

ORIGINAL

Decision No. 30498

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Sacramento River Farms, Ltd., a corporation, for an order re- vising its water rates.	}	Application No. 21214
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Richard Bard and G. E. Harlan, for Applicant.

RILEY, COMMISSIONER:

O P I N I O N

In this proceeding Sacramento River Farms, Ltd., a corporation, engaged, among other things, in the business of distributing water at Hamilton City, Glenn County, requests that the Railroad Commission grant it authority to put into effect a revised schedule of water rates, both flat and metered. The applicant alleges that the present schedule of rates has been in effect for a long period of time and is obsolete, that the rates provided for in the present schedule do not conform to the rates charged by other public utilities similarly situated, and that the revenues no longer bring in an adequate return on the amount invested.

A public hearing in this matter was held in Hamilton City.

The evidence shows that portions of the present water system were installed about the year 1906 but that the major part of the plant was constructed in 1936. The water is obtained by pumping from a steel-cased well, 356 feet deep, from which it is

elevated into a 25,000-gallon steel tank on a 75-foot steel tower. The water is then distributed by gravity through three and one quarter miles of mains varying from six to two inches in diameter. There are at present about 122 active and 12 inactive service connections, all of which are unmetered. All charges for water have been on a flat rate basis, the existing schedule containing no provision for charges to be made on a metered basis. The present schedule of water rates contains forty sections attempting to classify all possible services, the most important being as follows:

	<u>Per Month</u>
For houses or tenements occupied by single family of five persons, or less-----	\$1.00
For each additional person over five persons-----	.10
For each water closet in private residence-----	.25
For each bathtub or shower in a dwelling house-----	.25
For each water closet in public building-----	.50
For each horse or cow-----	.25
For irrigating or watering shrubs, lawns, flowers, etc., for each 100 square feet, or fraction-----	.025
For various business establishments, at basic rates varying from-----	\$0.50 to 7.50
(With extras for additional units of capacity)	
For public park, irrigation and fountains-----	5.00

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The new schedule of water rates proposed in the application, as amended at the hearing, provides for both flat and meter rates. The principal classifications of the flat rates and the complete schedule of meter rates proposed by applicant are as follows:

ALL DOMESTIC USE - FLAT RATES

	<u>Per Month</u>
Residence and tenement of five rooms or less-----	\$1.00
For each flush toilet-----	.25
For each bathtub-----	.25
For each horse or cow-----	.25
Private boarding houses, for each roomer or boarder, in addition to the family rate-----	.10
Sprinkling or irrigation of lawns, shrubbery, gardens, etc., payable every month in the year up to 3,000 square feet per 100 square feet of surface watered---	.025
Over 3,000 square feet per 100 square feet of surface watered-----	.01
Public drinking fountains in any place-----	.50
Flush toilets for public use-----	.50
Miscellaneous business establishments, at basic rates varying from-----	\$0.60 to 3.00
(With extras for additional units of capacity)	
Public parks, playgrounds and school houses-----	5.00
(With additions for each toilet)	

OPTIONAL RATE FOR INDUSTRIAL AND COMMERCIAL USE

METER RATES

Monthly Minimum Charges:

For 5/8-inch and 3/4-inch meters-----	\$2.00
For 1-inch meters-----	3.00
For 1½-inch meters-----	4.50
For 2-inch meters-----	6.50

The foregoing monthly minimum charges will entitle the consumer to the quantity of water that the amount of the minimum charge will purchase at the following quantity rates:

Monthly Quantity Rates:

0 to 1,000 cubic feet, per 100 cubic feet-----	\$0.25
1,000 to 4,000 cubic feet, per 100 cubic feet-----	.20
4,000 to 10,000 cubic feet, per 100 cubic feet-----	.15
All over 10,000 cubic feet, per 100 cubic feet-----	.10

A meter may be installed on any service at the option of either the consumer or the utility.

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The evidence submitted, supplemented by information contained in the utility's annual reports to the Commission, indicates that the total amount invested in the water system as of September 1, 1937, is seventeen thousand seven hundred dollars (\$17,700), with a corresponding depreciation annuity of two hundred ninety-five dollars (\$295.00). It appears that a reasonable estimate of the annual operating and maintenance expenses of the utility for the immediate future is two thousand two hundred eighty-one dollars (\$2,281), including the allowance for depreciation. The gross operating revenues for the 12-month period ending August 31, 1937, were two thousand nine hundred seventy dollars (\$2,970), resulting in a net return of less than four per cent (4%) on the investment, on the basis of the above findings.

