

Decision No. 23368

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
SONOMA WATER & IRRIGATION COMPANY,  
a corporation, for adjustment of  
rates.

Application No. 20783

Cooper, White & Cooper and Edward D. Keil,  
by Edward D. Keil, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Sonoma Water & Irrigation Company, a corporation serving water for domestic purposes in the unincorporated communities of Sonoma Vista, Boyes Springs, Agua Caliente Park and in territory contiguous thereto in Sonoma County, asks the Railroad Commission to establish an increased schedule of rates for water.

A public hearing in this matter was held before Examiner MacKall at Fetters Springs.

Prior to 1933, this company supplied water in the City of Sonoma in addition to the present service area. Because of different types of demand the rates charged on the so-called City of Sonoma System differed from those effective in outside and sub-urban territory, the latter being classified mainly as seasonal or summer resort in character. The rates for the city and outside systems were established separately upon two independent units although operated under a single management. By Supplemental

Decision No. 24340,<sup>(1)</sup> issued December 21, 1931, the Commission authorized a schedule of rates for the territory outside of the City of Sonoma to become effective on January 1, 1932, embracing the same territory now involved in this proceeding. This schedule in part provided for a monthly minimum charge for permanent residents supplied by the basic 5/8-inch by 3/4-inch meter of two dollars (\$2.00) and an annual charge for summer residents of twelve dollars (\$12.00) which entitled this class of user to 3,000 gallons of water each month for any period of six consecutive months, additional water extra. In an effort to forestall serious attempts of certain of the people of Sonoma to install a municipal water works paralleling the utility system and competing with it, the company filed with the Commission a drastically reduced schedule of rates effective as of March 1, 1933, applicable throughout its entire system. In general, this new schedule, which is still in effect, reduced the monthly minimum metered charge for permanent residents from two dollars (\$2.00) to one dollar and twenty-five cents (\$1.25) and, while leaving the summer resort annual charge at twelve dollars (\$12.00) for six consecutive months as heretofore, provided, however, for an allowance of 300 gallons of water for each of the remaining six months without additional charge. The monthly quantity rates for both permanent and summer resort use were also substantially reduced. This schedule of rates is set out as follows:

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1. Original Decision No. 19616, dated April 17, 1928, Application No. 14226, 31 C.R.C. 568.

### REGULAR METER RATES

Applicable to permanent consumers or any consumer who has received water service for a period of twelve consecutive months.

#### Monthly Minimum Charges:

5/8 x 3/4-inch meter-----	\$1.25
3/4-inch meter-----	1.25
1-inch meter-----	3.00
1 1/2-inch meter-----	4.75
2-inch meter-----	6.50

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to that quantity of water which the monthly minimum charge will purchase at the "Monthly Quantity Rates" set out below:

#### Monthly Quantity Rates:

0 to 5,000 gallons, per 1,000 gallons-----	\$0.30
5,000 to 10,000 gallons, per 1,000 gallons-----	.20
10,000 to 25,000 gallons, per 1,000 gallons-----	.15
All over 25,000 gallons, per 1,000 gallons-----	.10

### SUMMER RESORT RATES

Annual charge payable in advance, entitling consumer to 3,000 gallons of water each month for any period of six consecutive months-----\$12.00

This annual charge entitles the consumer at the expiration of the consecutive six month period to 300 gallons of water per month, for the remaining six months, at no additional charge.

Where water is used in excess of 3,000 gallons per month during the consecutive six month period or in excess of 300 gallons during the remaining period the following schedule shall apply, taking into consideration the monthly minimum charge.

#### Monthly Quantity Rates:

0 to 3,000 gallons, included in annual charge.	
3,000 to 10,000 gallons, per 1,000 gallons-----	\$0.20
10,000 to 25,000 gallons, per 1,000 gallons-----	.15
All over 25,000 gallons, per 1,000 gallons-----	.10

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The record shows that, in spite of the new and reduced

rate schedule placed in effect, the applicant was forced to sell its city system to Sonoma upon the best terms offered by the municipality whose citizens subsequently had voted to either acquire existing water properties or install a new, complete and independent plant. The sale of the so-called city system was authorized by this Commission in its Decision No. 26113, issued the 29th day of June, 1933, in Application No. 18958. Since the loss of the city system the company claims that it has found it impossible to continue proper service under the voluntarily reduced schedule now in effect.

There were no serious protests by the consumers against the granting of a reasonable increase in rates and practically all of them expressed satisfaction with the quality and quantity of the water and the pressure now afforded as a result of the improvements heretofore ordered installed on this system by the Railroad Commission. The company now serves 283 consumers, 143 of whom are classified as permanent residents paying upon a monthly basis. All service is metered.

