

ORIGINAL

Decision No. 29937

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
DOMENICO ROVAI for Order or Authoriza-
tion to increase water rates of
WILDWOOD AND NEW RIO DELL WATER WORKS,
sometimes referred to as WILDWOOD WATER
SUPPLY.

Application No. 21064

John F. Quinn, for Applicant.

WAKEFIELD, COMMISSIONER:

O P I N I O N

In this proceeding, Domenico Rovai, who owns and operates a public utility water works supplying the major portion of the Town of Wildwood, Humboldt County, California, asked the Commission for an increase in water rates based generally upon a change in the minimum monthly payment of one dollar and fifty cents (\$1.50) to two dollars (\$2.00) a month. He alleges that the increased expansion of business requiring new capital and additional operating expenses has reduced his revenues to a point where they are insufficient to meet out-of-pocket costs and permit any reasonable return upon the investment.

A public hearing in this matter was held at Wildwood.

This water system obtains its source of supply principally from springs located in Dean Creek at a point a mile and a half southeasterly from Wildwood and a well within the limits of the town. There are about 40,000 feet of water mains varying from 4 inches to 3/4 of an inch in diameter. The total storage supply

consisting of three tanks is 99,600 gallons. The Town of Wildwood lies directly across the Eel River from the large lumber mill community of Scotia, with which applicant's plant is connected by a standby service main. This connection can provide for shortages of the local water supply, yet the cost of the water when so used is very high and places a considerable burden upon the utility, which generally faces a shortage during each summer in the springs from which it secures its principal supply. It is proposed by Mr. Royal to improve his distributing system and insure an adequate supply of water to portions of the town where there has been complaint in the past of inadequate pressure. At present there are 135 consumers being served with water, of which 99 are metered. In view of the service difficulties upon this system, the remaining consumers now being supplied at flat rates should be placed upon meters as soon as the applicant's financial condition will permit.

The rates now in effect on this system were established by the Railroad Commission's Order in Decision No. 20166 in Application No. 14653, dated August 29, 1928, and are as follows:

MONTHLY FLAT RATES

Residences-----	\$1.50
Hotels and Commercial Boarding-houses-----	4.00
Stores and Shops-----	2.00
Other Commercial Use according to Amount of Water---	\$1.50 to 4.00

METER RATES

Minimum Monthly Charges:

5/8 x 3/4-inch meters-----	\$1.50
3/4-inch meters-----	2.00
1-inch meters-----	3.00
1 1/2-inch meters-----	6.00
2-inch meters-----	7.50
3-inch meters-----	12.00

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:

From 0 to	600 cubic feet, per 100 cubic feet-----	\$0.25
Next	900 cubic feet, per 100 cubic feet-----	.20
All over	1,500 cubic feet, per 100 cubic feet-----	.15

Meters may be installed at the request of any consumer or at the option of the utility.

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A report was submitted by R. E. Savage, one of the Commission's engineers from which the following data has been taken:

Estimated Original Cost:

Fixed capital as of May 22, 1937-----	\$23,800
Annuity on 5% Sinking Fund Basis-----	496
Revenues for 1936-----	2,365
Maintenance and operating expenses for 1936 from Annual Report-----	1,487

Estimated as Reasonable for Future

<u>by Commission's Engineers-----</u>	1,675
Net return, approximately-----	.8%

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The record indicates that the figures as presented above fairly represent the weight of testimony in connection with the appraisal and results of operation. The estimates and figures presented by the Commission's engineers were accepted generally by applicant and will, therefore, be used in the establishment of rates in the Order following. It is evident that applicant is entitled to an adjustment in existing rates and that the installation of the proposed improvements will result in remedying former service complaints. While there was some protest on the part of a few consumers against the granting of any increase in rates, it appeared that among the water users present at the hearing there

was a general willingness to pay whatever reasonable rate might be established by the Commission, provided adequate water supply at proper pressures would be insured, especially during the summer and fall months. The evidence indicates that several real estate operators and subdividers have attempted to obtain from applicant at his expense a piping of their real estate properties. Apparently, in some instances, Mr. Rovai has made certain extensions of this nature but in the future he should follow strictly his rules and regulations covering the extension of mains and the piping of new subdivisions. In this way there will be no hardship or discrimination worked either upon the subdivider or the utility. It further appeared in the record that, as a result of the many disastrous fires in the Town of Wildwood during the last ten years, an effort is now being made to form a fire protection district covering this community and certain adjoining territory. We believe that Mr. Rovai should plan his future installations to provide for such fire protection facilities as conditions appear to warrant. This, however, should be a matter of negotiation between the owner of this utility and those citizens who are promoting the formation of the fire district and will not be considered at this time in connection with the present rate base.

The following schedule of rates should provide an increased revenue to the utility yielding a reasonable return upon the investment over and above the proper cost of operation and maintenance, including depreciation, and at the same time will place no hardship upon the consumer for the service rendered.

The following form of Order is recommended.

O R D E R

Application having been made as above entitled, a public

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

It is hereby found as a fact that the present schedule of rates charged by Domenico Rovai for water service rendered in Wildwood, Humboldt County, is unfair and unreasonable in so far as it differs from the schedule of rates herein established and that the rates herein established are just and reasonable rates to be charged for the service rendered, and

Basing the 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 Domenico Rovai be and he is hereby authorized and directed to file with the Railroad Commission of the State of California, within twenty (20) days from the date of this Order, the following schedule of rates for water delivered to his consumers in Wildwood, Humboldt County, said schedule to become effective as of the 1st day of August, 1937:

METER RATES

Minimum Monthly Charges:

5/8 x 3/4-inch meters-----	\$1.75
3/4-inch meters-----	2.25
1-inch meters-----	3.50
1 1/2-inch meters-----	7.00
2-inch meters-----	8.00
3-inch meters-----	14.00

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-----	\$1.75
Next	400 cubic feet, per 100 cubic feet-----	.25
All over 1,000	cubic feet, per 100 cubic feet-----	.20

Meters may be installed at the request of any consumer or at the option of the utility.

MONTHLY FLAT RATES

Residences-----\$1.75
Hotels and Commercial Boarding-houses----- 4.00
Stores and Shops----- 2.00
Other Commercial Use according to Amount of Water----\$1.75 to 4.00

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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.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 12th day of July, 1937.

Walter S. ...

Frank ...

Harold ...

Ray ...
Commissioners