Applicant testified that it is desired to have a schedule of rates established which will render an adequate return on its invested capital and requested that, if the proposed rates as set forth in the application will not accomplish the desired results, the Commission make the necessary revisions in the rate schedules. The record shows that the flat rates proposed by applicant are basically the same as those now in effect and that the increase in revenue which could be derived from consumers under this schedule would be very nominal.

According to the evidence the installation of meters was contemplated primarily to avoid further controversy occasioned by the difficulty in determining proper classifications of business establishments under the flat rate schedule. However, it is also evident that to fully meter the system would materially increase the capital invested, requiring still higher rates in order

to render a fair return on the total investment. Subsequent to submission of this proceeding applicant agreed to withdraw its request for authority to install meters and charge for service under meter rates.

To eliminate controversies as to the proper flat rates to be charged for water served to consumers difficult to classify, it is believed that the utility will find it feasible to conduct surveys by means of which it will be possible to determine the relative usage of water and thereby adjust the charges on a basis fair and equitable to both the consumer and the utility. It may be pointed out here that there is no organization from which the utility may collect any revenue for fire protection afforded by twenty-one hydrants located at advantageous points on the system and that therefore the cost of this standby service and of water furnished at times of fires is borne collectively by all consumers in the community. The rates in the schedule set out below compare favorably with the rates now charged for water service rendered by other small utilities operating in the general vicinity under similar conditions.

The following form of Order is submitted.

O R D E R

Application having been filed with this Commission 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 found as a fact that the rates now charged by Sacramento River Farms, Ltd., a corporation, for water supplied

to its consumers are unjust and unreasonable in so far as they differ from the rates herein established and that the rates herein established are just and reasonable rates to be charged for the service rendered, and, basing its Order upon the foregoing finding of fact and upon the statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Sacramento River Farms, Ltd., a corporation, be and it is hereby authorized and directed to file with the Railroad Commission, within thirty (30) days from the date of this Order, the following schedule of rates to be charged for all water delivered to its consumers on and after the 1st day of January, 1938.

FLAT RATES

<u>Classification</u>	<u>Per Month</u>
1. Residence of 4 rooms or less-----	\$1.15
Additional for each bathtub or shower-----	.25
Additional for each flush toilet-----	.25
Additional for each room in excess of four-----	.10
2. Private boarding houses, for each roomer or boarder in addition to the residence rate-----	.10
3. Sprinkling or irrigation of lawns, shrubbery, gardens, etc., payable every month of the year, per 100 square feet of surface watered-----	.025
4. Restaurants and cafes, at 10 cents per unit of seating capacity, minimum charge-----	1.50
5. Ice-cream parlors, soda fountains, soft or hard drink places, pool halls, etc., either alone or in connection with other business-----	1.75
6. Doctors', dentists', or other offices, not exceed- ing two rooms with water service-----	1.50
For each additional room with water service-----	.50
7. Barber shops, for single chair-----	1.25
For each additional chair-----	.25
8. Retail markets, stores, shops and other business establishments not otherwise listed, according to expected use of water, minimum charge-----	1.25

9.	Living quarters in connection with stores, offices, etc., in addition to rate for business-----	\$.75
10.	Additional for each flush toilet in items 4 to 9, inclusive-----	.25
11.	Additional for each tub or shower in items 4 to 9, inclusive-----	.25
12.	Flush toilets open to public use-----	.50
13.	Public drinking fountains at any place-----	.50
14.	Water cooling systems, depending upon size or capacity, minimum charge-----	5.00
15.	<u>Miscellaneous Classifications:</u>	
(a)	Churches, reading rooms, clubs, lodges, etc., minimum charge-----	1.25
(b)	Warehouses, garages, gasoline service stations, ammonia machines, etc., minimum charge-----	1.50
(c)	Additional charge for each fire hydrant, 1½" or larger, for private use-----	.50
(d)	Public fire hydrants, each-----	1.00
(e)	School houses, public parks, etc., to be charged on basis of flush toilets and drinking fountains, considered as for public use, plus area of grounds watered.	

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IT IS HEREBY FURTHER ORDERED that Sacramento River Farms, Ltd., a corporation, be and it is hereby directed to file with this Commission, within thirty (30) days from the date of this Order, rules and regulations governing the service of water to its consumers, said rules and regulations to become effective upon their acceptance for filing by the Railroad Commission.

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 13th day
of December, 1937.

William H. ...
Leon ...
Frank ...
Ray ...
Ray & Riley
Commissioners.