments, viz., \$7.50 on or before January 1st and \$7.50 on or before July 1st of each year.

Charges for water used in excess of the minimum amounts allowed may be billed monthly, semi-annually or annually at the option of the utility.

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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 22nd day  
of December, 1934.

Leon O'Connell

W. J. Van

M. B. Harris

William H. Brown

Frank R. Brown

Commissioners