

ORIGINAL

Decision No. 38600

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
W. J. PECKWITH and wife, ERA G.
also known as JERSEY FLAT and DURGAN
FLAT WATER WORKS for permission to
increase rates for domestic water
service.

Application No. 21354

W. J. Peckwith, in propria persona.

Alfred R. Lowey, for consumers and
protestants.

BY THE COMMISSION:

O P I N I O N

W. J. Peckwith and Era G. Peckwith, his wife, operating a water system under the fictitious firm name and style of the Jersey Flat and Durgan Flat Water Works supplying water for domestic purposes in a portion of the Town of Downieville, Sierra County, ask the Commission for authority to increase the rates for service rendered their consumers. Applicants allege that present charges do not produce sufficient revenue. The Commission is asked to increase the existing base flat rate of one dollar and fifty cents (\$1.50) per month to two dollars (\$2.00) per month and to two dollars and fifty cents (\$2.50) per month to those users having gardens and lawns, or to establish a charge for this latter class on the basis of the area irrigated.

A public hearing was held in this proceeding before Examiner Claude C. Brown in Downieville.

The record shows that the Jersey Flat and Durgan Flat Water Works consists of two separate water systems which were combined in 1934 in one ownership but are not interconnected for joint operation. The Jersey Flat unit furnishes water to the eastern portion of Downieville while the Durgan Flat section serves the southerly and westerly portion of the town. Seventy-one consumers are supplied, or approximately one-half of the water users of the town. All other users receive water from a plant owned and operated by the Downieville Fire District, a municipal corporation.

Water for the Jersey Flat system is diverted from the East Fork of the North Fork of the North Fork of the North Yuba River and conveyed through approximately two and one-half miles of open ditch, flumes and a tunnel, all constructed on the side of a canyon and connected with a small earthen reservoir located above the town. From this reservoir, with a capacity of approximately 75,000 gallons, water is distributed to fifty-one customers. The water for the Durgan Flat system is obtained by diversion from Hungry Mouth Canyon and conveyed through one and one-half miles of ditch and flume to Blacks Ravine above the town. The water is dropped down this ravine which is an old hydraulic mine and again diverted into pipe lines that convey the water to tanks on Piety Hill. From this point the water is distributed to twenty users.

Mr. Peckwith submitted a statement covering the results of operation of the water systems for the year 1936 and for the nine-months' period from January first to September thirtieth of 1937, both inclusive, as follows:

<u>Fixed Capital as of</u>	<u>12 Months</u> <u>December 31, 1936</u>	<u>9 Months</u> <u>October 1, 1937</u>
Jersey Flat-----	\$3,613.17	\$3,724.17
Durgan Flat-----	<u>3,108.36</u>	<u>3,108.36</u>
Total Fixed Capital-----	\$6,721.53	\$6,832.53
Operating Revenues-----	\$1,119.62	\$ 839.70
Maintenance and Operating Expenses---	<u>1,101.79</u>	<u>893.58</u>
Net Operating Revenue-----	\$ 17.83	\$ 53.88*

* Indicates Red Ink Figures.

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The 1936 maintenance and operation expenses included expenditures made in defending water rights in the sum of one hundred forty-six dollars and five cents (\$146.05), which item would not occur annually, and also an expenditure of two hundred dollars (\$200.00) for tools and materials, some of which should have been charged to capital. The 1937 expenses showed an item of three hundred and fifty-six dollars (\$356.00) for shoveling snow and ice during the months of January and February in an attempt to keep the ditches open and maintain a continuous supply of water. It was admitted that the last season's snowfall was the heaviest recorded for a period of fifty years last past and that it is not likely to occur each year in the future. The largest single item of expense is the salary of the ditch-tender which is forty-five dollars (\$45.00) per month. The consumers presented evidence, through residents of Downieville who have lived in the community for a great many years, to the effect that the owners of the water system actually had patrolled the ditches only when necessary which averaged once a week or had hired outside assistance at a daily wage of three dollars (\$3.00) per day in summer and four dollars

(\$4.00) per day in winter for such help as was required.

Mr. William Stava, one of the Commission's engineers, presented a report covering the operations of these properties. The appraisal presented by applicants was checked and accepted as fair and reasonable for the purposes of this proceeding. However, an appraisal was made of the depreciable portion of the two systems for the purpose of determining an annuity to provide funds to replace worn-out items of fixed capital. This annuity was computed by the five percent sinking fund method and totalled fifty dollars (\$50.00). The following table shows the results of operations on the basis of existing rates and under the present reported expenses:

Fixed Capital-----	\$7,000
Operating Revenue-----	\$1,200
Operating Expense, including annuity-----	<u>1,050</u>
Net Operating Revenue-----	\$ 150
Percent Return-----	2.14%

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The Commission's engineer testified that for the necessary ditch patrolling the present charges were exorbitant and that upon giving proper consideration to capital items placed under operating expenses and to the amortization of charges which will not recur annually, such as the expenditures for water rights and for snow removal referred to above, together with a fair allowance for ditch patrol, the present rates were adequate to provide a fair net return upon the investment.

After carefully considering all of the testimony submitted in this matter, it is found that the cost of operating the properties as they are now conducted by applicant and proposed for the

future is excessive and unreasonable and that the rates requested are not justified under the conditions. Therefore the application as to a general increase in rates will be denied. However, there is an inequality in the present schedule in that it contains no rate for the irrigation of lawns and gardens. Rates for this class of service will, therefore, be established in the following Order. Some additional revenue should be obtained from this source.

Applicants at the hearing asked that they be granted permission to file rules and regulations governing their relations with consumers. The following Order will provide for the filing of such rules and regulations subject to their approval and acceptance by this Commission.

O R D E R

Application having been made as entitled above, 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 ORDERED that the above entitled application for an increase in rates be and it is hereby denied, and

IT IS HEREBY FURTHER ORDERED that W. J. Peckwith and Era G. Peckwith, his wife, operating a water system at Downieville under the fictitious firm name and style of Jersey Flat and Durgan Flat Water Works, be and they are hereby directed to file with this Commission, within thirty (30) days from the date of this Order, the following schedule of rates to be charged for service covering all irrigation of lawns and gardens furnished consumers subsequent to December 31, 1937:

MONTHLY FLAT RATE

Sprinkling or irrigation of lawns, shrubbery, trees,
and gardens, per 100 square feet irrigated-----\$0.02

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IT IS HEREBY FURTHER ORDERED that W. J. Peckwith and Era G. Peckwith, his wife, be and they are hereby directed to file with this Commission, within thirty (30) days from and after the date of this Order, rules and regulations governing relations with their consumers, said rules and regulations to become effective upon their acceptance for filing by this Commission.

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 13th day of December, 1937.

W. J. Peckwith
Era G. Peckwith
Frank B. ...
R. ...
Ray & Beey
Commissioners.