A thorough and complete investigation of the properties and operations of this utility was made by C. F. Mau and R. S. Melvin, engineers for the Railroad Commission, and their submitted report was accepted by all interested parties. This report may be summarized as follows:

Estimated Historical Cost of Properties as	
of November 1, 1936-----	\$31,946
Depreciation Annuity - 5% Sinking Fund Method-----	498
Estimated Reasonable Annual Maintenance & Operation	
Expenses, including Depreciation-----	3,508
Gross Revenues 1935-----	4,114
Net Return-----	1.9%

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The record shows that the utility has but one paid em-

ployee, the local superintendent, none of the officers or directors receiving any salary or even expenses from the company. It is clear that the utility should be given an increase in rates if it is to be required to continue rendering its present class of service and to properly maintain its plant. The evidence shows that the present rates are considerably below the charges made by other utilities in immediately adjacent territory serving water under similar conditions. The rates authorized in the Order following while somewhat less than those heretofore established by this Commission for this area nevertheless are fair and reasonable and are designed to provide an adequate return to the utility upon its fixed capital investment.

It should be pointed out that efforts should be made by this company to prevail upon the local fire district to recompense it for the fire protection now provided by this water system and its storage facilities without charge. There also appears to be a possibility of obtaining several new consumers near the lower end of the system through main extensions which should not be too costly. A well-conducted campaign for these new users might enlist their cooperation in the initial financing of the project, any advances so made, of course, to be subject to refund under the regular rules and regulations governing such extensions. A further suggestion is made here and that is that the application of the rate schedule as to permanent and summer users should be strictly followed to avoid unfair discrimination against either of these two classes of consumers.

#### O R D E R

Application having been made as entitled above, a public

hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises,

It is hereby found as a fact that the present schedule of rates charged by the Sonoma Water & Irrigation Company, a corporation, for service to its consumers in and in the vicinity of Boyes Springs, Sonoma Vista and Agua Caliente Park, Sonoma County, is unjust and unreasonable and that the rates herein established are just and reasonable rates to be charged for the service rendered, and

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

IT IS HEREBY ORDERED that Sonoma Water & Irrigation Company, a corporation, be and it is hereby authorized and directed to file with the Railroad Commission, within thirty (30) days from and after the date hereof, the following schedule of rates for water service to its consumers in and in the vicinity of Boyes Springs, Sonoma Vista and Agua Caliente Park, Sonoma County, for all service rendered subsequent to December 31, 1936:

PERMANENT RESIDENT RATES

Applicable only to bona fide permanent residents.

Monthly Minimum Charges:

For 5/8 x 3/4-inch meter-----	\$1.75
3/4-inch meter-----	2.50
1-inch meter-----	3.50
1 1/2-inch meter-----	5.00
2-inch meter-----	7.50

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:

0 to 5,000 gallons, per 1,000 gallons-----	\$0.35
5,000 to 10,000 gallons, per 1,000 gallons-----	.30
10,000 to 25,000 gallons, per 1,000 gallons-----	.20
All over 25,000 gallons, per 1,000 gallons-----	.10

SUMMER RESORT RATES

Minimum annual charge entitling consumer to 3,000 gallons  
of water per month for any period of six consecutive  
months-----\$15.00

This annual charge entitles the consumer at  
the expiration of the consecutive six month  
period to 300 gallons of water per month,  
for the remaining six months, at no addi-  
tional charge.

Where water is used in excess of 3,000 gallons  
per month during the consecutive six month  
period or in excess of 300 gallons during  
the remaining period, the following schedule  
shall apply, taking into consideration the  
monthly minimum charge.

Monthly Quantity Rates:

Applicable during period of six months' consecutive use:

0 to 3,000 gallons included in annual charge.	
3,000 to 10,000 gallons, per 1,000 gallons-----	\$0.30
10,000 to 25,000 gallons, per 1,000 gallons-----	.20
All over 25,000 gallons, per 1,000 gallons-----	.10

Monthly Quantity Rates:

Applicable during the period outside of the period of  
six months' consecutive use.

0 to 300 gallons included in annual charge.	
300 to 5,000 gallons, per 1,000 gallons-----	\$0.35
5,000 to 10,000 gallons, per 1,000 gallons-----	.30
10,000 to 25,000 gallons, per 1,000 gallons-----	.20
All over 25,000 gallons, per 1,000 gallons-----	.10

FIRE HYDRANTS

Owned and installed by city, county or fire district,  
each per month-----\$1.50  
Owned and installed by the company, each per month----- 2.00

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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 15<sup>th</sup> day of December, 1936.

MB Lewis

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Walter H. H. H.  
Graun R. H. H.  
Commissioners