

ORIGINAL

Decision No. 29734

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

O. E. Harrell, et al.,
Complainants,

vs.

Case No. 4120

Plymouth Water Works, a corpora-
tion, and M. C. Randolph, per-
sonally, and M. C. Randolph,
doing business under the name
and style of PLYMOUTH WATER
WORKS,

Defendants.

T. G. Negrich, for consumers.

Snyder & Snyder, by William G. Snyder,
for City of Plymouth.

Louttit, Marceau & Louttit, by
Thomas S. Louttit, for Plymouth
Water Works.

BY THE COMMISSION:

OPINION

O. E. Harrell and a large group of consumers have filed a complaint against M. C. Randolph who owns and operates the water works supplying the City of Plymouth in Amador County with domestic and commercial water service. The complaint in general alleges that the present monthly allowance of 400 cubic feet of water is unreasonably low and should be increased to 1,000 cubic feet for the basic monthly charge of two dollars and twenty-five cents

(\$2.25). It is further alleged that the actual value of the fixed capital invested in the plant is far less than the amount claimed by the owner and that the operating expenses are excessive. Complainants ask that the rates be revised to authorize 1,000 cubic feet of water for the present monthly minimum charge.

A petition in intervention was filed by the City of Plymouth, a municipal corporation, joining in the request of complainants but specifically asking for a reduction in fire hydrant rates.

The answer is a general denial of the essential allegations and it also claims that the utility is operating as cheaply as possible under the existing adverse economic conditions.

A public hearing in this proceeding was held before Examiner MacKall at Plymouth.

The evidence in this proceeding reveals a most difficult and unfortunate condition of affairs. Originally Plymouth was a very prosperous and flourishing mining town in the Mother Lode district. Long before the present schedule of rates was fixed by this Commission, the mining activities upon which Plymouth depended had seriously declined. The recent mining boom strangely has passed this community by with the result that there has been no increase in the population. The utility, however, has the same costs for repairs and maintenance as in the past with a steadily decreasing number of consumers. Future relief and improvement are uncertain, of course, at this time. The existing schedule of rates was established by the Railroad Commission in Decision No. 18931, issued October 17, 1927. At this time the

utility had an investment of twenty-six thousand eight hundred eighteen dollars (\$26,818) and served 109 consumers, there being now but 110 water users.

The evidence shows that the estimated historical cost of the present used and useful water works facilities is twenty-one thousand one hundred eighty dollars (\$21,180) as of June 1, 1936, with a corresponding annual depreciation fund of two hundred and ninety-three dollars (\$293) computed by the sinking fund method at five per cent (5%).

Certain complainants contended that water in this vicinity should be cheap because an open ditch, from the upper reaches of which the company obtains its supply, runs through and beyond the City of Plymouth. It is a fact that water is purchased by the company from a ditch built originally for mining purposes, diverting water from the middle and south forks of the Cosumnes River crossing portions of El Dorado and Amador counties and delivering water now principally for mining operations conducted by its present owner, Arroyo Seco Gold Mining Company. At the time of the last fixing of rates for the Plymouth Water Works, this ditch was the property of Emma H. Rose, Anna G. Lane and Hobart Estate Company. These owners had entered into a contract with Mr. Randolph to sell and deliver to him the water necessary for the City of Plymouth at a fixed charge of seventy-five dollars (\$75.00) per month. Mr. Randolph testified that he has no written agreement with the present owners but he has a verbal understanding continuing his former rights to water at the same monthly charge. While it is true that this canal runs through the City of Plymouth and, except in periods of abnormal drought, carries water for other uses beyond

the corporate limits of the city, nevertheless, at its point of diversion from this ditch above the town, the water company is forced to pump all water for town use and for storage because the canal is too low in elevation to permit of gravity delivery to consumers for general use. Because of the location of the supply ditch, chlorination of the water is now required, a new plant for this purpose having just recently been installed. The evidence shows that the territory surrounding Plymouth suffers the fate characteristic of the adjacent Mother Lode country in being barren of adequate underground water supplies. There are no wells anywhere in the vicinity capable of providing sufficient water for the community which must, therefore, rely upon foreign waters. The necessity of purchasing all water and the high cost of pumping alone make up the major items of expense. Purchased water amounts to nine hundred dollars (\$900) each year, almost seventy cents (70¢) per month for each consumer. Until this heavy burden can be reduced, there can be but very little relief passed on to the water users in the form of a substantial decrease in water charges. Consumers will have to recognize the unfavorable conditions of water supply and the owner of this utility necessarily will be required to reduce his operating costs to the lowest point consistent with the rendering of the service demanded by the public. It is expected that Mr. Randolph immediately will take the steps necessary to obtain a reasonable rate for the ditch water supply. It should be unnecessary to suffer the delay attendant upon an investigation by the Commission on its own motion into the operations of this supply ditch system

to determine its status and obligations to the general public.

However, the analysis of the water use submitted indicates that the increase in the monthly quantity allowance from 400 cubic feet to 1,000 cubic feet, as demanded by complainants, would affect the utility revenues most disastrously. Nevertheless, an increase to 600 cubic feet per month appears to be possible and fair to all parties concerned and will be provided for in the Order which follows this Opinion.

The revenues for 1935 were four thousand and five dollars (\$4,005), while the operating expenses were reported by the utility as four thousand two hundred and fourteen dollars (\$4,214) for 1933, three thousand seven hundred and thirty-five dollars (\$3,735) for 1934, and three thousand seven hundred and sixty-five dollars (\$3,765) for 1935, all exclusive of depreciation. The evidence shows that, owing to incomplete records, these expenses could not be fully analyzed but are considerably higher than warranted by existing circumstances, principally by reason of the inclusion therein of certain charges more properly attributable to capital and also because of the fact that the management charge is excessive for a utility supplying such a small number of consumers. Giving careful consideration to all the evidence presented in connection with the cost of plant operation, it appears that the sum of three thousand dollars (\$3,000) per year, including depreciation, should be adequate for proper plant operation in the immediate future and the resulting net operating revenue should yield a return of slightly less than four per cent (4%) upon the investment.

On behalf of the City of Plymouth, a demand was made

for an improved fire protection service as well as a reduction in the payments now required for each fire hydrant. It should be pointed out at this time that the class of fire protection service requested could not reasonably be supplied by this utility at a price the city can afford to pay. Testimony of city officials indicates that, as a result of depressed conditions existing for several years last past, the town is practically without any funds to pay for fire protection service. There has been in existence a contract entered into by and between the City of Plymouth and the utility in which the entire fire hydrant charge was limited to forty dollars (\$40.00) per month. This agreement, however, expired on the first day of June, 1936. An investigation of the schedule of rates heretofore fixed for this utility covering fire hydrant service indicates it is higher than present conditions reasonably warrant. The Commission therefore will establish a rate of one dollar and fifty cents (\$1.50) per month for each fire hydrant served by a 4-inch main or larger. This, while a rather low rate for adequate fire service under good volume and pressure, nevertheless appears to be fair at this time. There will be fixed also a charge of fifty cents (50¢) per month each for hydrants on mains smaller than four inches in diameter which, in general, are of very little practical use for fire-fighting purposes.

It should be pointed out that the company may enter into a renewed agreement with the municipal authorities establishing a different rate schedule acceptable to both parties and such a schedule will be accepted for filing by the Commission, provided it does not indicate upon the face thereof any unreasonable and unfair discrimination. It is suggested that this method of deter-

mining the fire hydrant rates will be more acceptable to the Commission than billing under the rates which are established in the following Order.

There appears to be one very serious defect in the plant operation and that arises through the lack of an outlet gate or valve on the discharge line at the reservoir. Failure of control at this point presented a most serious handicap during a fire in Plymouth in 1931. As soon as finances will permit, Mr. Randolph should install control facilities at the point indicated above. A program of general main and pipe line overhaul and repair should be adopted and followed through to completion in order to eliminate, as far as practical, the present leakage which appears excessive for a system of this size.

O R D E R

Complaint having been filed as above entitled, a public hearing having been held thereon, the matter having been duly submitted and the Commission being now fully advised in the premises, now, therefore,

IT IS HEREBY ORDERED as follows:

1. M. C. Randolph, doing business under the fictitious firm name and style of Plymouth Water Works, shall file with this Commission, within thirty (30) days from and after the date of this Order, the following schedule of rates to be charged for all water sold to his consumers in Plymouth, Amador County, on and after the 31st day of May, 1937:

RATE SCHEDULE

Minimum Monthly Charges:

5/8 x 3/4-inch meter-----	\$2.25
3/4-inch meter-----	2.50
1-inch meter-----	3.00
1 1/2-inch meter-----	5.00
2-inch meter-----	7.00

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

Monthly Quantity Rates:

First	600 cubic feet, or less-----	\$2.25
Next	1,400 cubic feet, per 100 cubic feet-----	.25
All over	2,000 cubic feet, per 100 cubic feet-----	.15

Municipal Use

Fire hydrants on mains four inches in diameter or larger, each per month-----	\$1.50
Fire hydrants on mains smaller than four inches in diameter, each per month-----	.50
Water for street and road sprinkling and for sewer flushing, per 100 cubic feet-----	.15

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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 3rd day
of May, 1937.

Robert M. ...
Leon ...
Arthur ...
Robert ...
W. L. Hill
Commissioners.